



23 June 2011

ASX Announcement

NIGERIA EXPLORATION MANAGER APPOINTMENT AND UPDATE

Australian Mines (ASX:AUZ) has appointed Jeremy Rickards as in-country General Manager Exploration for AUZ's Nigerian Gold Project.

Jeremy was in charge of field exploration that resulted in the discovery and evaluation of the +6M oz Morila gold deposit in Mali. He is from the UK and has 30 years plus experience in exploration for gold, base metals and diamonds plus mining of copper, diamonds and gold throughout Africa.

Jeremy is travelling to Nigeria immediately to assume control of the highly prospective tenement package located in the north west of Nigeria.

The first task for AUZ will be to review and continue with AUZ's exploration program. This review will include a timetable to progress high priority drill targets for the Nigerian gold tenements.

AUZ Leases

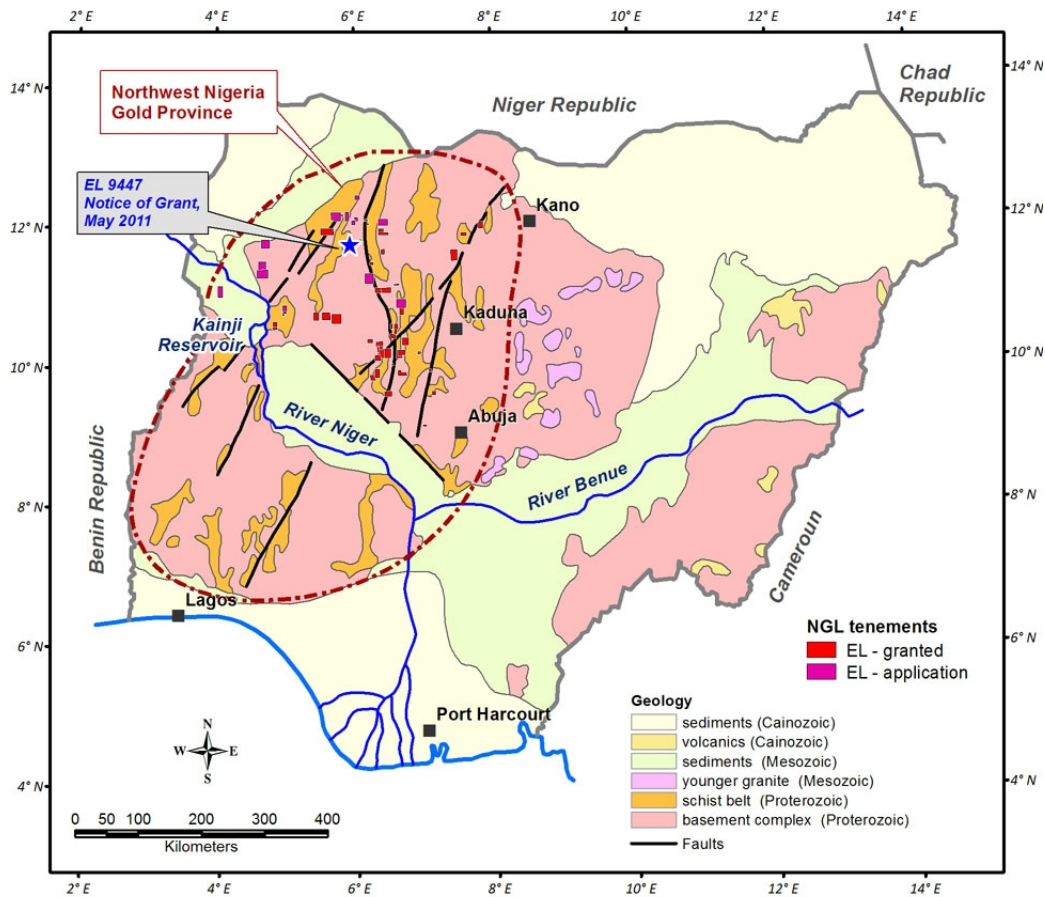
Nigeria has an extensive region of lightly-explored highly prospective schist belts regarded as similar in geology to the known gold producing countries of Ghana, Burkina Faso and Cote d'Ivoire to the west.

