



QUARTERLY ACTIVITIES REPORT

For Period Ended 31 March 2013

ASX : AUZ

30 April 2013

HIGHLIGHTS

- **Positive gold assays received from initial Yargarma drilling**
 - 1m @ 4.45 g/t gold from 34m (YADD005)
 - 1m @ 5.92 g/t gold from 76m (YADD006)
 - 2m @ 1.19 g/t gold from 85m (YADD006)
 - **Confirmed primary gold mineralisation present within second-order geological structures**
 - **\$770,000 received from sale of non-core Australian assets**
 - **Exploration program remains fully-funded to at least mid-2014**
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Australian Mines Limited ("Australian Mines" or "the Company") is pleased to provide shareholders its Quarterly Activities Report for the period ended 31 March 2013.

YARGARMA (AUZ 100%)

The Company's Yargarma project area is located 350 kilometres northwest of Nigeria's capital city, Abuja and within the country's northwest gold province.

During the March quarter, Australian Mines announced it had received the initial assay results from five of the eight diamond core holes drilled at Yargarma following the completion of the Company's maiden Nigerian drilling program.



The Yargarma drilling program comprised eight diamond core holes for a total of 1,227 metres and was designed to test a series of conceptual targets identified through the Company's airborne geophysics and surface geochemical sampling surveys.

Gold assay results from the first five holes include 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** (YADD006). These results confirm the presence of primary gold mineralisation within second-order geological structures across the Yargarma project area.

Australian Mines believes these initial gold assays validate the current exploration model and demonstrate Yargarma's potential to host structurally-controlled gold mineralisation.

