



04 October 2011

## ASX Announcement

ASX: AUZ

### UPDATE ON \$7.5M DIVESTMENT OF MT MARTIN

Australian Mines Limited ("AUZ" or "the Company") is pleased to announce that further to the recent announcement (4<sup>th</sup> August 2011) regarding the \$7.5m divestment of Mt Martin Gold Mine in WA, that the formal Tenement Purchase Agreement ("TPA") has now been successfully executed.

The binding TPA 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 THE TPA

The terms of the Tenement Purchase Agreement and the payment of the purchase consideration of \$7.5m is as follows: -

1. Deposit of \$250,000, which has already been paid
2. First instalment of \$2.25m payable at the earlier of completion of the sale or within 30 days from 30 September 2011
3. Second instalment of \$2.5m payable on 29 June 2012
4. Third instalment payable \$2.5m on 28 June 2013

The leases included in the TPA form a part of AUZ's Australian assets that are located 35 kms south east of Kalgoorlie in WA and include:

- East Location 45, including 2 associated leases M 26/464, M26/132
- Duplex Hill (Woodline Project)
- The southern portion of E26/139.

The TPA does not include the Golden Ridge tenements (other than the southern portion of E26/139), where AUZ controls 100% of the gold rights, in addition to 44% of the nickel rights through the Golden Ridge JV with Pioneer Resources (56%). The sale also does not include the Blair nickel mine (AUZ 100%) and associated infrastructure and the Marriott's nickel project.

#### CONDITIONS

The TPA is conditional on obtaining the required Government and Lessor approval to transfer the Mt Martin Gold Mine and its associated leases. Government approval has already been received and the Directors are confident the conditions will be met and the transaction will be completed as planned. If the transaction does not



complete within 6 months, then unless the parties agree to extend, any consideration received is refundable.

## **SUMMARY**

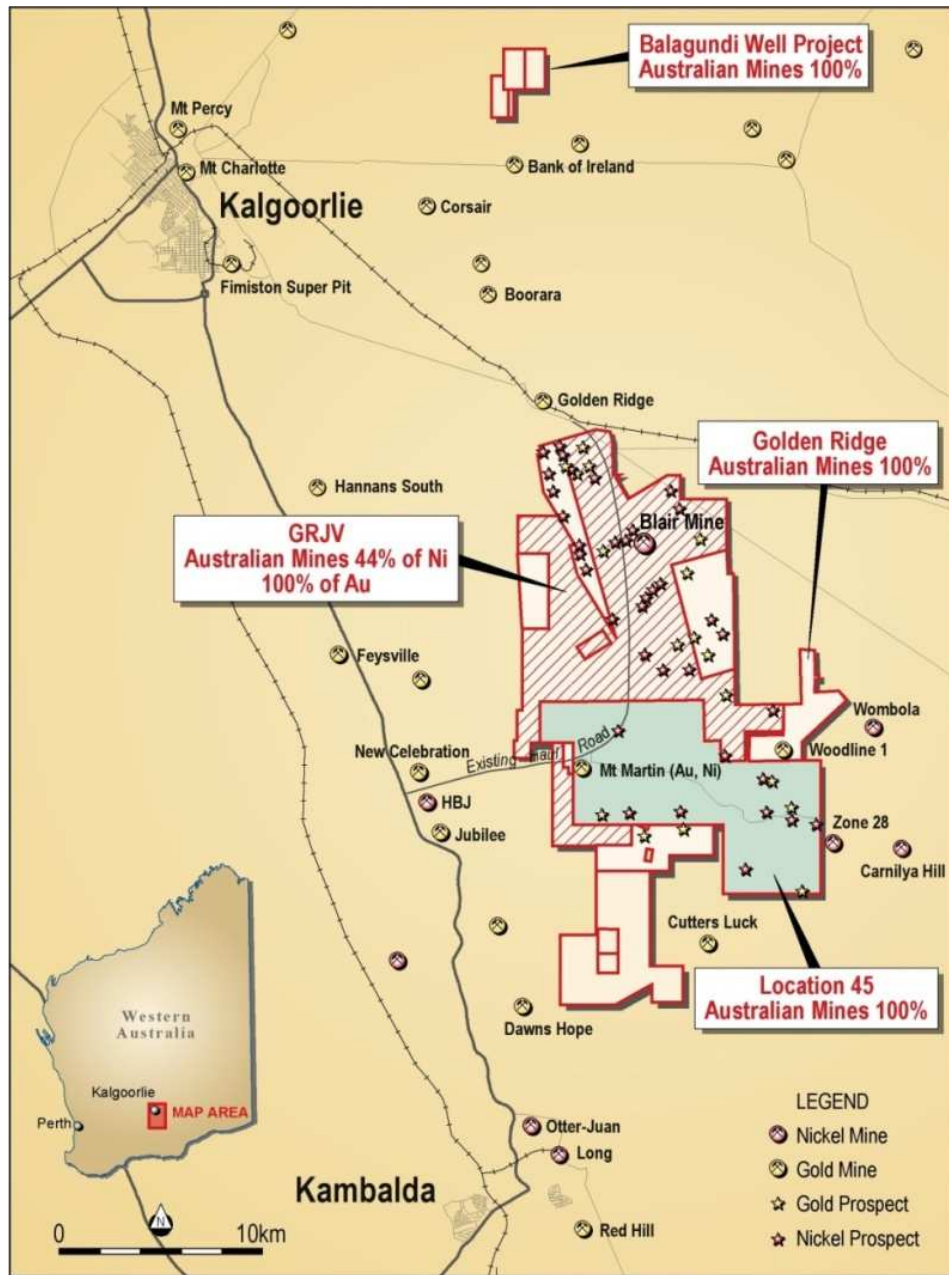
The AUZ Directors believe that the best commercial result for the shareholders was to divest the Australian assets and this sale represents a good result for AUZ as it provides shareholders financial stability for the foreseeable future without potential equity raisings.

Significantly the \$7.5m proceeds will provide funding for accelerated exploration in Nigeria over the coming years as the Company becomes more West African focussed. The Company is now concentrating its full efforts on exploring the Nigerian Schist Belts, where it is believed the region has the potential for multi-million ounce gold and significant base metal discoveries. In addition, AUZ will also continue to assess resource exploration and production opportunities in other geographies, where it is believed potential exists to enhance shareholder value through further acquisitions.

## **For further information contact:**

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Location plan of AUZ's Australian tenements