



22 March 2013

ASX Announcement

ASX: AUZ

Positive gold assays received from first Nigerian drilling program

Australian Mines Limited ("Australian Mines" or "the Company") is pleased to announce that it has received the initial assay results from five of the eight drill holes completed at the Company's 100%-owned Yargarma Project in Nigeria.

The Yargarma drilling program, which comprised eight diamond core holes for a total of 1,227 metres, was designed to test a series of conceptual targets identified through Australian Mines' recently completed airborne geophysical and surface geochemical sampling surveys.

The assay results received from the first five holes includes an encouraging **1m @ 4.45 g/t Au from 34m** (YADD005), **1m @ 5.92 g/t Au from 76m** (YADD006) and **2m @ 1.19 g/t Au from 85m** (YADD006), and confirms the presence of primary gold mineralisation within second-order geological structures across the Yargarma project area. The Company believes these initial assays validate the current exploration model and demonstrates the project's potential to host structurally-controlled gold.

Australian Mines is currently awaiting the assay results from the remaining three drill holes at Yargarma (YADD002, 007 and 008) as well as from four diamond core holes drilled within the Company's emerging Kasele prospect (KADD001, 002, 003 and 004). These pending assays include the samples of two drill holes that tested the depth extension of gold mineralisation presently being extracted by local artisanal miners.

The Company is also yet to receive the assay results from the multi-element (base metal) analysis of the Yargarma (and Kasele) diamond core.



Following receipt of the remaining assays, Australian Mines will complete a comprehensive review of the technical database and implement an appropriate follow-up exploration program.

The Company looks forward to updating shareholders as these assay results are received.

Australian Mines' Managing Director, Benjamin Bell stated, *" We are very pleased that the first batch of assay results received from our maiden drilling program confirms the presence of primary gold mineralisation within our Yargarma project. These latest results have significantly improved the Company's understanding of the regional geology and will play a crucial role in guiding our future exploration program.*

In addition, Australian Mines is very appreciative of the on-going support the Company is receiving from the Nigerian Federal Government, Zamfara State Government and local communities" .

*****ENDS*****

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Competent Person's Statement

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 a full-time employee and Managing Director of Australian Mines Limited. Mr Bell has sufficient experience that 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 Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

