



6<sup>th</sup> April 2010

## ASX Announcement

### HIGH GRADE DRILL RESULTS FROM MT MARTIN

Australian Mines Limited (ASX:AUZ) which regained control of its 100% owned Mt Martin gold project located 30kms south of Kalgoorlie WA in January 2010, has now received very encouraging results from drilling its first six resource definition diamond holes below current workings. Significantly all holes drilled intersected wide gold mineralisation,

The best intersections were:

- East Lode
  - **AUZD3: 10 metres at 7.6 g/t** from 289 metres below surface.
- Main Lode
  - **AUZD3: 7 metres at 3.6 g/t** from 181 metres below surface;
  - **AUZD6: 6.1 metres at 5.5 g/t** from 176 metres below surface;
- An intercept of **1 metres at 114 g/t in AUZD5** was recorded down dip from an old airleg stope from 94 metres below surface. All intercepts are approximately true width.
- Additional diamond drill holes are planned to follow up on high grade intercepts returned from the East Lode and Main Lode, In addition a programme of RC holes will test for near surface oxide ore on the East Lode.
- The existing resource model will be upgraded using the latest drill information and future drill results. The company expects to release a new Mt Martin gold resource statement in the June Quarter.

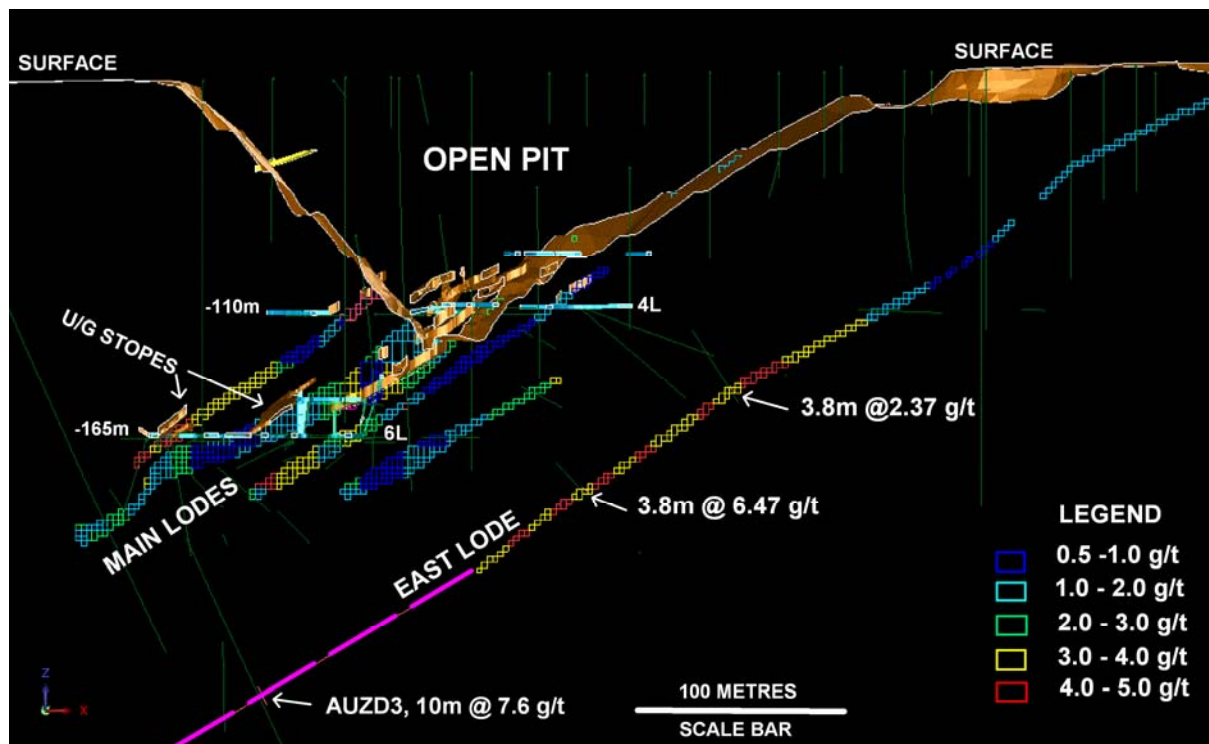


Figure 1: Cross section 6568110 North with pit outline, block model slice and significant drill intercepts on the East Lode.



