



ASX ANNOUNCEMENT

ASX : AUZ

6 November 2015

High-grade gold zone extended at Dixon prospect, Doolgunna-Marymia Project

- **Downhole width of high-grade primary gold zone doubles to 10 metres**
- **10 metres @ 8.79 g/t gold** from 130 metres downhole in MMRC016, including
 - **1 metre @ 29.11 g/t gold** from 133 metres downhole*
 - **1 metre @ 14.85 g/t gold** from 134 metres downhole*
 - **1 metre @ 29.22 g/t gold** from 136 metres downhole
- **Mineralisation open in all directions and at depth**
 - Historic drilling targeted shallow oxide gold mineralisation
- **Follow-up drill program scheduled for late November**

Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to announce that the Company has received the remaining assays from its maiden drill hole at Dixon.

These assays, which include an interval grading 29.22 g/t gold (or almost 1 ounce per tonne), double the downhole thickness of the previously reported gold-bearing vein at Dixon¹, further strengthening Australian Mines’ position that this prospect has the potential to progress into a significant gold discovery.

The Dixon prospect is situated within the Company’s Doolgunna-Marymia Project in Western Australia and is located within 50 kilometres east of Northern Star’s 7 million ounce Plutonic Gold Mine².

As announced by the Company on 29 May 2015, as part of a joint venture with Riedel Resources (ASX: RIE), Australian Mines is currently earning an 80% interest in exploration tenement E52/2394, which hosts the Company’s Dixon gold prospect

Early last month, Australian Mines drilled a single reverse circulation (RC) drill hole at Dixon to test the concept that high-grade primary gold mineralisation is present within the bedrock geology at depth, and that this mineralisation is potentially associated with the regional north-northeast trending shear zone.

* Previously announced by Australian Mines on 26 October 2015

¹ Australian Mines Limited, High-grade gold intersected at Dixon prospect, released 26 October 2015

² Northern Star Resources Limited, Investor presentation – Resources Rising Stars, released 25 September 2015



This drill hole, MMRC016, successfully intersected sulphidic quartz veining within a greenstone unit at the targeted depth.

Due to laboratory scheduling, Australian Mines was unable to report the assay results from the full extent of the interpreted gold-bearing zone in its October 26 announcement.

Australian Mines has since received the final assays from its maiden hole at Dixon, which indicates hole MMRC016 intersected **10 metres @ 8.79 g/t gold from 130 metres** down hole including **1 metre @ 29.11 g/t gold** from 133 metres downhole, **1 metre @ 14.85 g/t gold** from 134 metres downhole and **1 metre @ 29.22 g/t gold** from 136 metres downhole.

Further work is required to ascertain the scale of the gold mineralisation at Dixon. The Company has therefore scheduled a follow-up drill campaign to commence later this month (weather permitting), which is designed to test the strike and depth continuity of this emerging greenfields gold discovery.

This step-out drill program at Dixon is intended to dovetail with the Company's impending Burton drill program, which the Company is endeavouring to expedite.

*****ENDS*****

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Competent Person's Statement

Information in this report that relates to Doolgunna-Marymia Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists. Mr Bell is a full-time employee and Managing Director of Australian Mines Limited. Mr Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

