



20th April 2010

ASX Announcement

DRILLING RECOMMENCES AT MT MARTIN

Australian Mines Limited (ASX:AUZ) which announced encouraging results on 6th April from drilling its 100% owned Mt Martin gold project located 40kms south of Kalgoorlie, will be recommencing drilling at the Mt Martin Project this week with the following drilling planned:

- The drill proposal is to re-enter and extend 3 holes at Mt Martin and drill through the East Lode. The company has announced encouraging results from drilling the East Lode where AUZD3 intersected 10 metres at 7.6 g/t from 289 metres below surface.
- RC drilling to test East lode at the surface under the shallow laterite pit. There are existing intersections below the laterite pit. Interpretations indicate potential for a shallow orebody to the north - east of the laterite pit.
- This current program will provide in fill drill testing to further define resources on the East lode. Results will be used to update the resource model.

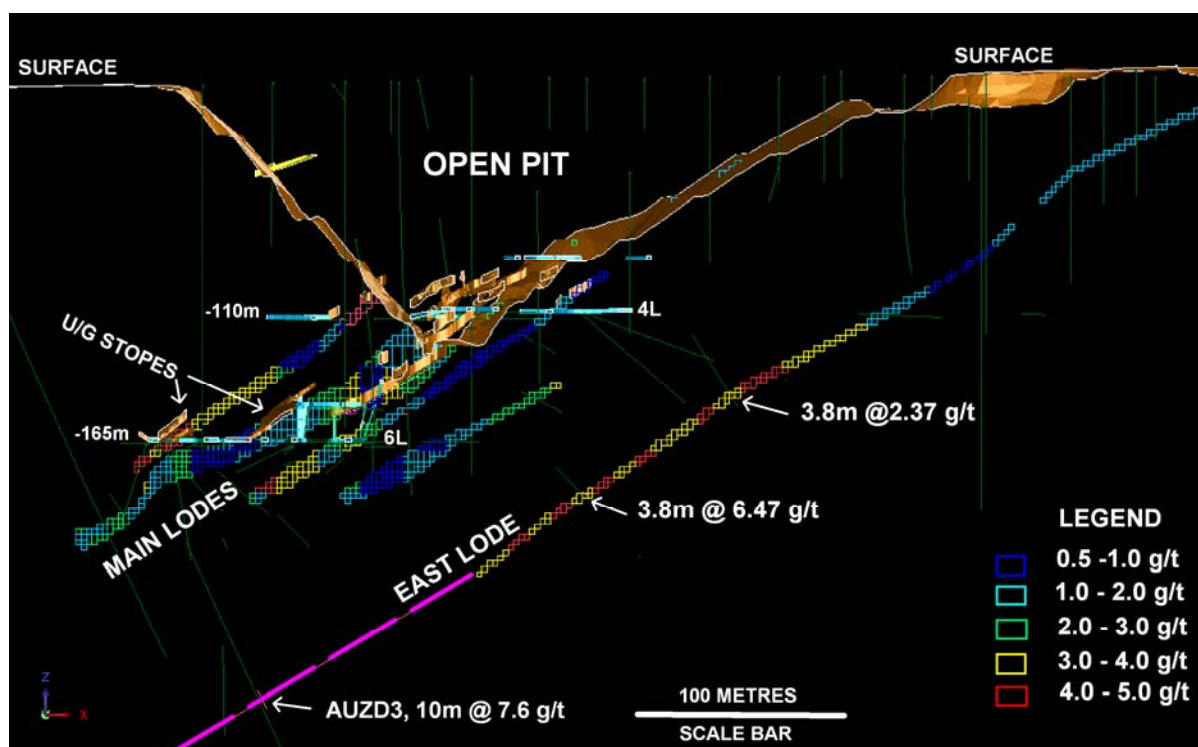


Figure 1: Cross section 6568110 North with pit outline, block model slice and significant drill intercepts on the East Lode.

East Lode Drill Results and Commentary

The 'East Shear Lode' is interpreted to be a continuous ore surface which has been mined selectively by underground airleg stoping from above the 6 Level.

The recently completed AUZ diamond drilling programme has extended the resource model at depth and geotechnical logging of the holes has demonstrated that the ground conditions are moderate to good.