## Geology

The Mt Martin Fault system is interpreted to be a first order splay off the regional 'Woollibar 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)

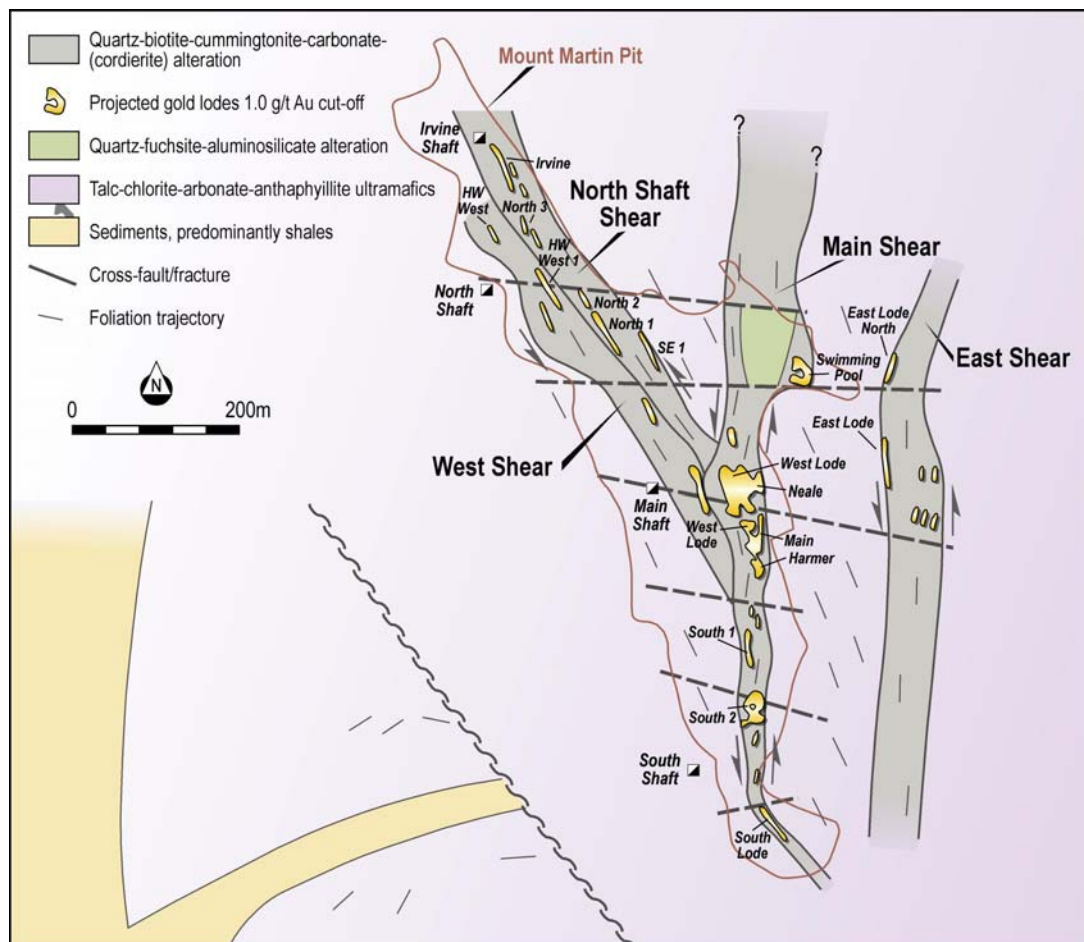


Figure 2: Mt Martin surface geology plan

## 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.



## Main Lode Drill Results and Commentary

The bulk of the current resources are located on the 'Main Shear Lodes', which are interpreted as a series of stacked ore lenses which have been mined selectively from high grade underground airleg stopes.

The current pit has mined the Main Shoot lenses to below the 4 Level, and there is sufficient diamond drilling to suggest that bulk underground mining of the resource may be feasible. The initial AUZ diamond drilling programme has supported the resource model and geotechnical logging of the holes has demonstrated that the ground conditions are competent.

The resource model will be refined to include the recent drilling. The Main Shear remains open to the north and at depth.

HOLE ID	NORTH (m)	EAST (m)	RI (m)	FROM (m)	TO (m)	LENGTH (m)	GRADE (m)	LODE/S
AUZD1	6568090	373735	352	218.9	224.9	6	1.64	MAIN
				232.9	240.7	7.8	1.66	MAIN
			including	237.2	339.65	2.4	4.32	
AUZD2	6568110	373719		231.6	234.1	2.5	1.44	MAIN
				252.8	253.8	1	2.42	MAIN
AUZD3	6568130	373350		163	165	2	2.85	MAIN HW
				203.4	210.4	7	3.59	MAIN
				214.4	223.5	9.1	1.54	MAIN
AUZD4	6568150	373755		174	175	1	4.33	MAIN HW
				207.6	216	8.4	1.03	MAIN
			including	211.4	216	4.6	1.34	
AUZD5	6568170	373724		113	114	1	114.0	MAIN HW
				215.4	220	4.6	2.42	MAIN
			including	215.4	217.2	1.8	5.18	
AUZD6				196	208.8	12.8	1.23	MAIN
				214.1	220.2	6.1	5.52	MAIN

Table 1: AUZ diamond drill intercepts on the Main Lodes\_ March 2010.  
(all intercepts are approximately true width)

## East Lode Drill Results and Commentary

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

The 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.



Additional diamond holes will be drilled in April 2010 to further test the East Lode to the north, which may have the potential to support an underground mining operation.

