



15 March 2012

ASX Announcement

ASX: AUZ

Detailed aeromagnetic survey commences in Nigeria

Australian Mines Limited (“Australian Mines” or “the Company”) (ASX: AUZ) is pleased to announce it has commenced high-resolution aeromagnetic surveys across its 100%-owned Yargarma and Kasele project areas, located within the West African gold province of northwest Nigeria (Figure 1).

The Yargarma and Kasele project areas are known to host gold mineralisation and both tenements contain extensive artisanal workings. This gold mineralisation is similar to deposits identified in other West African countries including Burkina Faso and Ghana, where world-class gold ore bodies have been discovered within bends along regional shear zones or where these large-scale structures intersect ‘second-order’ faults.

The detailed aeromagnetic surveys being undertaken by Australian Mines have been designed to accurately map the location of these prospective shear zones and intersecting geological faults within the Company’s Yargarma and Kasele projects.

These aeromagnetic surveys will be flown using a flight-line spacing of 50 metres and a nominal survey flight height of only 30 metres above the ground.

These specifications represent the best resolution possible in this terrain from any airborne platform in the world. The resulting data will enable Australian Mines to identify additional gold targets for testing during the Company’s upcoming drilling program, proposed for the second half of this year.



Australian Mines' Managing Director, Benjamin Bell stated, "We are accelerating the 2012 field program by acquiring detailed aeromagnetic data over our Yargarma and Kasele projects, as this technique has proved to be an extremely effective tool in mapping shear zones, particularly in West Africa. This has successfully been demonstrated by companies including Ampella Mining¹ and Middle Island Resources², and we aim to mirror that success in identifying key target areas on which to focus our exploration."

The aeromagnetic survey is expected to take two weeks and the Company anticipates that final data, including interpretation, will be received within three months of survey completion.

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¹ Ampella Mining Limited (ASX: AMX), December 2008 Quarterly Activities Report

² Middle Island Resources Limited (ASX: MDI), Quarterly Activities Report for the period ended 31 March 2011

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 contains 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 Yargarma, Kasele, Kagara and Tsauini project areas, with this program being fully-funded through to 2014.

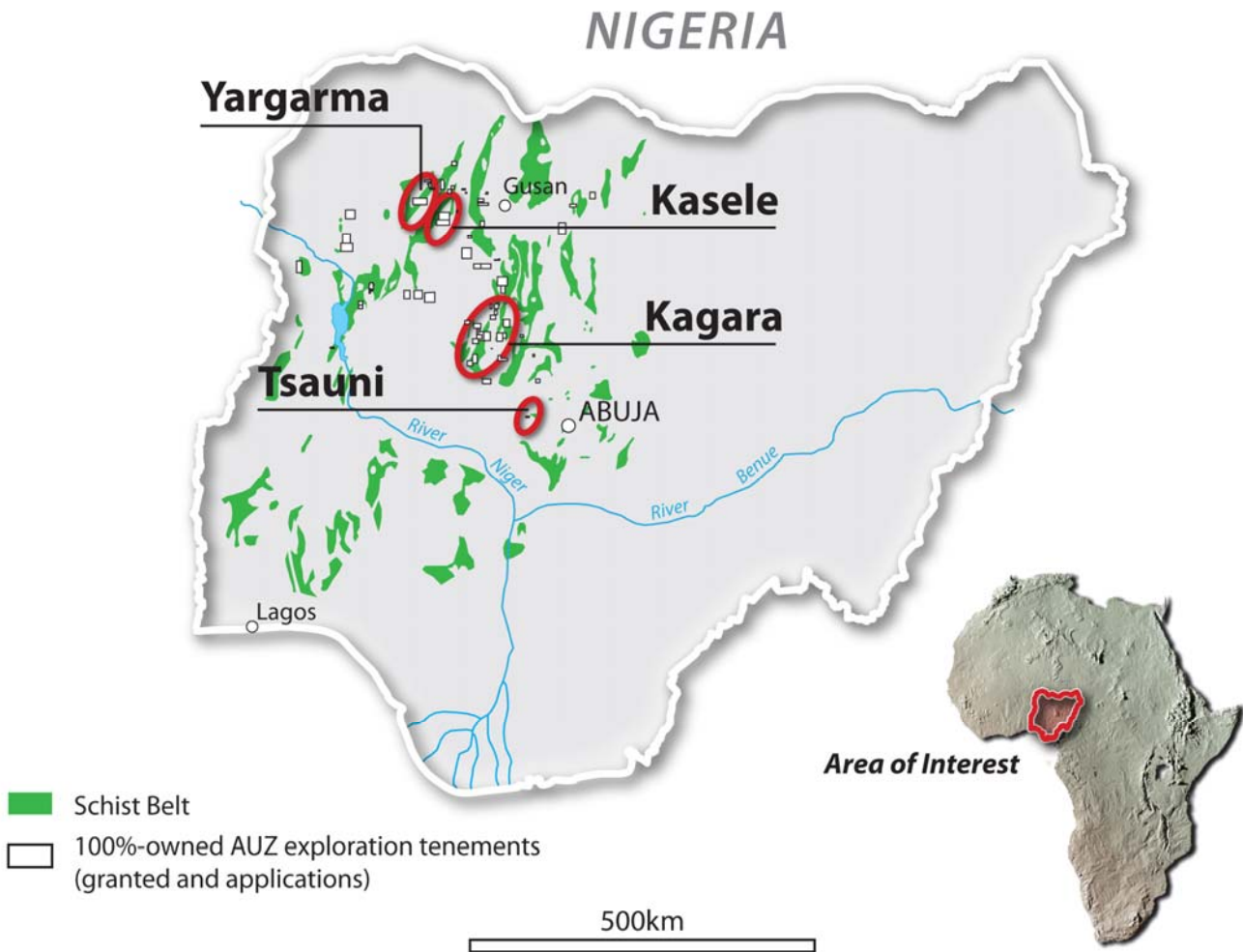


Figure 1: Location of Australian Mines' priority project areas within Nigeria's northwest goldfields. High-resolution aeromagnetic surveys have commenced over the Yargarma and Kasele project areas, which are both known to contain extensive artisanal gold workings.