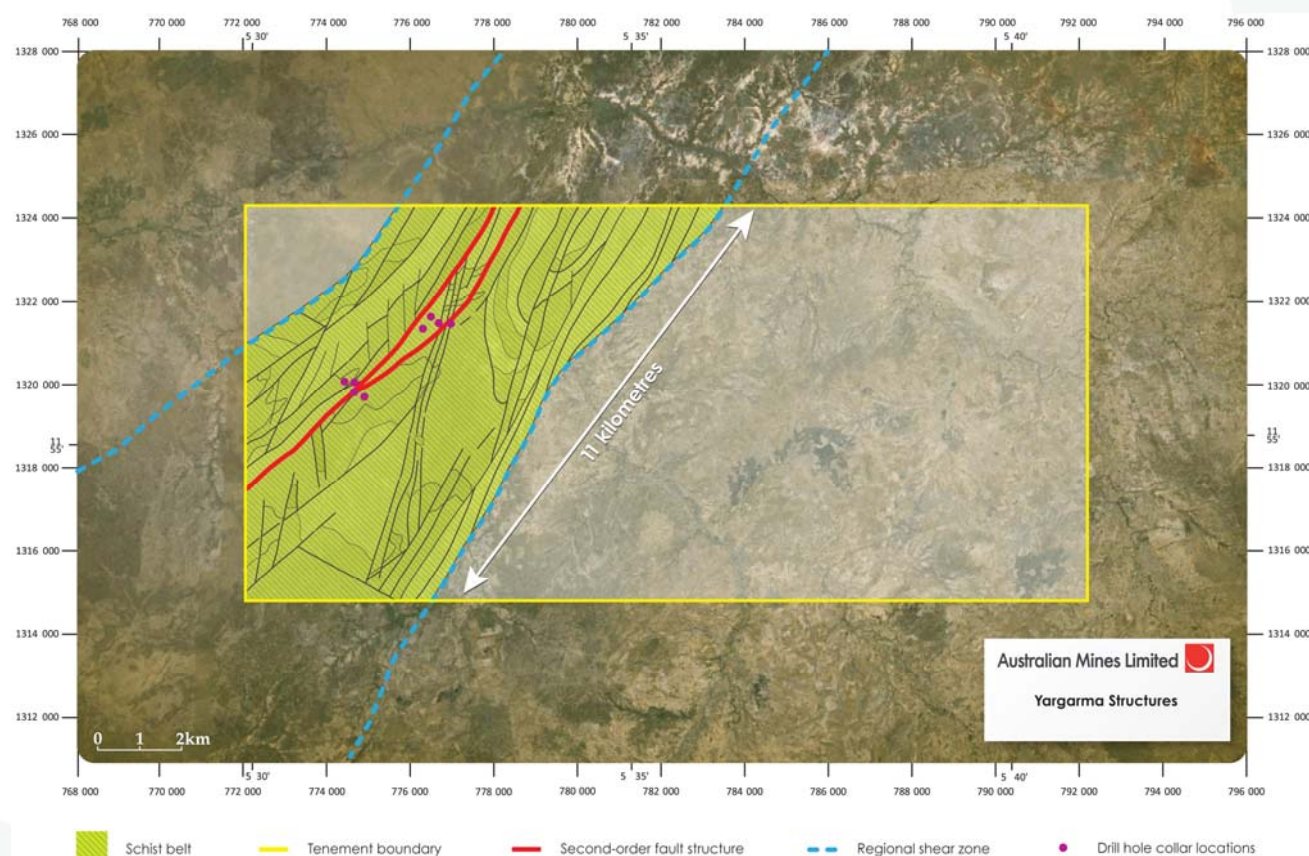


Figure 1: Indicative drill hole collar locations (shown as purple circles) superimposed on a schematic geological image of the Company's Yargarma project area. This diamond core drilling was designed to test the potential of the second-order geological structures at Yargarma to host primary gold mineralisation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



The Company is currently awaiting gold assay results from the remaining three drill holes at Yargarma (YADD002, YADD007 and YADD008) as well as the assay results from the multi-element (base metal) analysis of all eight diamond core holes at Yargarma and a further four holes at Kasele.

The Company anticipates receiving the remaining results from the assay laboratory in May. Following receipt of these assay results, Australian Mines will design an appropriate follow-up exploration program to recommence at the start of Nigeria's 2013-14 field season in October.

During the March quarter, the Company also completed a field reconnaissance program over a number of conceptual gold targets across the Yargarma project area.

Through this field work Australian Mines identified a region in the north of the Yargarma tenement where the geological setting appears favourable for hosting gold mineralisation; namely, an interpreted synformal fold of the schist belt stratigraphy that is sheared near its axis by a northeast-trending fault. In the Company's view, this target represents an area where the rock units have undergone significant folding such that a dilatational zone (or opening) may have been created within the rocks. This dilatational zone may subsequently act as a trap for any gold-bearing fluids that are present in the area.

Through its recent diamond core drilling program, Australian Mines has demonstrated that gold-bearing fluids are often associated with northeast-trending geological faults. These faults present potential pathways for the gold-bearing fluids as well as potential traps within which the gold may be deposited. The dilatational zone at the axis of a fold may represent such a trap. This model has resulted in the identification of a new target in the north of the Yargarma tenement that warrants Australian Mines undertaking further on-ground exploration at this location.

The Company is presently designing such a program and will provide a detailed description of its proposed exploration to shareholders prior to the commencement of the program.