HOLE ID	NORTH (m)	EAST (m)	RI (m)	FROM (m)	TO (m)	LENGTH (m)	GRADE (m)	LODE/S
AUZD1	6568090	373735	352	323.2	340.55	18.3	1.66	EAST
			including	237.2	339.65	2.4	4.32	
AUZD2	6568110	373719	352	332.75	343.1	10.35	2.73	EAST
			including	338.5	343.1	4.6	3.63	
AUZD3	6568130	373750	352	303.7	305.9	2.2	3.22	EAST HW
				320.6	330.6	10	7.58	EAST

Table 2: AUZ diamond drill intercepts on the East Lode\_ March 2010.  
(all intercepts are approximately true width)

## Work Planned

Additional diamond drill holes are planned to follow up on high grade intercepts returned from the East Lode in mid April 2010, as well as a programme of RC holes to test for near surface oxide ore on the East Lode.

The Company is very excited by the successful initial drilling campaign. The current resource model will be upgraded with results from the current drilling. The drilling planned in April will also be used to update the model.

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.

For further information contact:

Brett Young  
**Chief Operating Officer**  
**Australian Mines Limited**  
 Tel: 08 9481 5811

*The information in this report that relates to Exploration Results is based on information compiled by Mr E. Poole who is a Fellow 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.'*

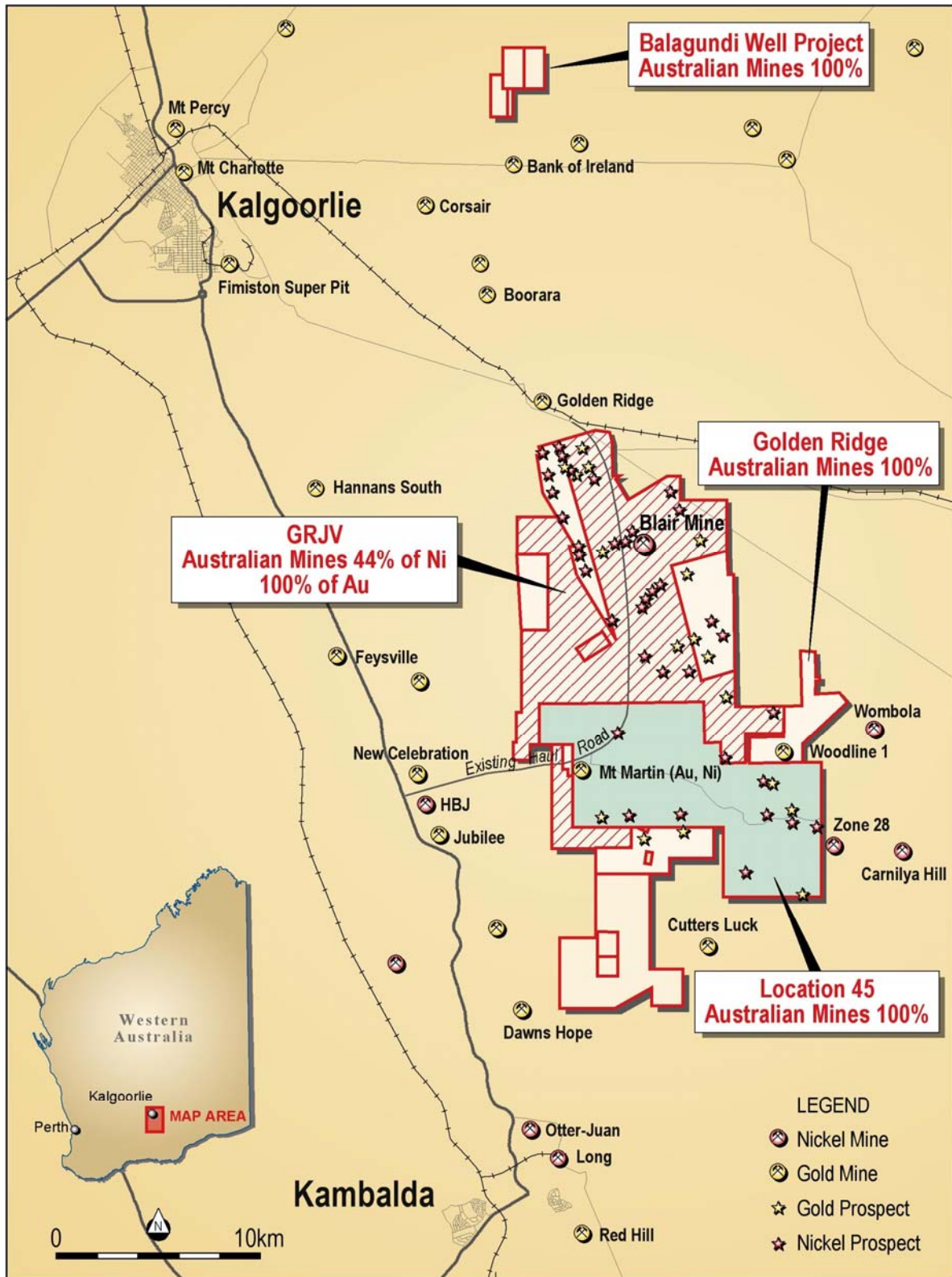


Figure 3: Mt Martin location plan