



QUARTERLY ACTIVITIES REPORT

For Period Ended 31 December 2015

ASX: AUZ

29 January 2016

HIGHLIGHTS

Doolgunna - Marymia Project

Dixon gold prospect

- **Discovered a high-grade gold zone within an underexplored Australian gold province**
 - **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
- **Increased footprint of gold mineralisation indicated by geophysics**
 - **200 metre long chargeability anomaly detected by IP survey at Dixon**
 - **IP anomaly coincident with gold-bearing sulphidic quartz veins intersected by recent drilling**
- **Repetitions of Dixon-style gold mineralisation possible across project area**
 - **IP survey identified a second anomaly proximal to known gold mineralisation**
 - **Less than one-third of the prospective geology currently surveyed by geophysics**
- **Targeted RC drill program scheduled to commence in March 2016**

Cash position

- **Maintained sound financial position**
 - **\$1 million raised this quarter through share placements to professional investors**
 - **Funds ongoing drilling and exploration programs at Doolgunna - Marymia**



Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to provide shareholders with its Quarterly Activities Report for the period ended 31 December 2015.

Doolgunna - Marymia Project

The Doolgunna - Marymia Project is situated approximately 900 kilometres north of Perth and within 50 kilometres of Northern Star’s Plutonic Gold Mine.

The Project is being explored under a Joint Venture Agreement with Riedel Resources Ltd (ASX: RIE) under which Australian Mines has the right to earn to up an 80% interest by spending \$3 million on exploration by May 2018. To date, Australian Mines has spent an unaudited \$1.8 million on exploration and in May 2015 the Company announced that it had subsequently earned a majority interest in the project¹.

Considered the northern continuation of the Norseman-Wiluna greenstone belt, the Archaean stratigraphy within the Doolgunna – Marymia Project is acknowledged as being prospective for bedrock-hosted primary gold mineralisation^{2,3}.

Much of the targeted greenstone sequence within the project area, however, is obscured by an extensive but shallow layer of transported sand. This has resulted in a complete reliance on geophysics and drilling to identify and test prospective areas.

Dixon gold prospect

Australian Mines commenced a reconnaissance reverse circulation (RC) drill program over a number of priority gold and base metal targets within the Doolgunna - Marymia Project in September 2015.

Included in this first-pass drilling program was a single RC hole at the Company’s Dixon prospect. This drill hole, namely MMRC016, was designed to test the thesis that high-grade gold mineralisation may be present within a dolerite unit of probable Archaean age at Dixon, and that the mineralisation is potentially associated with the regional north-northeast trending shear zone running along the eastern contact of this mafic intrusive.

As announced by Australian Mines on 6 November 2015, drill hole MMRC016 successfully intersected **10 metres @ 8.79 g/t gold from 130 metres** down hole, including two intervals grading at almost 1 ounce per tonne.

The Company’s exploration team observed that this mineralisation was hosted within sulphidic (pyrite + arsenopyrite) quartz veins that occurred along the lithological contact between a magnetite-rich dolerite and a low magnetic intrusive dolerite.

¹ Australian Mines Limited, Australian Mines secures majority ownership of Marymia Project, released 29 May 2015

² Galtrud Pty Ltd, Annual Report – E52/594, received by the WA Department of Mines and Petroleum 16 September 1996

³ Riedel Resources Limited, Prospectus, released 23 November 2010



Magnetic susceptibility work completed on the Dixon drill hole during the quarter confirmed this relationship between the lithological contact and the presence of gold mineralisation.

Preliminary analysis of the drill samples by Australian Mines similarly indicated that the higher-grade gold mineralisation at Dixon is associated with increased sulphide and quartz content. Consequently last month Australian Mines commissioned a gradient array induced polarisation (IP) survey over the immediate Dixon prospect area, which was designed to map the strike continuity of the disseminated sulphides associated with, but not bound to, the high-grade gold mineralisation.

As reported earlier this week⁴, this IP survey detected a significant chargeability anomaly coincident with the primary mineralisation at Dixon. Based on its geophysical characteristics and geological position, this anomaly is likely to be attributable to sulphide alteration such as gold-bearing pyritic quartz veining, indicating that the strike length of the primary gold mineralisation at Dixon could be at least 200 metres long.

Inversion modelling of the complementing pole-dipole IP data similarly suggests that the Dixon gold mineralisation has significant depth continuity.

Having determined via geophysics the location and potential size of the primary gold target at Dixon, and noting the impressive grade and thickness of the gold intersection returned from its initial reconnaissance drill hole, Australian Mines is seeking to commence its follow-up drill program as soon as practicable. The Company presently anticipates that this drilling will commence in early-mid March following receipt of the standard statutory approvals.