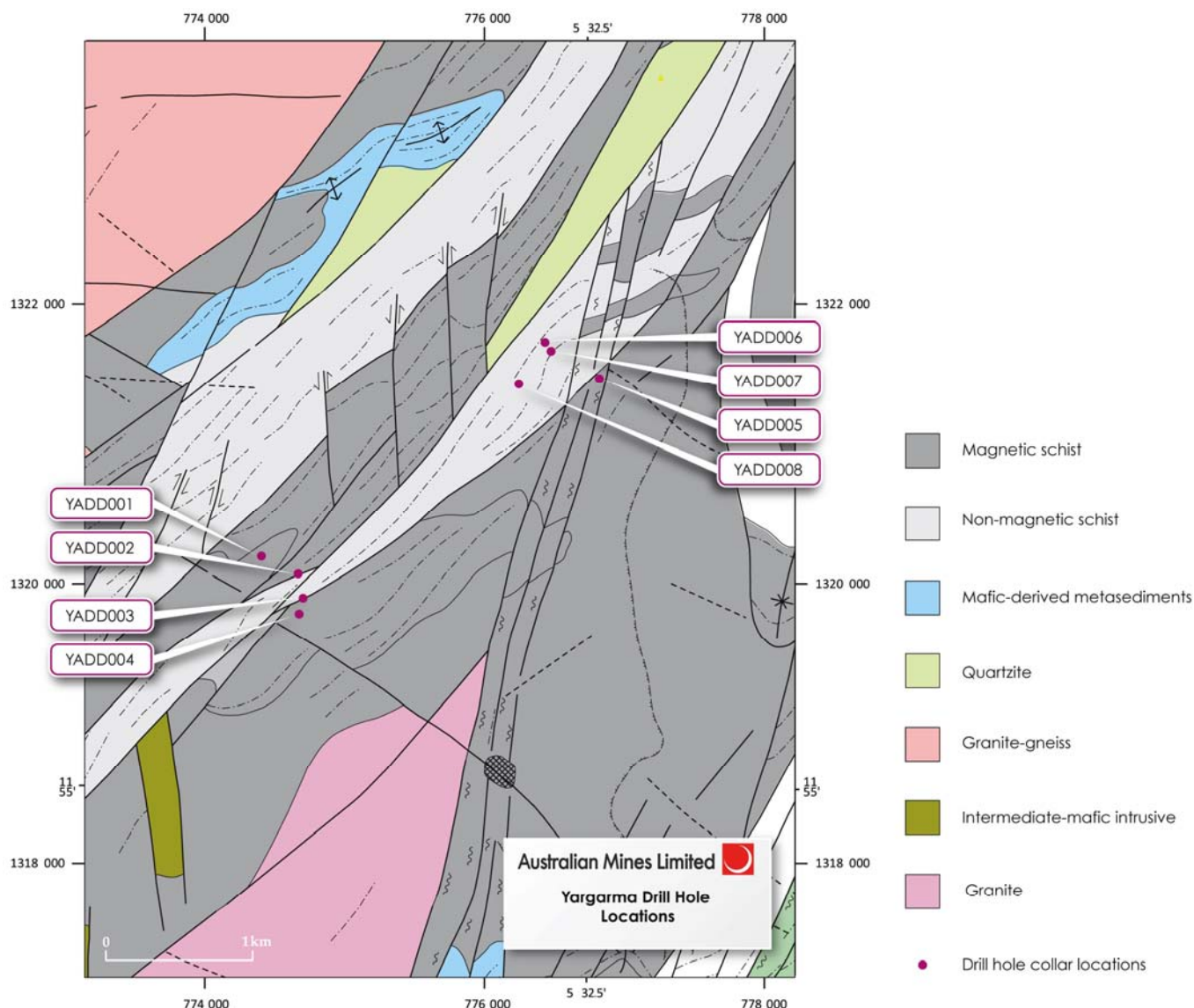


Figure 2: Collar locations of Australian Mines' maiden drilling program at Yargarma overlaid on map of the project area's interpreted geology. All eight drill holes at Yargarma were designed to test conceptual targets (either geochemical or geophysical targets). Drill holes YADD002, YADD003 and YADD004, 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).



KASELE (AUZ 100%)

The Company's Kasele project is located 20 kilometres southeast of the Yargarma project and lies within the Anka Schist Belt - a region renowned in Nigeria as highly attractive for gold mineralisation.

During the March quarter, Australian Mines completed a first-pass diamond core drilling program at Kasele primarily targeting two historic artisanal workings. The objective of this drill program was to further the Company's knowledge on the style of mineralisation present within Nigeria's northwest gold province.

Australian Mines is currently awaiting gold and multi-element assay results from the four diamond core holes drilled (KADD001, 002, 003 and 004). The Company anticipates receiving these results in May. Upon receipt of these assay results, Australian Mines will prepare an appropriate follow-up exploration program to coincide with the timing of further exploration at Yargarma.

A field mapping and reconnaissance program completed over the *G-01* target at Kasele (refer to Figure 3) during this quarter proved encouraging, with a series of artisanal gold workings observed within close proximity to this conceptual gold target.

The *G-01* target, located in the north of the Kasele tenement, is a broad zone of particular structural complexity. Australian Mines has identified five specific gold targets within the *G-01* target, and a review of this target zone by an independent geoscience consultant concurred with the Company's view that *G-01* is a 'high priority' target.

Australian Mines is presently designing a detailed surface geochemical sampling program over the *G-01* target zone at Kasele, which the Company will undertake during the upcoming field season prior to defining drilling targets. Details of the proposed exploration program over the *G-01* target will be announced prior to the commencement of the 2013-14 field season.