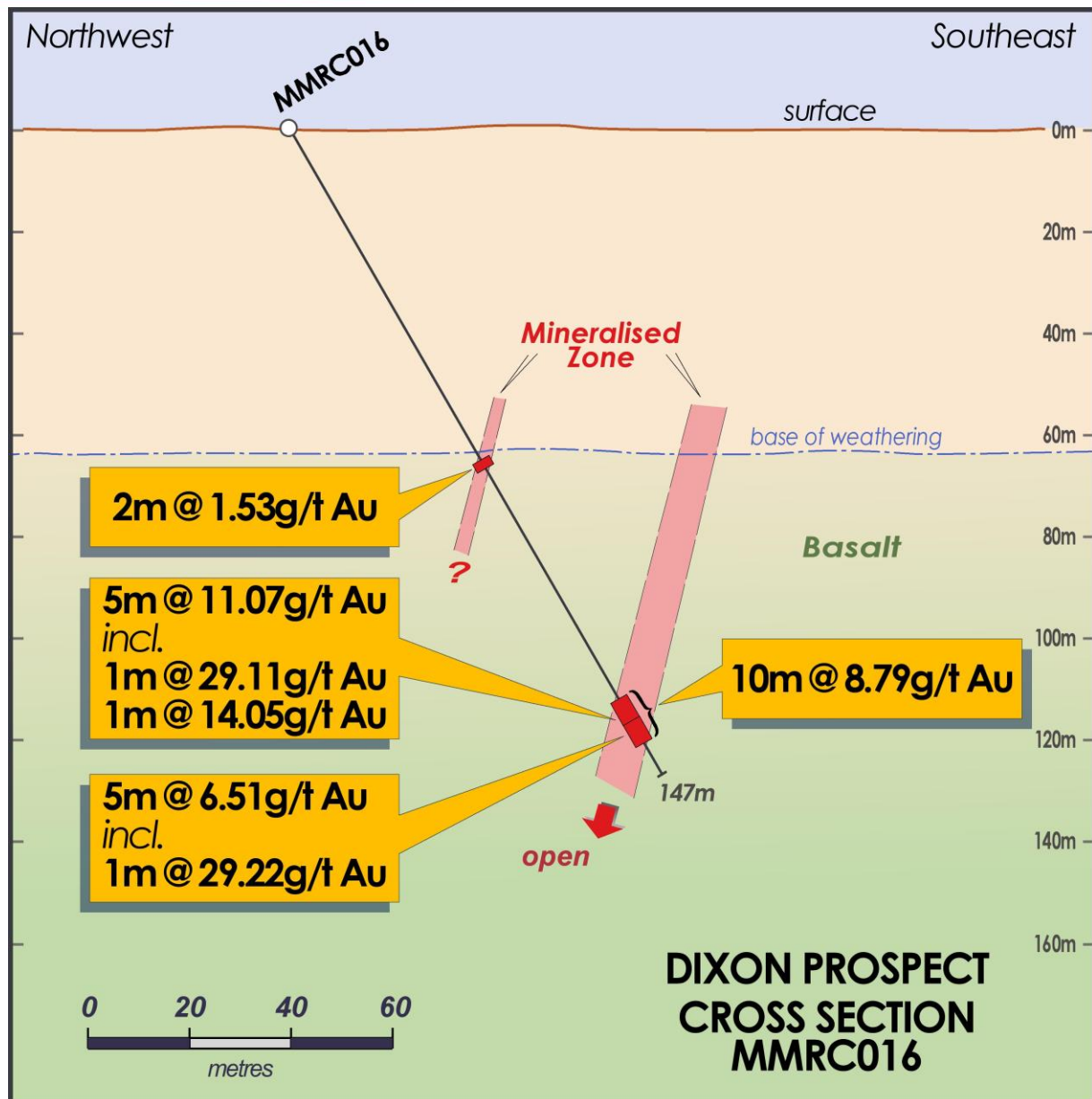


Figure 1: Cross section of Australian Mines' reverse circulation (RC) drill hole at its Dixon prospect, where the Company's maiden drill hole MMRC016 intersected high-grade primary gold mineralisation within the targeted north-northeast trending shear zone. Due to laboratory scheduling, Australian Mines was unable to report the assay results from the entire mineralised zone in its 26 October 2015 announcement. Having now received the all the results for drill hole MMRC016, Australian Mines confirms that the Company's drill hole intersected a 10 metre wide mineralised zone that graded at 8.79 g/t gold at Dixon³.

³ Intersections included in this table are downhole widths. The true widths of these intersections are not known.