Ned's Creek Joint Venture

During the quarter, Australian Mines advised that it had withdrawn from the Ned's Creek Farm-in and Joint Venture Agreement with Lodestar Minerals Limited⁵.

Over the past six months, Australian Mines had completed a comprehensive assessment of the prospectivity of the Ned's Creek joint venture tenements, including undertaking a series of geophysical and drill programs across the interpreted priority targets.

Based on the results of this work, the Company subsequently determined that the joint venture tenements appeared to have limited potential to host a significant base metal deposit and confirmed that the most prospective ground held by Australian Mines remains its core Doolgunna – Marymia Project, which hosts the promising Dixon gold prospect.

⁴ Australian Mines Limited, IP survey expands gold prospectivity at Dixon, released 27 January 2016

⁵ Australian Mines Limited, Withdrawal from Ned's Creek Joint Venture, released 7 December 2015

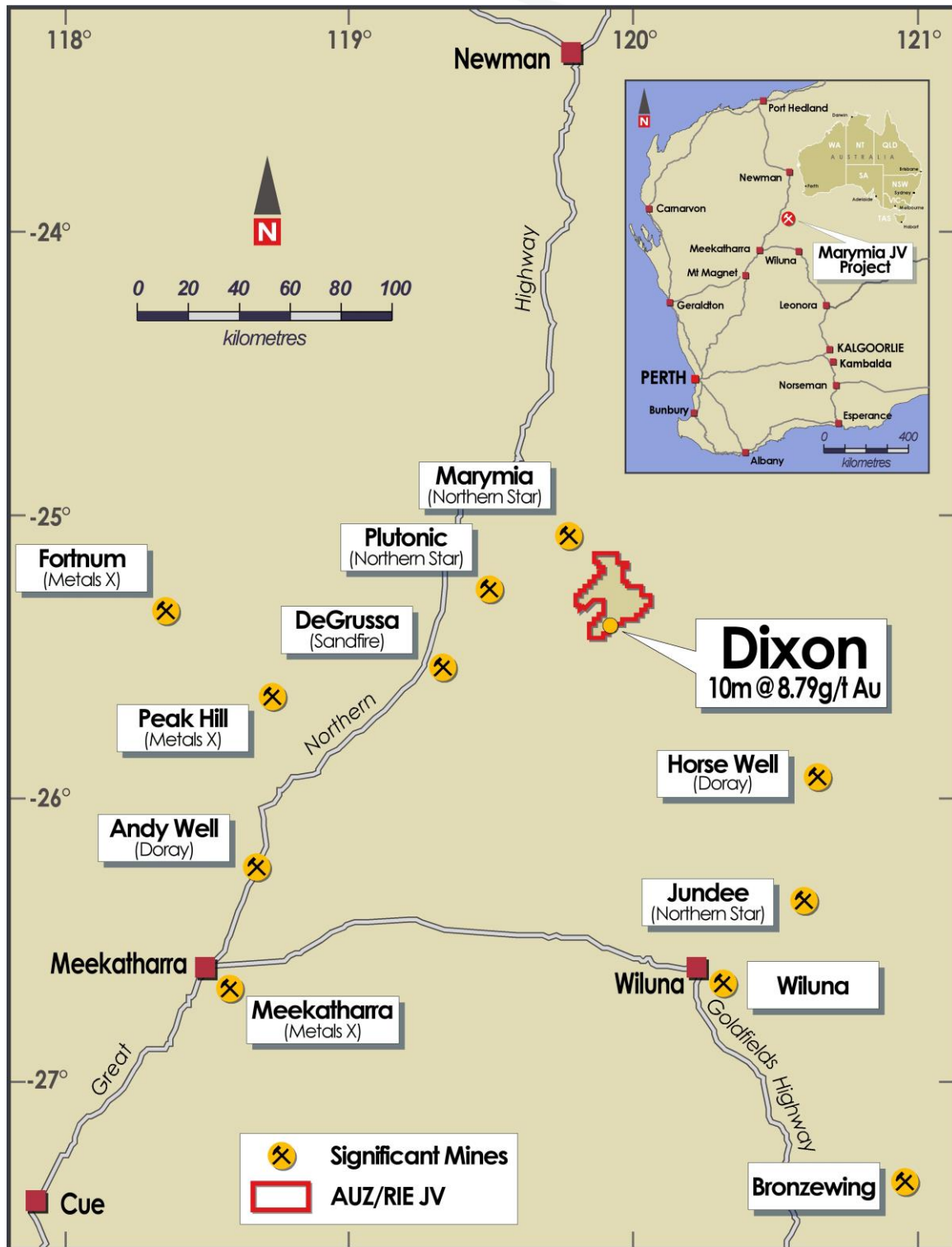


Figure 1: The Dixon gold prospect is situated within 50 kilometres of Northern Star's Plutonic Gold Mine. This emerging Western Australian gold play is located within Australian Mines (AUZ) and Riedel Resources (RIE) joint venture tenement E52/2394 where Australian Mines is currently earning an 80% interest.