KASELE GOLD TARGETS

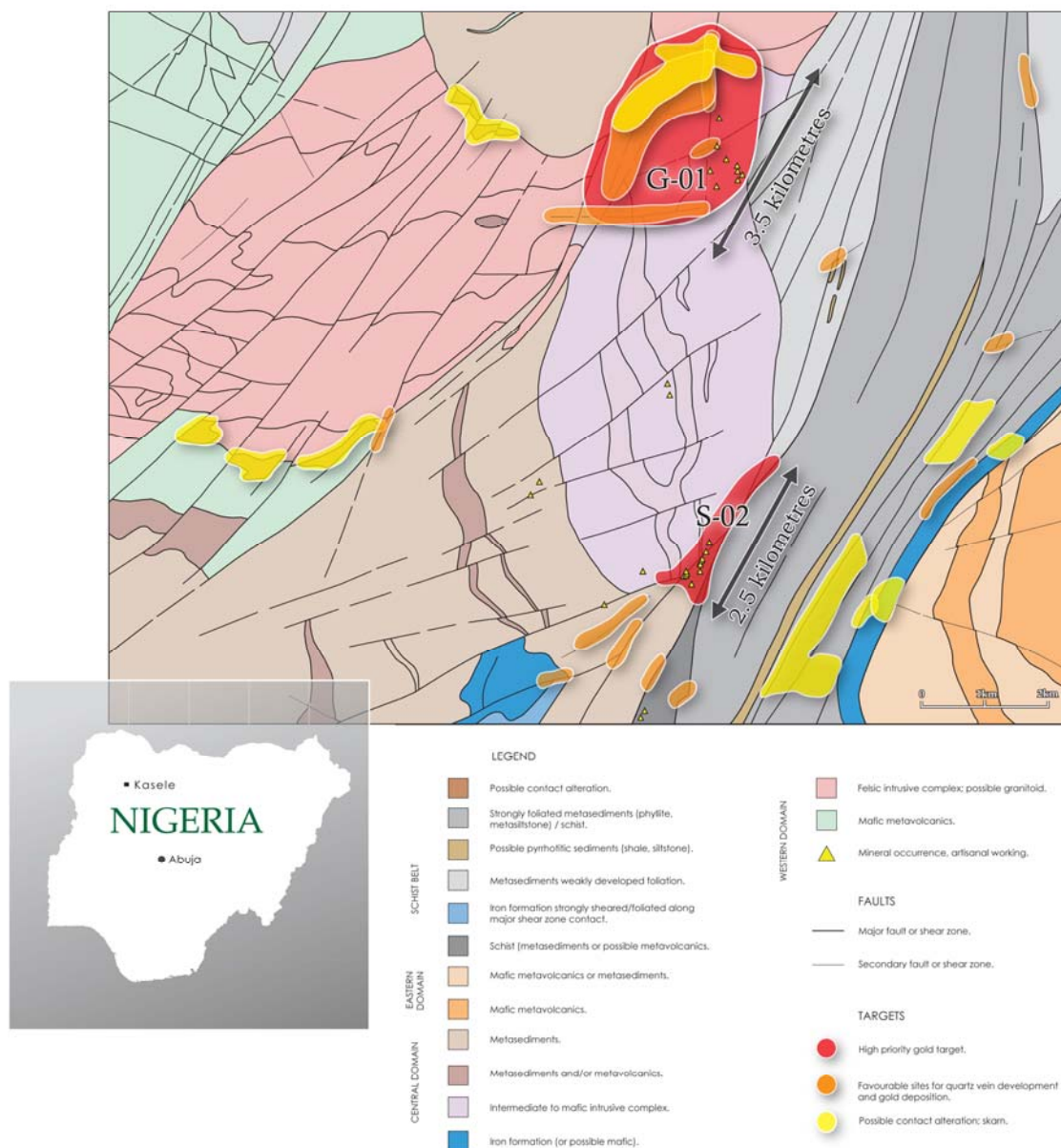


Figure 3: The conceptual target zone, G-01, located in the north of Australian Mines' Kasele tenement represents a broad zone of complex geological structure that includes the presence of interpreted dilatational bends. Dilatational bends often represents the preferred geological setting for company's targeting structurally-controlled gold deposits across West Africa. The presence of artisanal gold workings within the G-01 target zone, and within close proximity of the dilatational bend indicates that the G-01 target warrants follow-up exploration by Australian Mines. The Company is currently designing a detailed surface geochemical sampling program for this conceptual target for the purpose of delineating discrete gold anomalies that Australian Mines can drill test during the upcoming field season.



TEGINA (AUZ 100%)

The Company's Teginia project is located 130 kilometres northwest of Abuja and covers an area of 660 square kilometres.

Previous work undertaken by Australian Mines indicates that gold mineralisation across the greater Teginia region is located within quartz-sulphide-carbonate veins that occur where geological faults intersect the contact metamorphic aureole surrounding the granite bodies. This suggests that the style of gold mineralisation present within the Teginia region is different to the gold mineralisation observed in other parts of Nigeria's northwest gold province.

Australian Mines will continue to advance the exploration of its Teginia project over the coming period with the objective of delineating discrete gold targets within this tenement package that the Company can subsequently drill test in the upcoming 2013/14 field season.