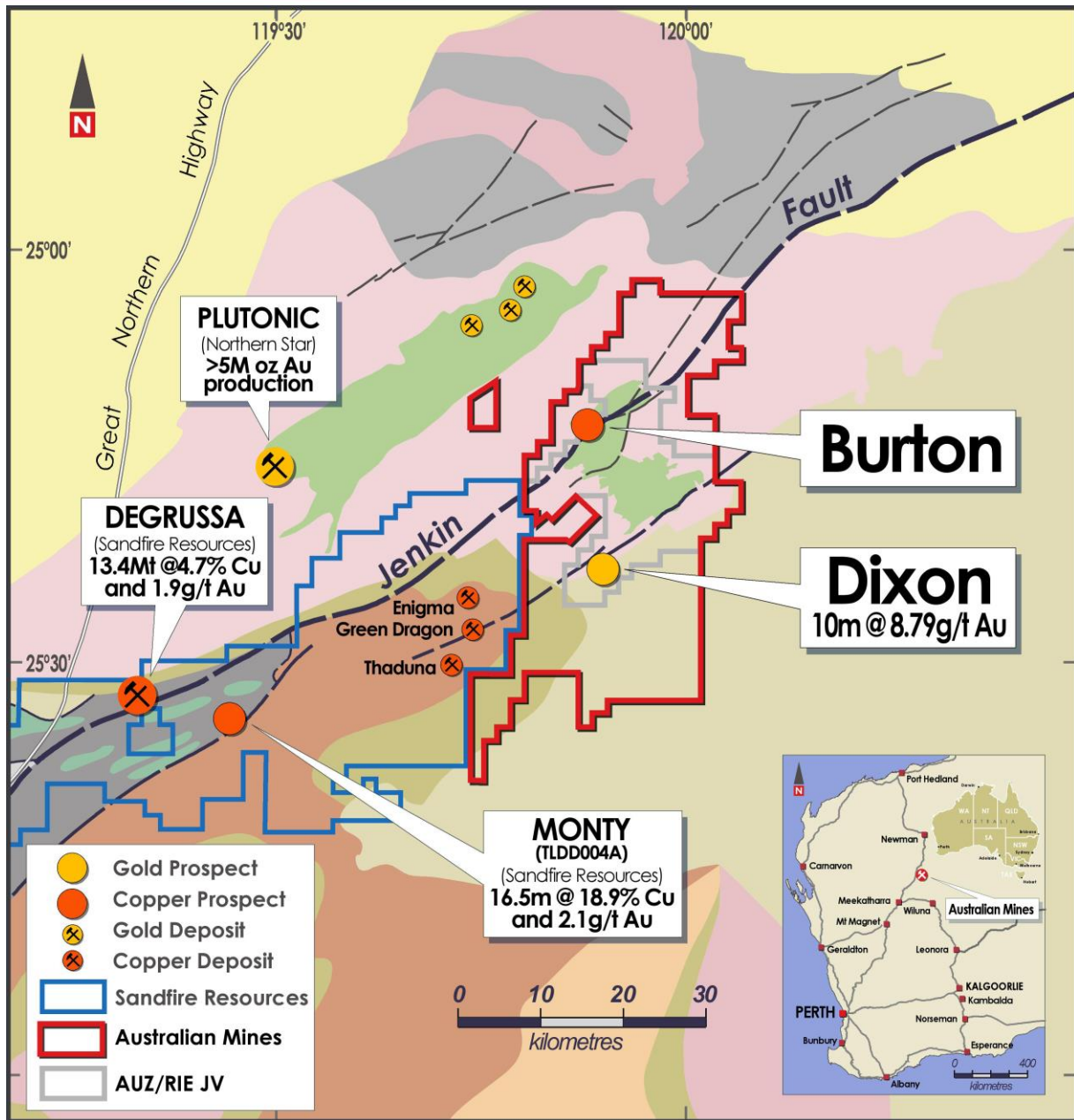


Figure 2: The Dixon gold prospect is situated within 50 kilometres of, and within a similar geological setting to, Northern Star's Plutonic Gold Mine. This emerging gold target is located within Australian Mines (AUZ) – Riedel Resources (RIE) joint venture tenement E52/2394, where the Company is currently earning an 80% interest.