Historic Gold Production

Mt Martin has produced to date approximately 200,000 ounces of gold. Gold ore was initially produced from a set of 4 shafts with the deepest underground workings at the 6 level which is 165 metres below the surface.

More recent production was from an 800 metre long open cut mine down to a maximum depth of 115 metres in the central portion of the pit.

The Mt Martin gold project was successfully mined by Dioro Exploration NL up to January 2010 under a sub lease arrangement which was acquired from Harmony Gold Australia.

Mt Martin Geology

The Mt Martin fault system is interpreted to be a first order splay off the regional 'Woolibar to Boorara Shear', and at the Mt Martin gold mine the host lithology is a series of folded and faulted ultramafic flow units.

Ore has been mined from two north trending systems, namely the 'Main Shear Lodes' and the 'East Shear Lode' plus ore-shoots along the north west trending splay known as the 'West Shear Lodes'.

The gold shoots are hosted below the base of oxidation in ultramafic rocks which have been altered and silicified by quartz veining and ore bearing fluids, such that the ground conditions are judged to be suitable for mechanised underground mining (see Fig. 2).

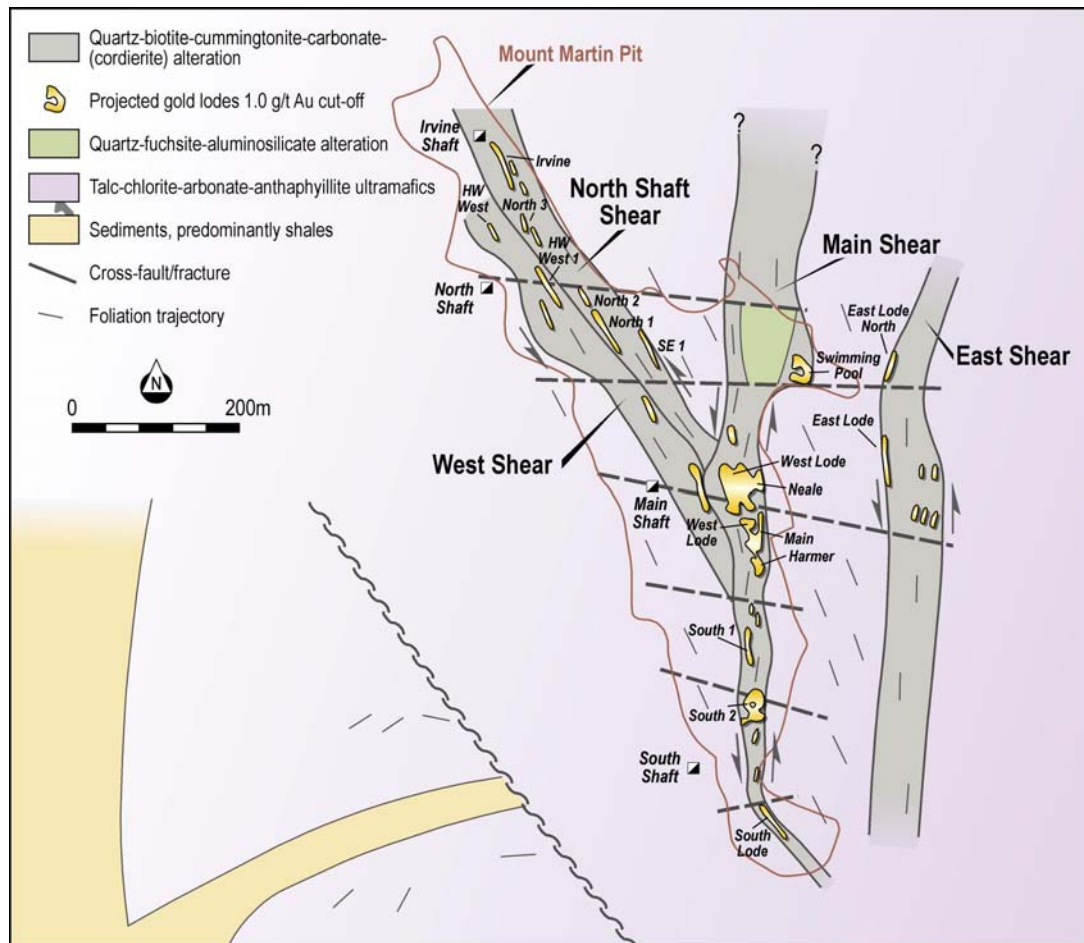


Figure 2: Mt Martin surface geology plan



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The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr E. Poole who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Poole has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Poole consents to the inclusion of the information in the form and context in which it appears.