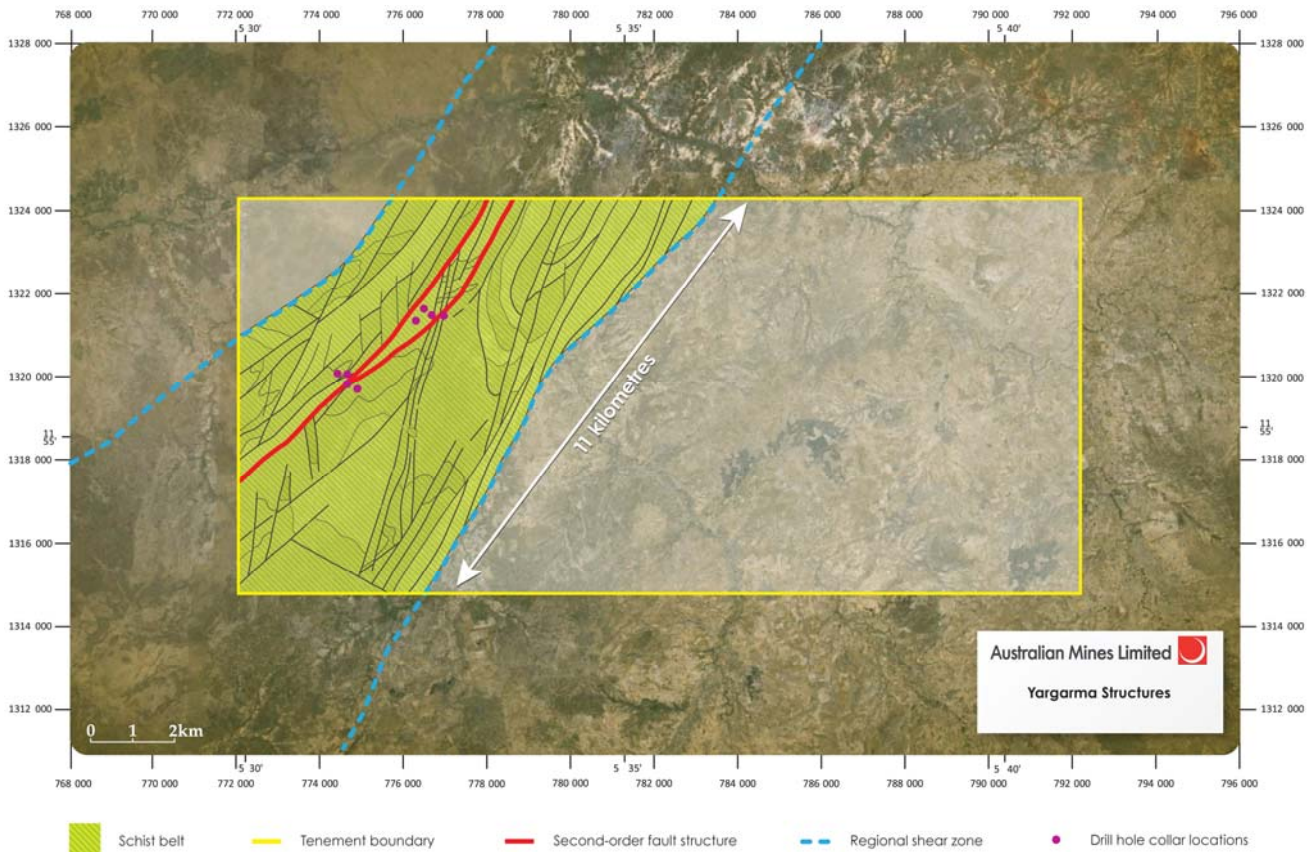


Figure 1: Indicative drill hole collar locations (shown as purple circles) superimposed on a schematic geological image of the Company's Yargama project area. This diamond core drilling was designed to test the potential of the second-order geological structures at Yargama to host primary gold mineralisation and to enable Australian Mines gain a greater understanding of the controls on mineralisation across Nigeria's northwest gold fields.