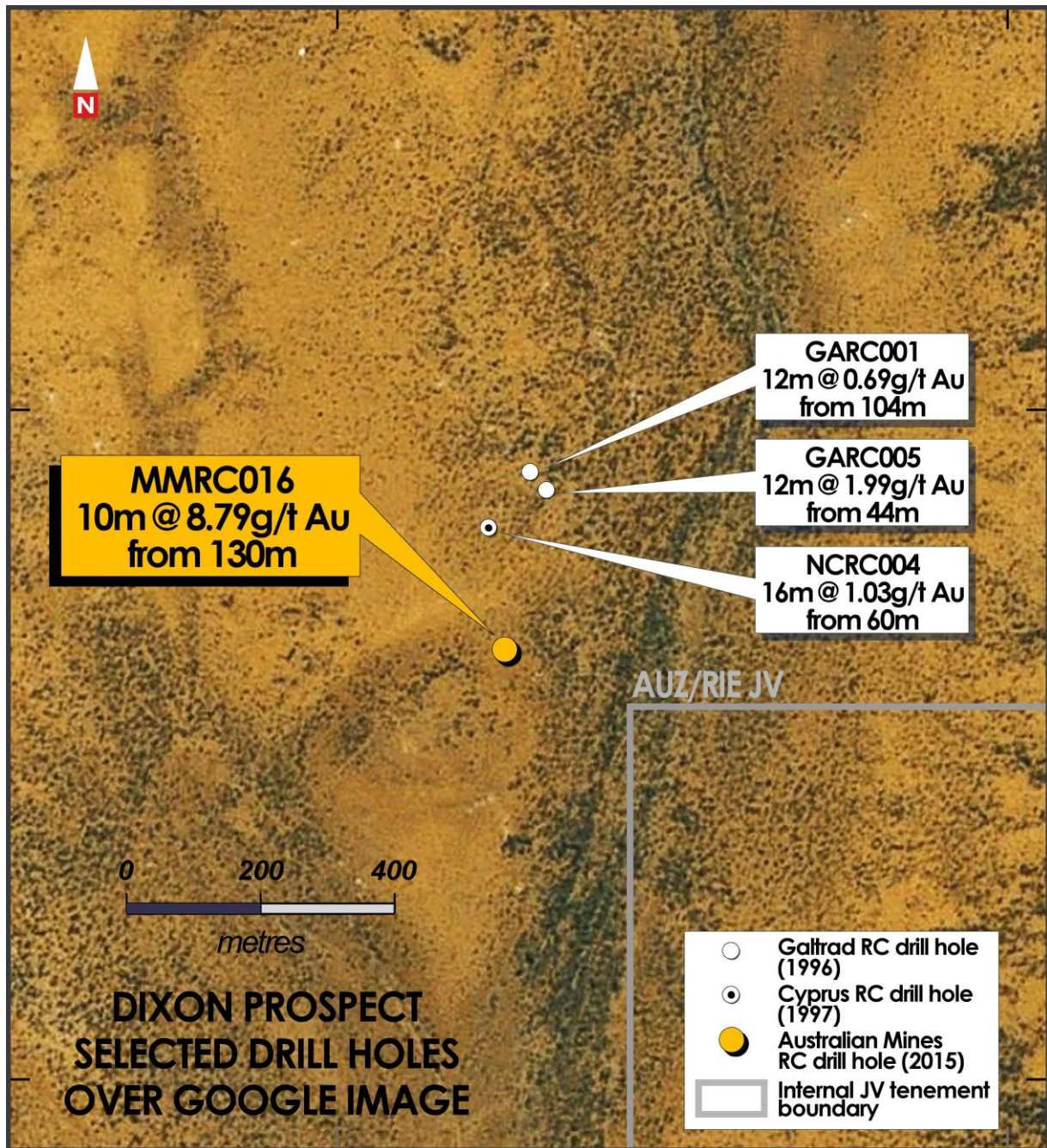


Figure 3: An indicative plan showing the location of the Australian Mines’ maiden reverse circulation (RC) drill hole at Dixon in relation to gold intersections returned from selected historic RC drilling across the target area. No drilling or exploration activities have been conducted over the Dixon target since 1997 when hole NCRC004, located 200 metres north and along strike of Australian Mines’ recent drill hole MMRC016, intersected a 16 metre thick layer of supergene gold grading at 1.03 g/t gold⁴.

⁴ Cyprus Gold Australia, Annual Report - Combined Reporting Group C153/1996, submitted to WA Department of Mines and Petroleum in December 1997



About Australian Mines

Australian Mines Limited (ASX: AUZ) is an Australian-listed resource company targeting copper, nickel and gold deposits. The Company is actively exploring the Doolgunna-Marymia region of Western Australia, which has demonstrated the potential to host significant base metal and gold mineralisation including Sandfire's DeGrussa Copper-Gold Mine and Northern Star's Plutonic Gold Mine. The Company is also holds 100% interest in the Marriotts Nickel Project near Leinster, Western Australia.

Doolgunna – Marymia Project

Agreement to earn up to 80% interest in E52/2394 & E52/2395

Australian Mines signed a Heads of Agreement with Riedel Resources (ASX: RIE) in April 2014 covering the tenements E52/2394 and E52/2395.

As announced on 29 May 2015, Australian Mines currently holds a 51% interest in these tenements and the Company has elected to acquire an additional 29% interest in the project (taking the total to 80%) by spending a further \$2 million on exploration by May 2018.