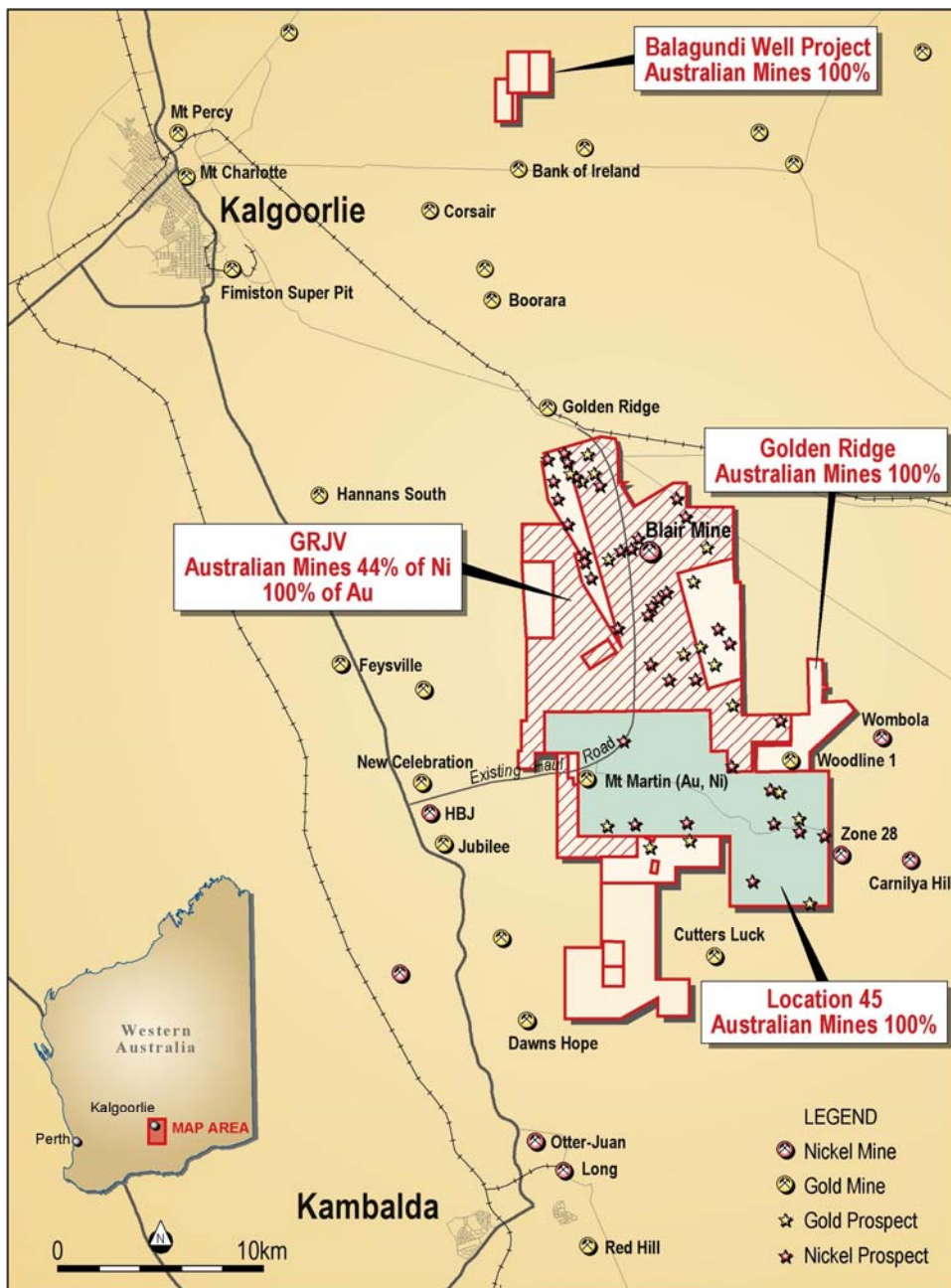


Figure 3: Mt Martin location plan