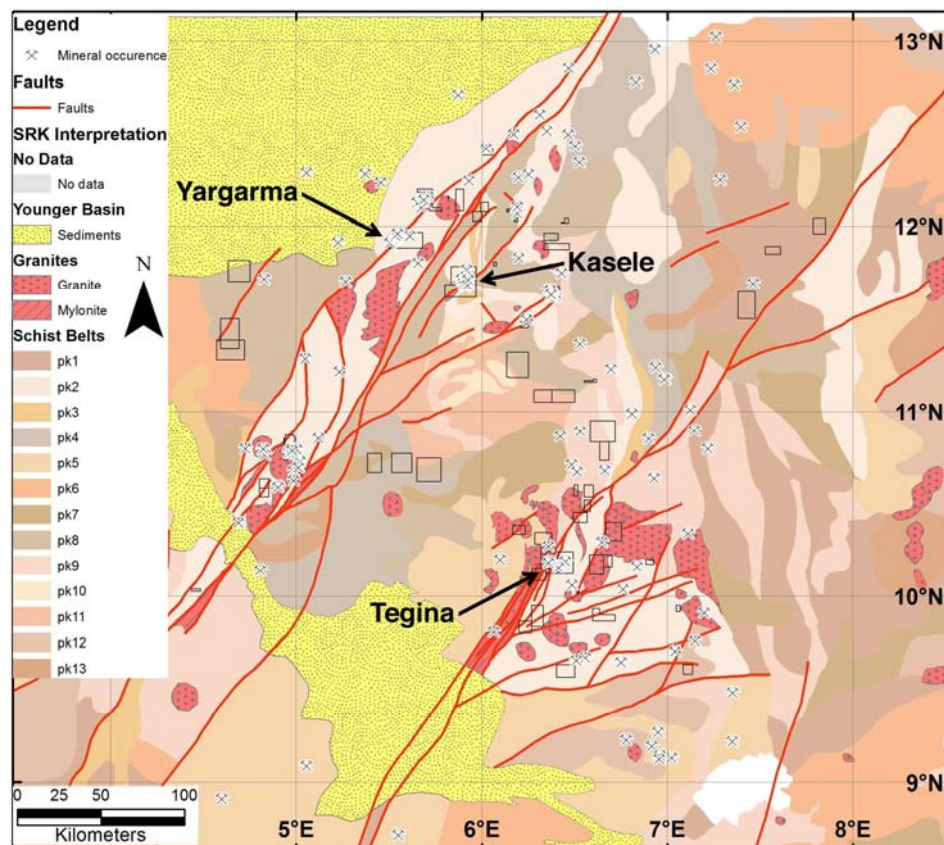


Figure 4: Location of Australian Mines' Teginia project in northwest Nigeria. The Company's Teginia project appears highly prospective for gold mineralisation formed where regional geological faults intersect granite bodies.



CORPORATE

On 19 February 2013, Australian Mines announced it had received a cash payment of \$770,000 (GST inclusive) from Pioneer Resources Limited in relation to the Company's sale of the Blair Nickel / Golden Ridge tenements.

The receipt of the \$770,000 (incl GST) from Pioneer in addition to the \$2.5 million (ex GST) due to the Company by HBJ Pty Ltd (a subsidiary of ASX and TSX-listed Alacer Gold Limited) on 28 June 2013 will result in the Company having sufficient cash-in-bank to fund its Nigerian exploration activities through to at least mid-2014.

STAKEHOLDER ENGAGEMENT ACTIVITY

In February, Australian Mines' Chairman, Michael Ramsden along with the Company's Managing Director, Benjamin Bell attended the African Mining Indaba in Cape Town, South Africa.

During the four-day conference, both Mr Ramsden and Mr Bell presented the Company's strategy to a number of potential investors from Australia, the United Kingdom, Canada, Africa and Europe, as well as formed crucial service provider contacts in both Australia and Nigeria.

ENDS

For further information, shareholders and media please contact:

Benjamin Bell
Managing Director
Ph: +61 8 9481 5811
E: bbell@australianmines.com.au

Victoria Thomas
Six Degrees Investor Relations
Ph: + 61 3 9645 7567
E: victoria.thomas@sdir.com.au

Competent Persons Statement

The information in this report that relates to the 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 and Managing Director of Australian Mines Limited. Mr Bell has sufficient experience relevant to this 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 this report of the matters based on his information in the form and context in which it appears.



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.

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 and Tegna project areas, with the program being fully-funded through to mid-2014.

