



9 December 2011

ASX Announcement

ASX: AUZ

Mt Martin Divestment Completed - First Instalment Received

- **Initial payments totalling \$2.5 million already received**
 - **Additional \$5 million to be received over next 18 months**
 - **Nigerian exploration program fully-funded until 2014**
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Australian Mines Limited ("Australian Mines" or "the Company") (ASX: AUZ) is pleased to report that the Mt Martin divestment transaction has now been completed and initial payments totalling \$2.5 million have been received by the Company. The tenements are being transferred from Australian Mines to HBJ Minerals Pty Ltd ("HBJ"), a wholly-owned subsidiary of Alacer Gold Corp (TSX : ASR, ASX: AQG).

Under the agreement HBJ is to pay a second instalment of \$2.5 million on 29 June 2012, with a final \$2.5 million instalment payable to Australian Mines on 28 June 2013.

With the contribution of the funding from this sale, Australian Mines is now well placed to pursue an aggressive exploration program on its highly-prospective tenement portfolio within Nigeria's northwest gold province (see Figure 1, below). This program includes completing the detailed soil sampling programs currently underway on the Company's Yargarma and Kasele project areas, in addition to flying high-resolution airborne geophysical surveys over a number of priority targets within the first half of 2012.

Australian Mines also expects to spend a considerable amount of the \$5 million it will receive from the second and third instalments to fund a series of reverse circulation (RC)



drilling programs. These drilling campaigns are anticipated to commence in the second half of 2012.

Australian Mines will ensure its shareholders and the broader market, are regularly updated throughout the process as the Company receives results from the various exploration programs.

CEO Benjamin Bell, commented, "This announcement constitutes very positive news for the Company in allowing Australian Mines to focus wholly on our West African gold assets in Nigeria."

"Furthermore, the payment of the second and third instalments totalling \$5 million from the Mt Martin divestment sale ensures the Company's extensive exploration activities, including a significant amount of drilling, are fully-funded until 2014" Mr Bell commented.

*****ENDS*****

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The information in this report that relates to 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 the Chief Executive Officer and a full-time employee of Australian Mines Limited, and 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 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



About Australian Mines

Australian Mines (ASX: AUZ) is an Australian-listed resource company targeting gold and base metals.

Australian Mines' key asset is its extensive 100%-owned tenement holding in Nigeria's northwest gold province that contain similar geology to the better known gold producing countries of Ghana, Cote d'Ivoire and Burkina Faso – where a combination of advanced exploration and development programs is leading to rapidly expanding output.

Nigeria has a history of gold production and the majority of Australian Mines' tenements contain historic artisanal workings.

The Nigerian Government, which is democratically elected, is actively encouraging foreign investment into the country's mineral sector. The Nigerian *Minerals and Mining Act 2007* guarantees security of tenure and the right of explorers to convert exploration licences into Mining Leases following the delineation of an ore resource.

Australian Mines has commenced systematic exploration of its highly-prospective Tsauni, Yargarma, Kasele and Kagara project areas, with this program being fully-funded until 2014.

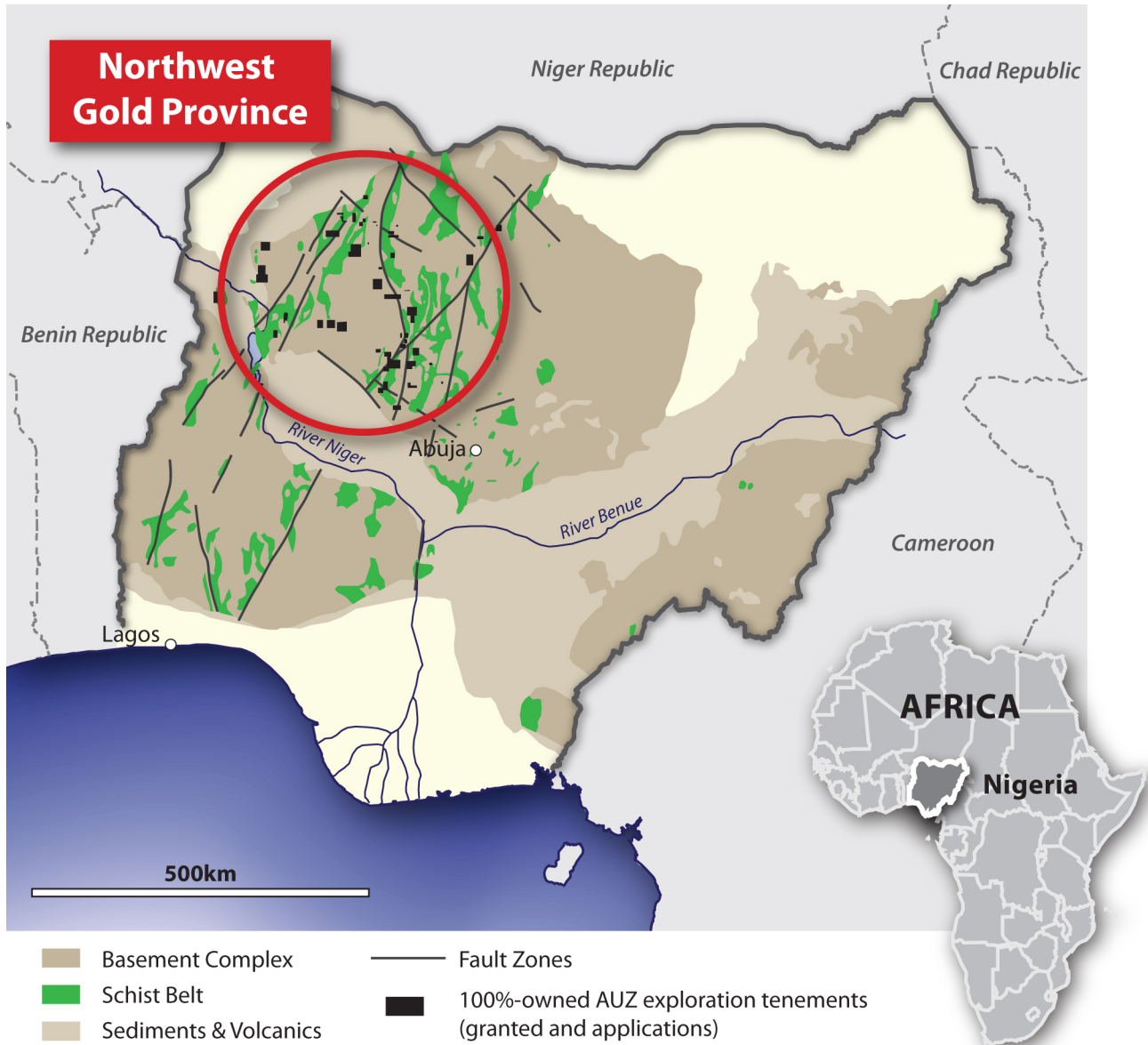


Figure 1: Location of Australian Mines' large tenement portfolio covering 2,774 km² of favourable West African gold geology across northwest Nigeria.