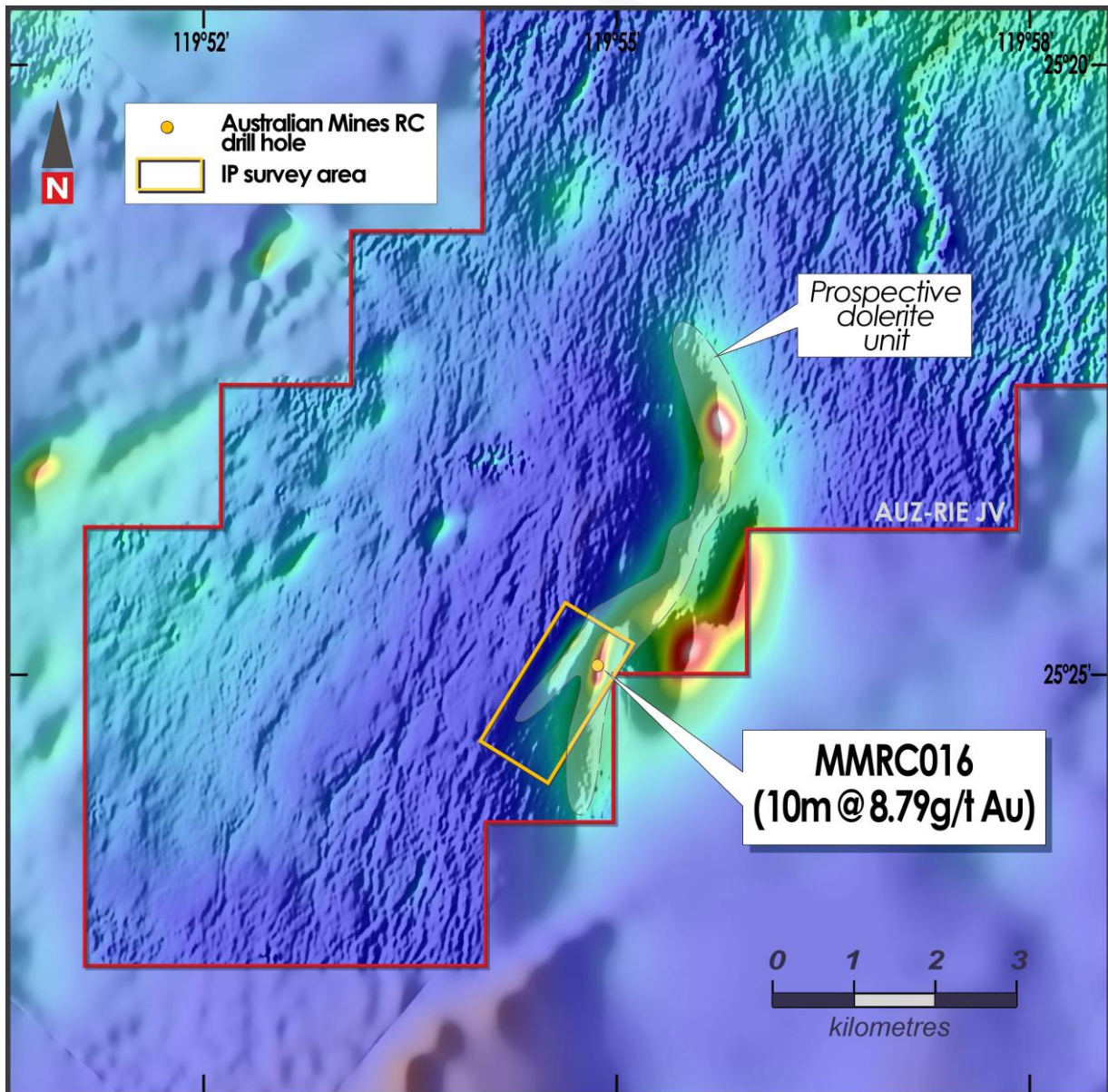


Figure 2: Magnetic (Reduced-to-Pole) image of the Company's Dixon prospect within its Doolgunna-Marymia Project. Gold mineralisation at Dixon occurs along the lithological contact of magnetite-rich dolerite and a non-magnetic dolerite, being identical to the mineralisation control observed at Gold Field's Centenary Gold Mine⁶. (Prior to production in 1998, the Centenary gold resource was 8.4 million tonnes @ 7.7 g/t for 2.1 million ounces)⁷. Geological mapping of this region indicates that the prospective dolerite units at Dixon extend for 6 kilometres and are wholly within Australian Mines (AUZ) – Riedel Resources (RIE) joint venture area.

