



4 August 2011

ASX Announcement

ASX:AUZ

\$7.5M DIVESTMENT OF MT MARTIN

Australian Mines Limited ("Australian Mines" or "the Company") is pleased to announce that it has signed a letter agreement for the sale of the Mt Martin gold mine and its associated leases for \$7.5m.

The leases form part of AUZ's Australian assets that are located 35 kms south east of Kalgoorlie in WA.

The binding letter agreement provides for the acquisition of the Mt Martin gold mine and its associated leases by HBJ Minerals Pty Ltd ACN 127 026 519 a wholly owned subsidiary of Alacer Gold Corp (TSX:ASR, ASX: AQG).

THE TERMS OF OFFER

The terms of the offer and the payment of the purchase consideration of \$7.5m are as follows:

1. Deposit of \$250,000 payable within 14 days of 31 July 2011
2. First instalment of \$2.25m payable within 30 days of completion of a formal tenement purchase agreement
3. Second instalment of \$2.5m payable on 29 June 2012
4. Third instalment of \$2.5m payable on 28 June 2013

The sale includes East Location 45, including 2 associated leases M 26/464, M26/132 together with Duplex Hill (Woodline project) and the southern portion of E26/139.

The sale does not include the Golden Ridge tenements where AUZ controls 100% of the gold rights and 44% of the surrounding nickel rights through the Golden Ridge JV with Pioneer Resources (56%). In addition, the sale does not include the Blair nickel mine (AUZ 100%).

CONDITIONS

The offer is conditional on obtaining the required Government and Lessor approval to transfer the Mt Martin gold mine and its associated leases.

SUMMARY

Australian Mines believes that the best commercial result for shareholders was to divest the Australian assets and as such, the sale represents a positive result for AUZ as it provides financial stability for the foreseeable future.

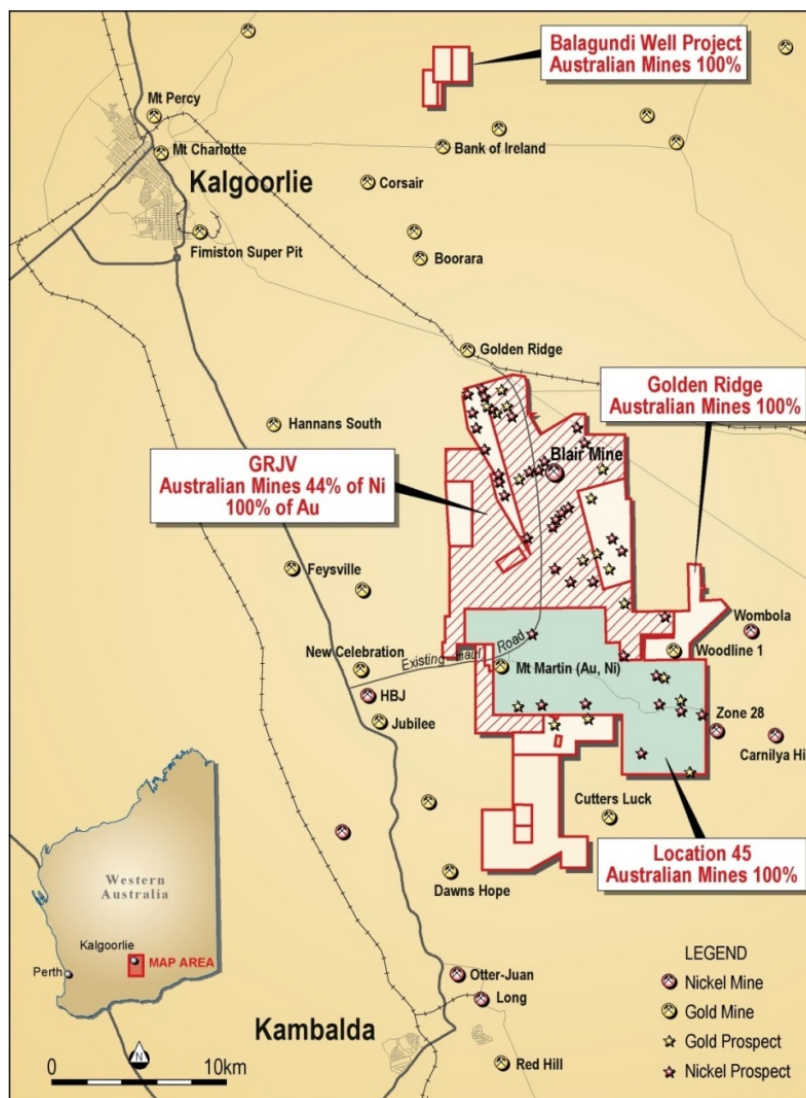


Significantly the \$7.5m proceeds will provide funding for the accelerated exploration program in Nigeria over the coming years as the Company becomes more West African focussed. The Company's strategy is to complete detailed assessment of the huge land holding which is prospective for gold, prioritise targets, and design and commence a drilling program in Nigeria as quickly as possible.

For further information contact:

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Location plan of AUZ's tenements

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