



12 May 2011

ASX Announcement

High Priority Nigerian Tenement Granted

Soil sampling and mapping has commenced on High Priority tenement

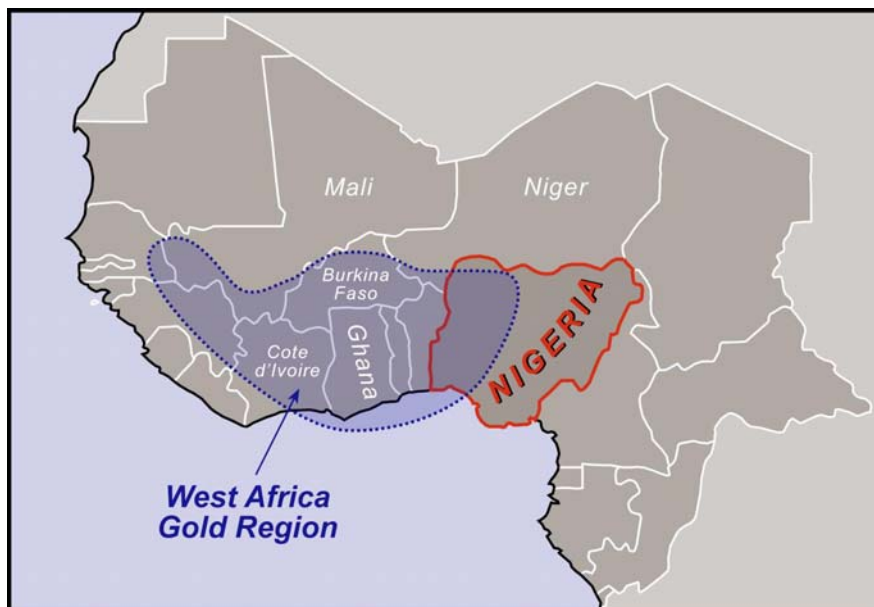
Australian Mines (ASX:AUZ) has received a Notification of Grant from the Nigerian Government for Exploration Licence EL 9447, which is one of the company's High Priority Exploration Lease Applications in the Anka region of the country's north-west.

The award of this High Priority Anka tenement sets the scene for more detailed soil sampling, geological mapping and possible follow-up drilling.

Success in this work and on other AUZ tenements in the region and elsewhere in Nigeria could lead to the establishment of a major new gold province given the absence until recently of systematic modern day exploration activity in the country.

Gold Results

A total of twenty four grab samples have been 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.