⁶ Pittard & Bourne, The contribution of magnetite to the induced polarization response of the Centenary orebody, Exploration Geophysics, 2007, 30, 200-207

⁷ <http://www.smedg.org.au/apr16th98.html>

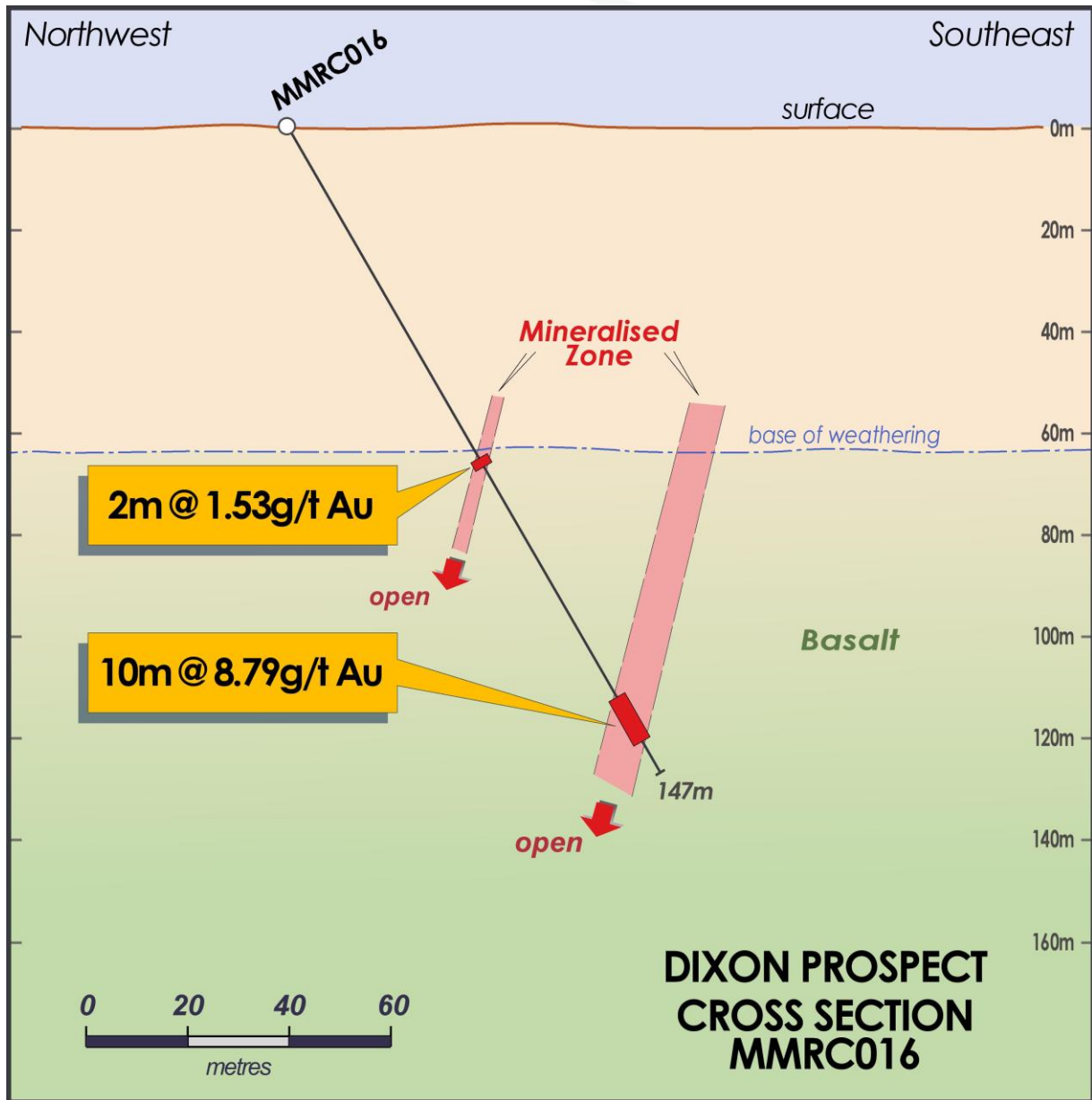


Figure 3: A cross section of Australian Mines’ reverse circulation (RC) drill hole program at its Dixon prospect, where the Company’s initial drill hole of MMRC016 intersected high-grade primary gold mineralisation along the lithological contact between a magnetic and non-magnetic dolerite unit. Whilst further drilling is required, this initial result appears to support the Company’s position that its Doolgunna - Marymia Project is prospective for bedrock-hosted gold mineralisation.