Agreement to earn up to 80% interest in E52/2440, E52/2444, E52/2456, E52/2492, E52/2493 & E52/2468

Australian Mines entered into a Farm-in and Joint Venture Agreement with Lodestar Minerals (ASX: LSR) in June 2015 in respect of All Minerals Excluding Gold within the tenements of E52/2440, E52/2444, E52/2456, E52/2492, E52/2493 and E52/2468.

Under the terms of the agreement announced on 11 June 2015, Australian Mines may acquire a 51% interest in these tenements by spending \$1 million on exploration within an initial two-year period and making a \$250,000 payment to Lodestar in December 2015.

Following the acquisition of the initial 51%, Australian Mines may elect to acquire an additional 29% interest (taking the total to 80%) in these tenements by spending a further \$2 million on exploration within a further 24-month period.

Marriotts Nickel Project

100% interest in Mining Lease 37/96

Australian Mines holds a 100% interest in the Marriotts Nickel Project in Western Australia, which hosts a current Mineral Resource of: Indicated 460,000t @ 1.12% Ni plus Inferred 370,000t @ 1.13% Ni (reported at 0.5%Ni lower cut-off grade)⁵.

⁵ Australian Mines Limited, Annual Report for the year ended 30 June 2015, released 17 September 2015



Appendix 1: Exploration Drilling Results

Table 1: Dixon Reverse Circulation (RC) Drill Program – Drill Hole Information Summary

Hole	Depth (metres)	Easting (MGA50)	Northing (MGA50)	Dip/Azimuth	From	To	Interval (metres)	Grade (g/t gold)
MMRC016	147	793250	7187645	-60 / 140	76	78	2	1.53
					130	140	10	8.79
				<i>including</i>	133	134	1	29.11
					134	135	1	14.85
					<i>136</i>	<i>137</i>	1	29.22

Intersections included in this table are downhole widths. The true widths of these intersections are not known

Drill hole collar co-ordinates were obtained using handheld GPS and are accurate to within +/- 5 metres.

Sample preparation and analysis of RC samples were undertaken at Intertek Genalysis in Perth, Western Australia.

The quality of the analytical results is monitored using internal laboratory procedures and standards to ensure the results are representative and within acceptable ranges of accuracy and precision.

Australian Mines previously reported the assay results from 0 metres to 135 metres down hole on 26 October 2015⁶. The Company had not received the assay results from 136 metres to End Of Hole (147 metres downhole) at the time of its 26 October 2015 announcement.

⁶ Australian Mines Limited, High-grade gold intersected at Dixon prospect, released 26 October 2015



Appendix 2: JORC Code, 2012 Edition

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Samples from Australian Mines' reverse circulation (RC) drill program at Dixon were collected at one-metre intervals using a cone splitter to produce an approximate three kilogram sample, which is considered representative of the full drill metre. <p>Sampling is guided by Australian Mines' protocols and QA/QC procedures, which were designed in consultation with SRK Consulting, Perth.</p> <p>All samples were submitted to the Intertek Genalysis laboratory in Perth for Fire Assay and Four Acid ICP-OES analysis.</p> <p>Australian Mines analyse for the following elements: Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, Zn.</p>
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.) 	<ul style="list-style-type: none"> The Dixon drill program comprised one reverse circulation (RC) drill hole (namely, MMRC016).



Drill sample recovery

- Method of recording and assessing core and chip sample recoveries and results assessed.
- Measures taken to maximise sample recovery and ensure representative nature of the samples.
- Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.

- Sample recovery from this RC program was high with more than 90% of the sample returned for most metres.

All samples were visually checked for recovery, moisture and contamination with the appropriate notes being recorded in the sampling logs.

There is no observable relationship between recovery and grade, and there no sample bias is assumed. Australian Mines protocols, designed in consultation with SRK Consulting (Perth) are followed to preclude any issues of sample bias due to material loss or gain.

Logging

- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
- Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.
- The total length and percentage of the relevant intersections logged.

- Geological logging of drill chips have been recorded for this drill hole, including lithology, mineralogy, grainsize, texture, weathering, oxidation, colour and other features of the samples.

Drill chips were not logged to any geotechnical standard and the data is insufficient to support Mineral Resource estimation at this stage.

Logging of reverse circulation drill chips is considered to be semi-quantitative given the nature of rock chip fragments and the inability to obtain detailed geological information. The drill hole was logged in full to the end of the hole.