Map 1 – West Africa



Nigeria

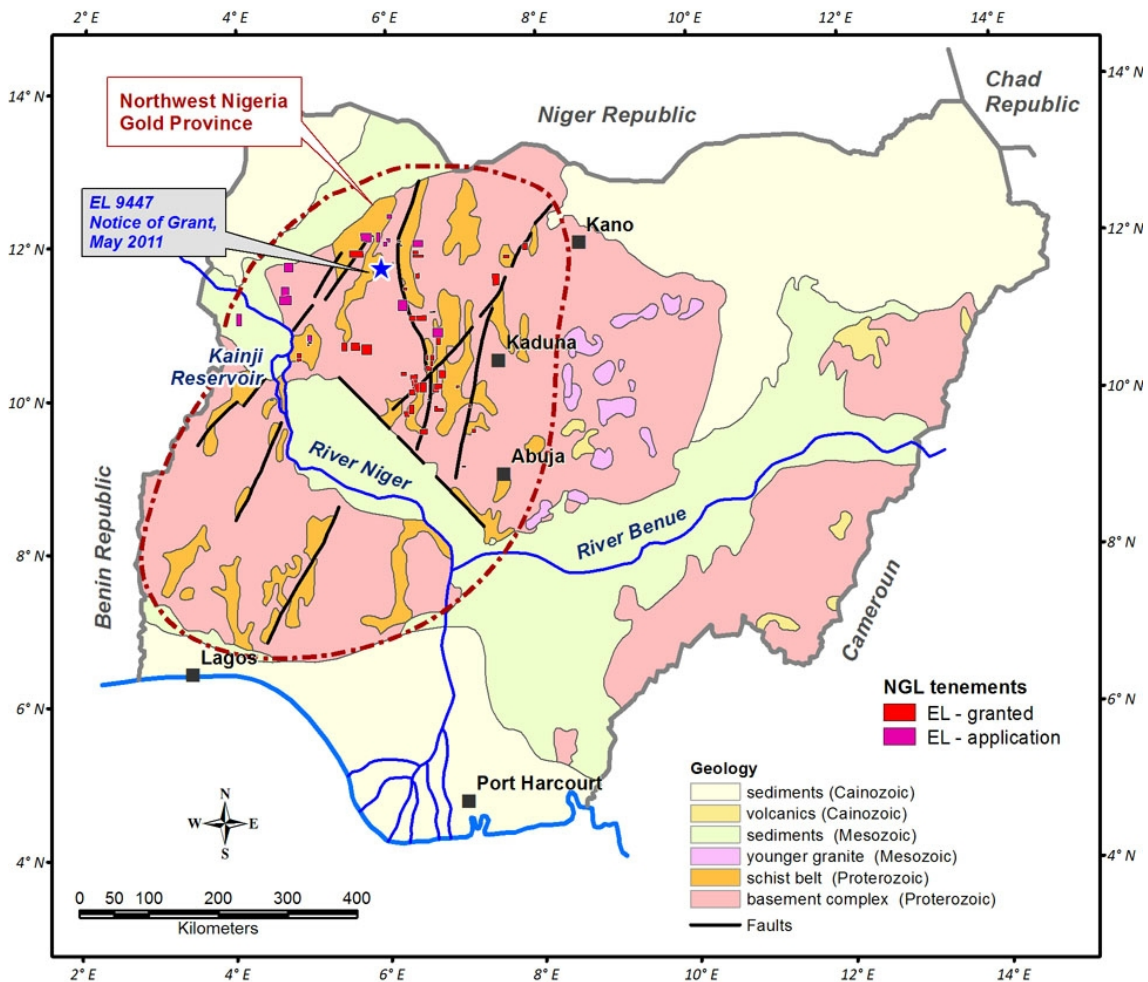
One of the largest countries in West Africa, Nigeria has an extensive region of lightly-explored highly prospective schist belts regarded as similar in geology to the known gold producing countries of Ghana, Burkina Faso and Cote d'Ivoire to the west (Map 1).

AUZ Leases

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).

Anka Region Leases

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.



Map 2 – Simplified Nigerian Geology Map overlain by Company's Tenements



The EL9447 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.

Work to Date

Reconnaissance field mapping and sampling carried out in the region has encountered highly variable and prospective geological sequences that are regarded as favourable for gold mineralisation and need follow-up soil sampling and detailed geological mapping.

The presence of active artisanal workings and historic British workings (prior to Nigeria's independence in 1960) indicate that gold exists in the region, although its distribution, width and depth are yet to be ascertained in detail.

On EL9447 a one km long north-south base line has been established and limited soil sampling on two east-west grid lines has been carried out, with a view to assessing soil type and conditions. This work has also enabled the on-site geological team to understand which soil horizon is most effective for sampling. The grid will now be completed with 1.4km long east-west gridlines every 100m along the baseline allowing a total of 800 samples to be collected from the 1.4 km² area.

Immediate Exploration Program

Granting of the EL allows activity to be scaled up and our two-geologist team plus support staff are already in the field to extend the soil sampling and geological mapping program.

Assays received in the coming months will be plotted up on our fully digital data base, contoured and then drill targets selected and prioritised based on the best results received.

Other New Licences

As well as the High Priority Lease EL9447 (115.6km²) AUZ has also received Notification of Grant over 3 other licences all together covering an area of 475km². These licences are EL8732 (covering 172km²), and EL8735 (covering 8km²), EL9451 (covering 179.2km²) all of which are considered prospective.

Outlook

The company looks forward to reporting a successful outcome to this work and hopes to be announcing notable and significant results to the market once they come to hand, have been plotted up and are interpreted.



All going to schedule, drilling could commence shortly. With this in mind initial discussions with suitable drilling contractors have commenced.

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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.