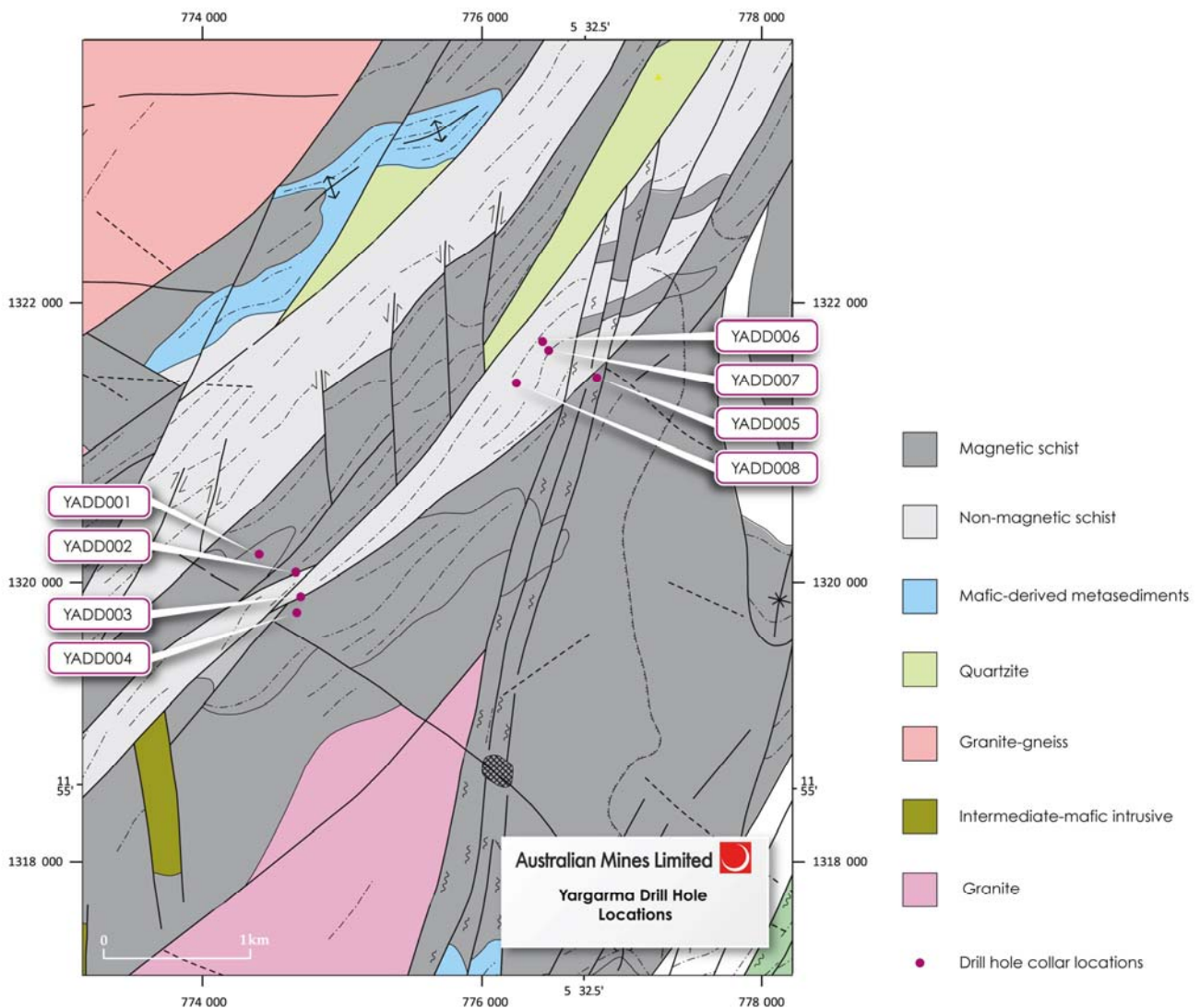


Figure 2: Collar locations of Australian Mines' maiden drilling program at Yargarma overlaid on map of the project area's interpreted geology. All eight drill holes at Yargarma were designed to test conceptual targets (either geochemical or geophysical targets). Drill holes YADD002, YADD003 and YADD004, for example, tested a coincident surface geochemical anomaly that is spatially related to a northeast-trending second-order geological fault. Diamond holes YADD001, YADD006, YADD007 and YADD008 targeted a series of subtle magnetic lineaments that approximately parallels a northeast-trending fault structure. These are conceptual targets based on the principle that magnetite is thought to be associated with some styles of gold mineralisation noted across Nigeria. Drill hole YADD005 was designed to test the intersection of two significant geological structures (a shear zone trending north-northeast and a northeast-trending second-order fault structure).



Prospect	Hole Number	Easting	Northing	Dip	Azimuth	Total Depth (metres)	RL	From	To	Interval (metres)	Grade (g/t Au)
Yargarma	YADD001	774549	1320192	-60	290	178.8	400				NSI
Yargarma	YADD002	774755	1320080	-60	300	85.8	336				Pending
Yargarma	YADD003	774821	1319796	-45	340	205.6	339				NSI
Yargarma	YADD004	774840	1319854	-45	245	205.2	343				NSI
Yargarma	YADD005	776817	1321476	-60	110	113.5	329	34	35	1	4.45
Yargarma	YADD006	776462	1321704	-45	180	128.1	340	76	77	1	5.92
								85	87	2	1.19
Yargarma	YADD007	776429	1321671	-45	110	140.1	340				Pending
Yargarma	YADD008	776302	1321410	-60	290	170.3	332				Pending

Table 1: Assay results received from Australian Mines' Yargarma diamond core drilling program

All co-ordinates are recorded in WGS84 UTM Zone 31 North.

Drill hole collar co-ordinates were obtained using handheld GPS and are accurate to within +/- 5 metres.

Reduced Level (RL) is reported in metres above sea level.

All lengths and intervals are reported in metres.

All holes were drilled using standard tube diamond core.

Unless otherwise stated, all drill holes are HQ diameter core to competent fresh bedrock (~30 metres down hole) changing to NQ diameter core to end of hole.

Where possible, core orientations was recorded every 3 metres for each hole using the standard spear method.

Core samples were taken as half HQ or half NQ core, and sampled at regular one metre intervals for the entire length of each diamond core hole.

Sample preparation and analysis of samples from holes YADD001 and YADD003 was undertaken at Bureau Veritas in Abidjan, Cote d'Ivoire.

Sample preparation and analysis of samples from holes YADD004, 005, 006 was undertaken at Intertek Minerals in Tarkwa, Ghana.

All samples were pulverised to produce a 50 gram charge, which was analysed by Fire Assay.

The quality of the analytical results is monitored through the use of internal laboratory procedures and standards in addition to Certified Reference Material (supplied by ORE Research and Exploration in Melbourne, Australia) and duplicates to ensure the results are representative and within acceptable ranges of accuracy and precision.

All data received from the assay laboratories is independent verified by rOREdata in Perth, Australia.

Data entry and electronic storage of Australian Mines' assay data adheres to the industry's accepted protocols and is managed by rOREdata in Perth, Australia.

Intercept intervals are reported as down hole length (true width not known)

Intercepts calculated using a 0.5 g/t Au lower cut, no upper cut and a maximum 2 metre interval dilution.

The term 'NSI' in the grade column of the above table is an abbreviation of No Significant Intercept.



About Australian Mines:

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

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 Yargarma, Kasele and Teginia project areas, with this program being fully-funded through to mid-2014.