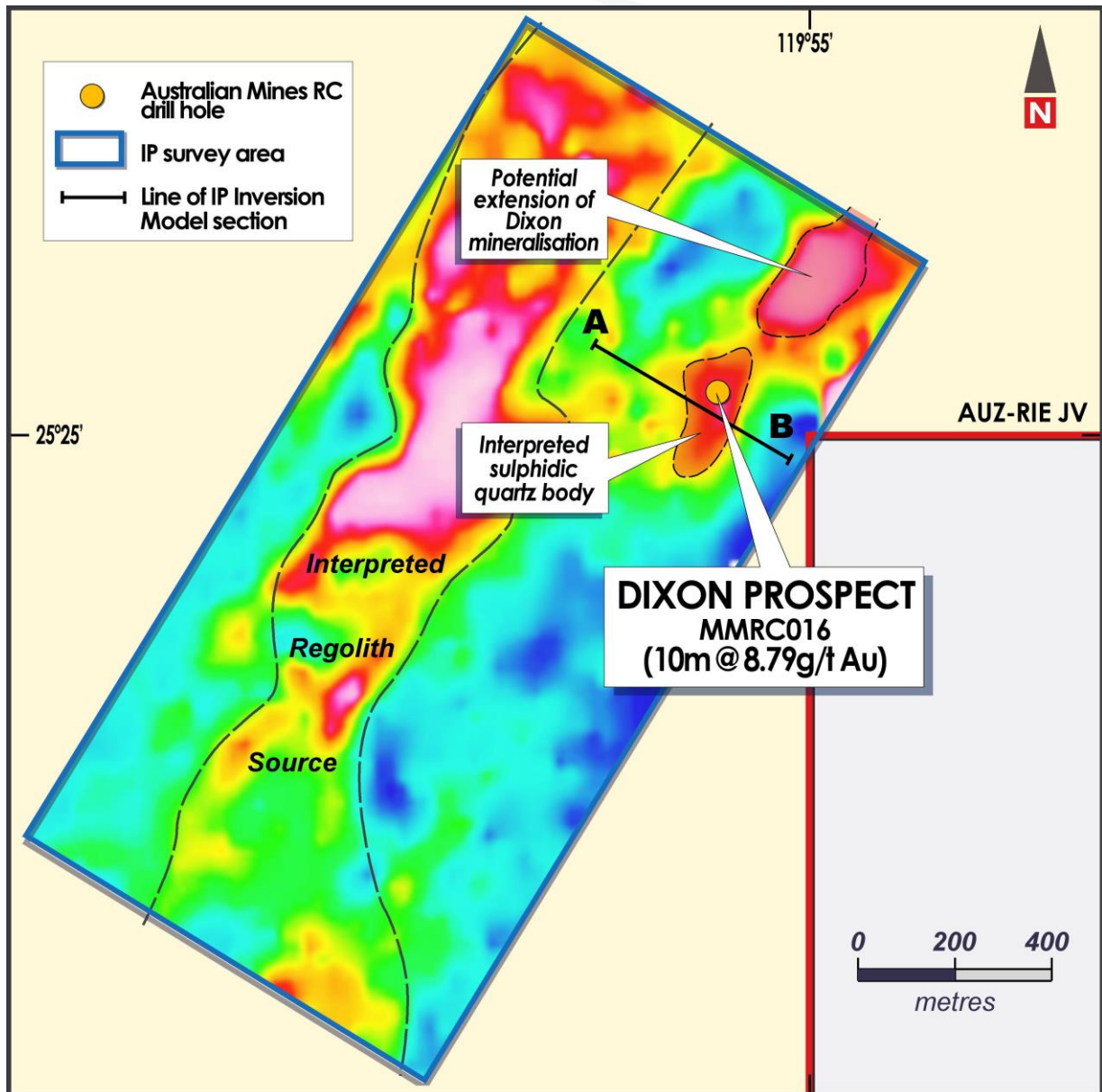


Figure 4: Plan image of the gradient array Induced Polarisation (IP) survey recently acquired by Australian Mines over the immediate Dixon gold prospect. This survey successfully mapped a zone of chargeability coincident with the high-grade gold mineralisation intersected by the Company's drill hole MMRC016. The strike length of this zone is in excess of 200 metres and appears aligned with the lithological contact between a magnetic and non-magnetic dolerite unit. The gradient IP survey also detected a potential repetition of the Dixon gold mineralisation to the northeast of the project area. Australian Mines is proposing to drill test both targets during the current quarter.