AUZ's comprehensive tenement portfolio over sections of this prime schist belt covers an area of 2,645 km² of approved Exploration Licences (50 ELs) and a further 1,375 km² of Exploration Lease Applications (14 ELAs). The leases are located mainly in the north west region of Nigeria (See map 1)

Anka Region Leases

Anka is located four to five hours drive north of the federal capital of Abuja. AUZ's twelve ELs in the Anka region cover 446 km² while the six ELAs extend over a further 322km². The Anka region is considered the highest priority for exploration with several old British gold mines (mined in circa 1930's) showing the most promise.

Work has escalated with more detailed soil sampling, geological mapping and possible follow-up drilling.



Map 1 – Simplified Nigerian Geology Map overlain by Company's Tenements

Gold Results

EL 9447 (Kasele)

EL9447 located in Anka lies within an area of intense geological shearing, indicating fractured ground which allows the introduction of mineralising fluids originating at depth along these lines of crustal weakness. The existence of shallow but widespread artisanal workings, confirms the presence of gold mineralisation within these fractured zones.

Previous work announced in May 2011 by AUZ on EL 9447 included a total of twenty-four grab samples taken during prior visits to the tenement, from outcrops and small pits over an area 1400m long and 900m wide, of which nine returned greater than 5 g/t gold and all were anomalous (0.1-0.6 g/t gold). One sample returned 139 g/t, another 21 g/t and two others 15 g/t gold. Most of these high-grade samples also returned around 0.1% copper and 1% lead.



Greg Ryan, AUZ's consulting geologist has been undertaking further recent work in Nigeria. During this period further traverses have been undertaken on EL9447 and extended several kilometres further to the SE of the main workings and to the East as far as the eastern boundary of the licence, some 8 kilometres from the main workings. Schist belt rocks, including frequent shear zones with quartz veining cropped out discontinuously throughout the traverse to the SE.

Much of the eastern traverse revealed deep soil cover, although schist belt rocks were encountered over the last 2 km to the eastern boundary. This suggests that the entire eastern third of this large licence is underlain by the highly prospective schist belt rocks, substantiating the impression gained from the review of the magnetic and satellite maps.

EL 8732 (located in the western part of the Anka block)

Greg Ryan's recent traverses also extended over the central western side of EL8732. He has located workings extending over an area 2km long and 1km wide. The traverse in the central eastern part of the licence located workings over an area 600m long and 600m wide.

Both of these areas of workings are reputed to have rich gold and the workings extend to considerable depth. Only a small part of this large licence has so far been visited. However, schist belt rocks crop out extensively and more mineralised areas are expected to be found as the rest of the licence is covered.

EL 9451 (Located to the south in the Anka block)

Traverses on EL9451 located a large, very intense hydrothermal alteration zone on the flanks of a hill, with extensive outcrop of magnetite on the summit of the hill. Review of the satellite map suggests that the rocks containing this magnetite zone could crop out over several square kilometres. The extent of the zone would need to be confirmed by field follow-up. Much more field work needs to be done to assess the potential of this licence.

Immediate Exploration Program

This work confirms that EL8732 and EL9447 both have great potential for producing significant gold deposits. EL9451 has potential to produce magnetite deposits, and its gold potential is yet to be confirmed by more extensive field reconnaissance.

Completed assays results received from previous visits in the coming weeks will be plotted up on our fully digital data base, contoured and then drill targets selected and prioritised based on the best results received.

It is expected more assay results will be released shortly.



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The information in this report that relates to Exploration Results is based on information compiled by Mr G Ryan who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ryan is employed by NZ Exploration Limited, a New Zealand based geological consulting company and has sufficient experience, which is relevant to the 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 Ryan consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.