Sub-sampling techniques and sample preparation

- If core, whether cut or sawn and whether quarter, half or all core taken.
- If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.
- For all sample types, the nature, quality and appropriateness of the sample preparation technique.
- Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.
- Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.
- Whether sample sizes are appropriate to the grain size of the material being sampled.

- All one-metre splits were passed through a cone splitter to produce a 12% split for assaying. The 78% off-split was collected in green bags for future testing as required.

Samples are dried and pulverised using industry standard methods by Intertek Genalysis at their Perth assay laboratory.

All samples are pulverised to produce a 50-gram charge, which is analysed by Fire Assay and Four Acid ICP-OES.

The sample size is considered to be appropriate to correctly represent the sought after mineralisation style.



Quality of assay data and laboratory tests

- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.
- For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.
- Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.

• Samples submitted to Intertek Genalysis in Perth are assayed using a Fire Assay and mixed four acid digest.

The samples are digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids and analysis conducted for multi-elements including Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, Zn.

This method approaches a total digest for many elements although some refractory minerals may not be completely attacked.

The quality of the analytical results is monitored through the use of internal laboratory procedures to ensure the results are representative and within acceptable ranges of accuracy and precision.

Ten standards (or Certified Reference Material) and six Control Blanks were used to check the accuracy of the assays returned from drill hole MMRC016. All sixteen control standards/blanks were within acceptable limits for accuracy and precision.

Sample numbers AUZ5559 and AUZ5560, which returned 29.110ppm Au and 14.848ppm Au respectively were reassayed with the repeat assays returning 29.499ppm Au and 13.772ppm Au respectively.

Verification of sampling and assaying

- The verification of significant intersections by either independent or alternative company personnel.
- The use of twinned holes.
- Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.
- Discuss any adjustment to assay data.

• Any materially significant intersections are initially verified by Australian Mines' Managing Director, and are then independently verified by the external consulting company, rOREdata. The original Analytical Report supplied by Intertek Genalysis Perth is also provided to Australian Mines' board of directors for independent verification of the assay results.

Primary data was collected using a set of standard Excel templates using lookup tables. The information was sent to the Company's external database consultant, rOREdata, for validation and compilation into Australian Mines' database.

No twinned hole drilling is proposed by Australian Mines at this stage and no adjustments or calibrations were made to any assay values.



Location of data points

- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.
- Specification of the grid system used.
- Quality and adequacy of topographic control.
- Drill hole collar location of MMRC016 was recorded using handheld Garmin GPS.

The expected accuracy is +/- 5 metres for easting and northings. The grid system used is Map Grid of Australia (MGA) GDA94 Zone 50.

Data spacing and distribution

- Data spacing for reporting of Exploration Results.
- Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.
- Whether sample compositing has been applied.
- Australian Mines' drill program at Dixon involved a single reverse circulation (RC) hole. Therefore, no spacing density relates to this drill program.

This drill data is not being used for estimating a Mineral Resource or modelling of grade at this stage in exploration.

No sample compositing was applied to the exploration results.

Orientation of data in relation to geological structure

- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
- If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.
- Australian Mines is targeting Plutonic-style gold mineralisation at Dixon.

The orientation of the Company's drilling was designed to intersect the target zone at right angles in an attempt to minimise the risk of biased sampling.

The orientation of the drilling is deemed sufficient at this stage of exploration.

Sample security

- The measures taken to ensure sample security.
- The chain of custody is managed by Australian Mines.

Samples are stored on site and are delivered in tamper-proof/evident bags via Toll IPEC directly to the assay laboratory.

Audits or reviews

- The results of any audits or reviews of sampling techniques and data.
- Australian Mines' sampling techniques and data collection processes are of industry standard and have been subjected to internal reviews.

Any data received from the assay laboratories are independently verified by rOREdata in Perth, Australia.



Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<p>Mineral tenement and land tenure status</p>	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The Doolgunna-Marymia Project is located within the Western Australian exploration licences of E52/2440, E52/2444, E52/2456, E52/2468, E52/2492, E52/2493, E52/2394 and E52/2395. <p>On 30 April 2014, Australian Mines announced it had signed a Heads of Agreement with Riedel Resources (ASX code: RIE) in relation to licences E52/2394 (which hosts the Dixon gold prospect) and E52/2395.</p> <p>On 29 May 2015, Australian Mines reported that the Company had earned a 51% interest in tenements E52/2394 and E52/2395, and the Company has elected to acquire an additional 29% interest in the project (taking the total to 80%) by spending a further \$2 million on exploration by May 2018.</p> <p>On 11 June 2015, Australian Mines announced it had entered into a Farm-in and Joint Venture Agreement with Lodestar Minerals (ASX code: LSR) in relation to exploration licences E52/2440, E52/2444, E52/2456, E52/2468, E52/2492, and E52/2493.</p> <p>On 6 August 2015, Australian Mines was notified by the Western Australian Department of Mines and Petroleum (DMP) that the Company's Extension of Term for E52/2494 (which hosts the Company's Dixon gold prospect) was successful, with this tenement now expiring 15 June 2020.</p> <p>On 31 August 2015, Australian Mines was notified by the DMP that the Company's Extension of Term for E52/2495 was successful, with this tenement now expiring 30 August 2020</p> <p>The Company's Doolgunna-Marymia exploration licences are within the Marymia and Ned's Creek Pastoral Leases and contained within the Native Title Claim boundaries of the <i>Gingirana</i> (WAD6002/03) and <i>Yugunga-Nya</i> (WAD6132/98) Traditional Owners.</p> <p>Both AUZ – RIE JV tenements are currently in good standing with no impediments to exploration known to exist at the time of writing.</p>



Exploration done by other parties

- Acknowledgment and appraisal of exploration by other parties.
- Limited exploration and drilling programs have previously been undertaken across the Dixon gold prospect by other companies.

A summary of the historic exploration is outlined in the Prospectus released by Riedel Resources Limited on 23 November 2010, and Galtrad Pty Ltd's Annual Technical Report for tenement E52/594, which was received by the Western Australian Department of Mines and Petroleum on 16 September 1996.

This report also references Cyprus Gold Australia, Annual Report - Combined Reporting Group C153/1996, which was submitted to the Western Australian Department of Mines and Petroleum in December 1997.

Geology

- Deposit type, geological setting and style of mineralisation.
- Australian Mines are targeting three types of mineral deposits at Doolgunna-Marymia;
 - (i) Plutonic-style Archaean gold
 - (ii) DeGrussa-style volcanogenic massive sulphide copper-gold, and
 - (iii) Kambalda-style komatiite-hosted nickel sulphide.

The Dixon prospect is situated within the Baumgarten Greenstone Belt (part of the Marymia Inlier), which is the interpreted extension of the same Archaean greenstones that host the nearby Plutonic gold deposits.

The geology of the Dixon prospect comprises an Archaean greenstone sequence of dolerites, basalts and metasediment rocks.

Drill hole Information

- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
 - easting and northing of the drill hole collar
 - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
 - dip and azimuth of the hole
 - down hole length and interception depth
 - hole length.
- If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should explain why this is the case.
- Refer to Appendix 1 of the accompanying report.



Data aggregation methods

- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.
 - Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
 - The assumptions used for any reporting of metal equivalent values should be clearly stated.
 - The reported intersections of Australian Mines' Dixon drilling results are based on a regular sample interval of one metre.
- The quoted gold intersections are based on a minimum gold threshold of 0.25 g/t gold.
- No upper cuts are applied and no internal dilution has been used for any intersection calculations.
- No metal equivalents have been used in this report.

Relationship between mineralisation widths and intercept lengths

- These relationships are particularly important in the reporting of Exploration Results.
 - If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.
 - If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').
 - There is insufficient understanding of the bedrock geology at present to determine the true thickness of the reported drill intersections.
- The intersections included in this report are downhole lengths. The true widths of these intersections are not known.

Diagrams

- Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.
- Appropriate maps and sections are included in the body of this report.

Balanced reporting

- Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.
- The accompanying document is considered to represent a balanced report.

Other substantive exploration data

- Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.
 - Other exploration data collected by the Company is not considered as material to this report at this stage.
- Further data collection will be reviewed and reported when considered material.



Further work

- The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).
- Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.
- Australian Mines is currently finalising the design of its follow-up exploration program at Dixon, which may include further drilling (RC and/or diamond) as well as surface and down hole geophysical surveys.

The Company will release a subsequent announcement regarding its proposed forward program at Dixon, including the intended location of any step-out drilling, once it has received the standard statutory drilling approvals from the Western Australian Department of Mines and Petroleum.