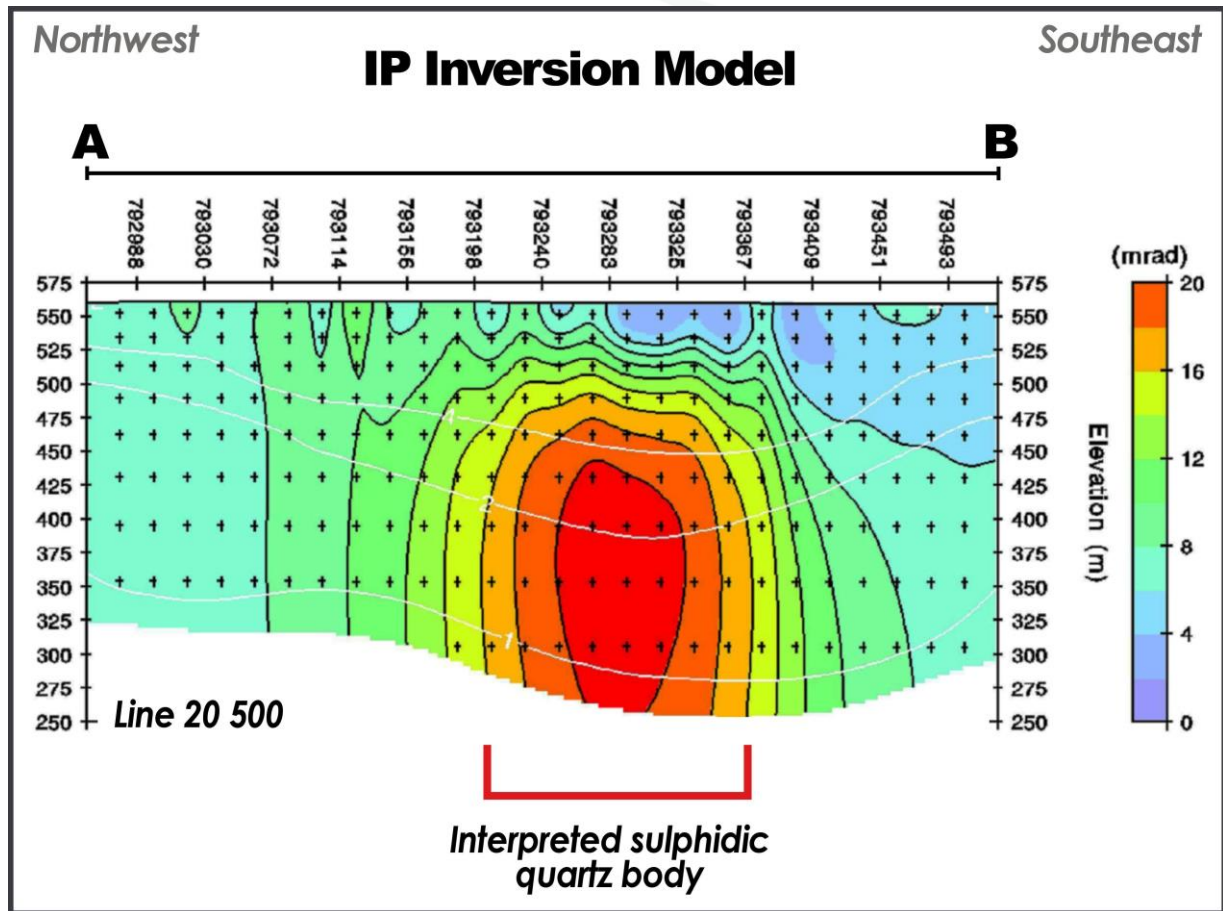


Figure 5: Cross-section of the pole-dipole Induced Polarisation (PDIP) response observed over the southern continuation of Dixon gold prospect. Modelling of the PDIP traverses completed in conjunction with the Company's gradient IP survey strongly suggests that the source of the 200 metre long chargeability anomaly at Dixon is likely to be a sulphide body, such as the gold-bearing sulphidic quartz veining being targeted by Australian Mines.



