



10 January 2011

## **ASX Announcement**

### **UPDATE PROJECT ACQUISITION - WEST AFRICA**

Australian Mines Limited (ASX: AUZ) is pleased to announce that due diligence on the acquisition of Nigeria Gold Pty Ltd ("NGL") previously released to the ASX on 15 November 2010 has now been completed by AUZ.

Through its legal representatives in Australia and Nigeria, AUZ has confirmed that there are no major legal issues with titles being confirmed as valid on the exploration leases and applications owned by Mines Geotechniques Limited ("MGL") in North-West Nigeria.

In the November ASX announcement AUZ stated that it was acquiring:-

- 100% interest in Nigeria Gold Pty Ltd ("NGL") which, owns Nigerian subsidiary Mines Geotechniques Limited ("MGL").
- MGL owns a total of 4,094km<sup>2</sup> of ELs and ELAs that have been granted or are pending grant in three main areas in north-western Nigeria (See NGL location map on page 2).
- More specifically, MGL owns 47 granted exploration licences covering 2,170km<sup>2</sup> and a further 17 exploration licence applications over 1,924km<sup>2</sup>

AUZ is expecting NGL to finalise its due diligence on AUZ by mid January.

In expectation of completion of NGL due diligence, a share sale agreement is being finalised in accordance with the release of 15 November 2010. It will be subject to AUZ proceeding with a shareholder meeting to be held in February 2011.

#### **NGL's Leases**

The northern area of Nigeria is largely underexplored using modern exploration techniques.

The mainly wholly-owned leases are located in three main areas in north-western Nigeria in the relatively dry savannah-like region of the country which has good access and comparatively low land use intensity.

Further work has been undertaken with a field visit by NGL's consulting geologist confirming that the EL and ELAs are seen as being highly prospective with potential for large scale deposits and potentially significant gold resources.

It is expected that preliminary work will identify drill-ready targets for gold through ongoing soil sampling and geological mapping programs.

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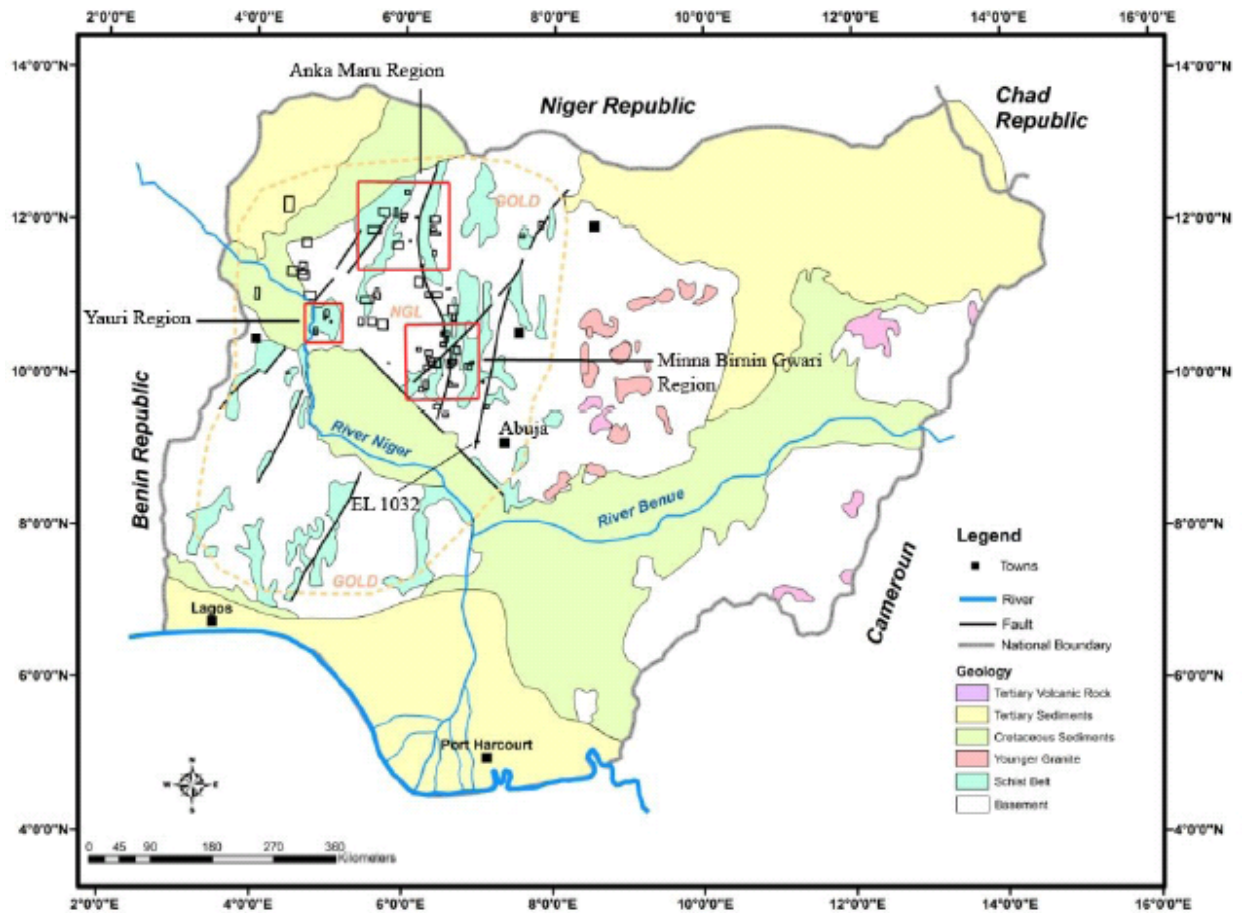


Fig 1. Location Map of the Nigeria Gold Pty Ltd tenements

## SUMMARY

The Nigerian gold project acquisition is an exciting opportunity for AUZ to acquire a large holding in an area which is considered highly prospective for gold as well as other minerals.

Subject to Shareholders' approval and the completion of this acquisition, AUZ's strategy will be to explore these leases for large scale gold deposits.



Fig 2 Large-scale old British workings adjacent to huge quartz vein typical of the Anka region.

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