Marriotts Nickel Project

Australian Mines' 100%-owned Marriotts Nickel Project hosts a shallow, undeveloped nickel sulphide deposit within the granted Mining Lease of M37/096.

Located within 20 kilometres of Talisman Mining's Sinclair Nickel Mine and processing plant in Western Australia, the Company's Marriotts Nickel Project currently has a defined Mineral Resource of 0.83 million tonnes @ 1.13 % nickel for 9,400 tonnes of contained nickel (see Appendix 3).

No field work was undertaken across the Marriotts Project this quarter.

Cash Position

As at 31 December 2015, Australian Mines had cash reserves of approximately \$0.85 million and no debt.

During the quarter, the Company successfully raised \$1 million (before costs) through a strongly supported placement of 100 million shares at an issue price of 1 cent each to professional and sophisticated investors⁸.

These funds are being directed to Australian Mines' ongoing exploration of its Doolgunna – Marymia Project, including the upcoming RC drilling program at Dixon, which is designed to ascertain the strike continuity of this apparent high-grade gold system.

*****ENDS*****

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⁸ Australian Mines Limited, Australian Mines raises \$1 million to progress gold and base metal targets at Doolgunna-Marymia, released 29 October 2015.



About Australian Mines

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

Doolgunna – Marymia Project

Agreement to earn up to 80% interest

Australian Mines signed a Heads of Agreement with Riedel Resources Limited (ASX: RIE) in April 2014 covering the tenements E52/2394 and E52/2395, which form the Company's Doolgunna - Marymia Project.

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.

On 6 November 2015, the Company announced that a single reverse circulation (RC) hole drilled at its Dixon prospect within tenement E52/2394 successfully intersected high-grade primary gold (10 metres @ 8.79 g/t gold from 130 metres down hole) within a similar greenstone sequence to that which hosts the nearby Plutonic gold deposits⁹.

Australian Mines' ongoing exploration program is, therefore, aimed at confirming the depth and strike potential of the gold mineralisation at Dixon as well as identify possible repetitions of this gold mineralisation within the Company's project area.

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)¹⁰.

⁹ Australian Mines Limited, High-grade gold zone extended at Dixon prospect, released 6 November 2015

¹⁰ 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
					136	137	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.



Appendix 2: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Western Australia	Marriotts	M37/096	Granted	100%

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest
-	-	-	-	-

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

Location	Project	Agreement	Parties	Interest	Comments
AUSTRALIA					
Western Australia	Doolgunna-Marymia	Heads of Agreement	Australian Mines and Riedel Resources	51%	Announced 30 April 2014 and 29 May 2015

Australian Mines currently holds a 51% interest in the AUZ – RIE joint venture 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.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Location	Project	Agreement	Parties	Interest	Comments
Western Australia	Ned's Creek (Marymia)	Farm-in and Joint Venture Agreement	Australian Mines and Lodestar Minerals	0%	Withdrawal from JV announced 7 December 2015



Appendix 3: Mineral Resources

Marriotts Mineral Resource (as at 30 June 2015)¹¹				
Location	Category	Resource Tonnes	Nickel (%)	Nickel Tonnes
Marriotts, Western Australia				
	Measured	-	-	-
	Indicated	460,000	1.12	5,100
	Inferred	370,000	1.15	4,300
	Total	830,000	1.13	9,400

Table 1: Mineral Resources for the Marriotts nickel sulphide deposit (using a lower cut of 0.5% nickel)^{12,13}

¹¹ Australian Mines Limited, 2015 Annual Report, released 23 October 2015

¹² The information regarding Australian Mines' Mineral Resource has been extracted from various Company announcements, which are available on the Australian Mines website (www.australianmines.com.au) or through the ASX website at www.asx.com.au (using ticker code "AUZ"). Australian Mines confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Australian Mines confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement. The Marriotts Mineral Resources is reported under JORC 2004 Guidelines, as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Code. Future estimates of the Marriotts Nickel Project resource will be completed to JORC 2012 Guidelines.

¹³ The Marriotts Mineral Resources is reported under JORC 2004 Guidelines, as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Code. Future estimates of the Marriotts Nickel Project resource will be completed to JORC 2012 Guidelines



Appendix 4: 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 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> <p>In December 2015, Australian Mines commissioned Zonge Engineering and Research Organisation (Australia) Pty Ltd to complete a ground-based Induced Polarisation (IP) survey over a two square kilometre area of the favourable Archaean geology at its Dixon gold prospect in Western Australia.</p> <p>The line spacing for the gradient IP survey was 100 metres with receiver dipoles positioned 25 metres along line.</p> <p>Lines of 50 metre pole-dipole IP data were subsequently acquired over the resulting anomalies in order to facilitate tighter geophysical modelling, and thus better drill targeting of the priority anomalies.</p> <p>Quality assurance and quality control (QA/QC) of the IP data was independently verified by Terra Resources in Perth.</p>



Drilling techniques

- 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.)
- 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.

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.



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

The sample sizes are 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.



- The survey parameters and geophysical equipment used by Zonge for the Induced Polarisation (IP) survey at Doolgunna - Marymia includes:

Survey Parameters

Configuration: gradient IP and pole-dipole IP in Frequency domain

Survey direction: northwest-southeast

Total number of survey lines: 20 gradient IP
3 pole-dipole IP

Line spacing: 100 metres (gradient IP)
50 metres (pole-dipole IP)

Station interval: 25 metres (gradient IP)
50 metres (pole-dipole IP)

Number of receiver dipoles: 8

Base frequency: 0.125 Hertz

Duty cycle: 100%

Survey Equipment

Transmitter: GGT30

Receiver: GDP322

Sensor: Porous pots

At least two readings were acquired at each station in order to ensure data repeatability.

The IP system is fully calibrated and daily tests were carried out to ensure data quality.

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 are 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 and the data points of Zonge's IP survey were 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.
- The line spacing for the gradient IP survey was 100 metres with receiver dipoles positioned 25 metres along line.

Lines of 50 metre pole-dipole IP data were subsequently acquired over the resulting anomalies in order to facilitate tighter geophysical modelling, and thus better drill targeting of the priority anomalies.

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.
 - 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 E52/2394 and E52/2395. <p>Australian Mines announced on 30 April 2014 that 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>Further, on 29 May 2015, Australian Mines reported that the Company had earned a 51% interest in these tenements and that 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>In August 2015, Australian Mines was notified by the Western Australian Department of Mines and Petroleum (DMP) that the Company's Extension of Term for E52/2394 and E52/2395 was successful, with these tenements now expiring in June 2020 and August 2020 respectively.</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>Exploration activities on E52/2394 and E52/2395 are permitted under agreements dated; 7 October 2010 between Audax Resources Ltd (a subsidiary of Riedel Resources) and the Yamatji Marlpa Aboriginal Corporation as agent for the <i>Yugunga-Nya</i> people; and 23 October 2010 between Audax Resources and <i>Gingirana</i> Pty Ltd. Australian Mines is permitted to operate under these agreements as the Company is joint venturing with Riedel Resources on this project</p> <p>Both 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.

Cyprus Gold Australia's Annual Report - Combined Reporting Group C153/1996, which was submitted to the Western Australian Department of Mines and Petroleum in December 1997, and covers tenements E52/592 and E52/594 (now tenement E52/2394) similarly summarises the historic exploration undertaken across the greater Doolgunna - Marymia project area.

Galtrad Pty Ltd's Annual Technical Report for tenement E52/594 (now tenement E52/2394), which was received by the Western Australian Department of Mines and Petroleum (DMP) on 16 September 1996, describes five reverse circulation (RC) drilled by Galtrad immediately north of Australian Mines' Dixon gold prospect.

Based on geological logs and assays returned from these five RC holes, Galtrad concluded in their 1996 report that "the extent of proven sulphidation and veining shown to occur in these drill holes indicates regional scale mineralising fluid flow with the propensity to generate a substantial gold orebody".

Geology

- Deposit type, geological setting and style of mineralisation.
- Australian Mines are targeting three types of mineral deposits at Doolgunna - Marymia;
 - (i) Archaean gold,
 - (ii) volcanogenic massive sulphide (VMS) copper-gold, and
 - (iii) 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 clearly 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.
- Any reported intersections from Australian Mines' drilling program at its Dixon gold prospect 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 any reported drill intersections.

Any 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.
- Further work may include a reverse circulation (RC) drill program to test the nature of the geophysical (IP) anomaly detected at the Company's Dixon gold prospect.

The specifications of this proposed RC drill program, including the location and targeted depth of these holes, will be announced by the Company prior to the commencement of drilling.

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.

The information in this report that relates to the Marriotts Nickel Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Mick Elias, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Elias is a director of Australian Mines Limited. Mr Elias has sufficient experience relevant to this style of mineralisation and type 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 Elias consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



This document contains Mineral Resources that are reported under JORC 2004 Guidelines, as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Code. Future estimates of the Marriotts Nickel Project resource will be completed to JORC 2012 Guidelines.