



QUARTERLY ACTIVITIES REPORT

For Period Ended 31 March 2014

ASX: AUZ

22 April 2014

HIGHLIGHTS

- Successfully signed joint venture agreement for promising Jumbulyer gold and copper project, located within the Murchison Goldfield district of Western Australia
- Advanced exploration target of *Foothills* identified within greater Jumbulyer project area
- Previous drilling at Foothills intersected high-grade gold mineralisation including;
 - 16 metres @ 6.6 g/t gold from 9 metres (DH135)
 - 10 metres @ 3.3 g/t gold from 20 metres (FR001)
 - 14 metres @ 2.6 g/t gold from 38 metres (FRC04)
 - 20 metres @ 3.0 g/t gold from 41 metres (FHRC002)
- Encouraging copper results also returned from previous Foothills drill program;
 - 19 metres @ 1.3% copper + 4.9 g/t silver + 0.4 g/t gold from 1 metre (12FHRC004)
- On-ground exploration over Foothills gold and copper target currently in progress
- Additional joint venture opportunities presently being reviewed



Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to provide shareholders its Quarterly Activities Report for the period ended 31 March 2014.

During this quarter, Australian Mines announced it had successfully entered into a Farm-In and Joint Venture Agreement (“the Agreement”) with Mount Magnet South NL (ASX: MUM) for the Jumbulyer gold and copper project (“the Project”). This Project is located within one of Australia’s most prolific gold producing regions and covers 129 square kilometres of granted and pending tenements.

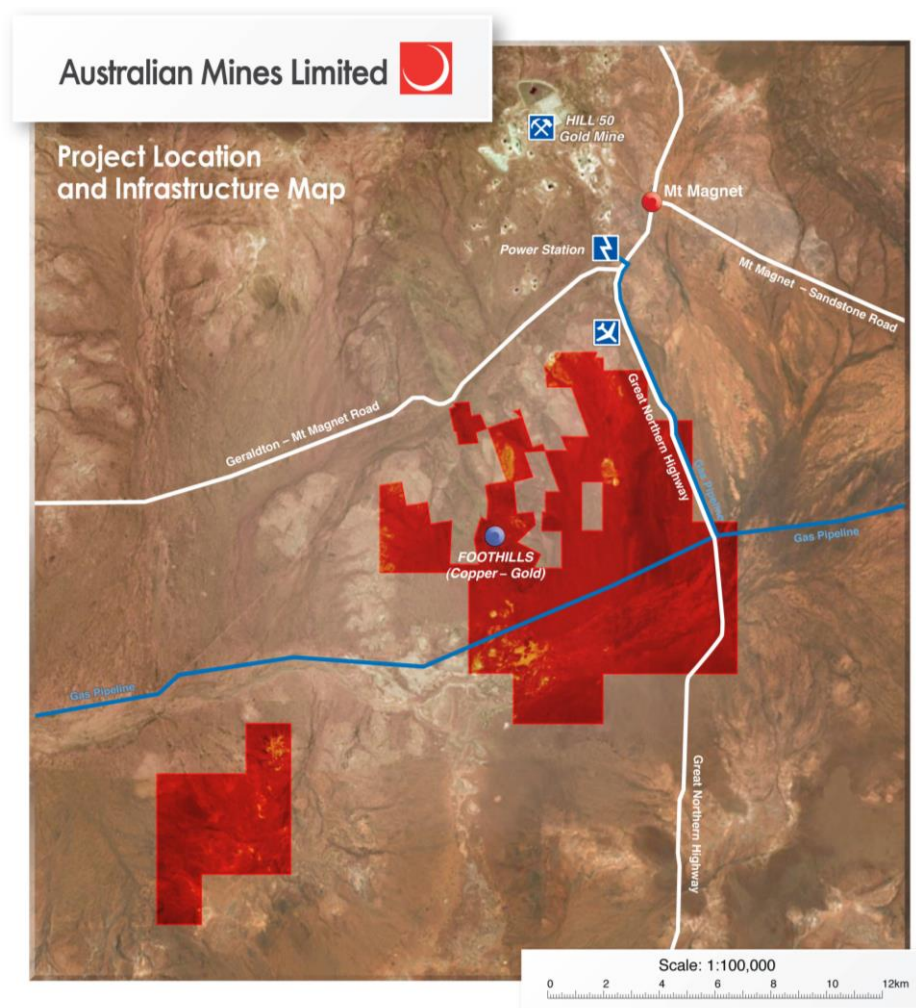


Figure 1: Australian Mines’ Foothills prospect is well serviced by local infrastructure, being located only 15 kilometres southwest of the established mining town of Mt Magnet.



Jumbulyer Project Overview

Foothills copper-gold target

Following the signing of the Agreement with Mount Magnet South, Australian Mines completed an initial field reconnaissance program over the Project area. Particular attention during this field work was paid to understanding the geological setting and potential controls on mineralisation of the promising Foothills copper-gold target where previous drilling by Mount Magnet South had returned encouraging gold intersections over a 100 metre strike length that included:

- 16 metres @ 6.6 g/t gold from 9 metres (drill hole DH135)¹
- 10 metres @ 3.3 g/t gold from 20 metres (drill hole FR001)¹
- 14 metres @ 2.6 g/t gold from 38 metres (drill hole FRC04)¹
- 20 metres @ 3.0 g/t gold from 41 metres (drill hole FHRC002)²

In addition to the high-grade gold mineralisation identified at Foothills, an emerging copper target appears to be present, with multiple outcrops of secondary copper identified through a previous mapping program. Rock chip samples from these outcrops returned up to 18% copper, and a subsequent drill hole of the oxide layer returned 19 metres @ 1.3% copper + 4.9 g/t silver + 0.4 g/t gold starting from only one metre below the surface (drill hole 12FHRC004)³

Australian Mines has since commenced a ground geophysics survey over its Foothills prospect. As outlined in the Company's announcement of 15 April 2014, the objective of this geophysical program is to help refine the three-dimensional geological model of this attractive target, and guide the design of the Company's maiden drilling program at Foothills.

¹ Mount Magnet South NL, Jumbulyer Gold Project – Multiple near surface gold targets identified, released 19th September 2012

² Mount Magnet South NL, High grade gold mineralisation intersected at Jumbulyer project, released 21st November 2012

³ Mount Magnet South NL, Further copper mineralisation identified at Jumbulyer project, released 27th November 2012

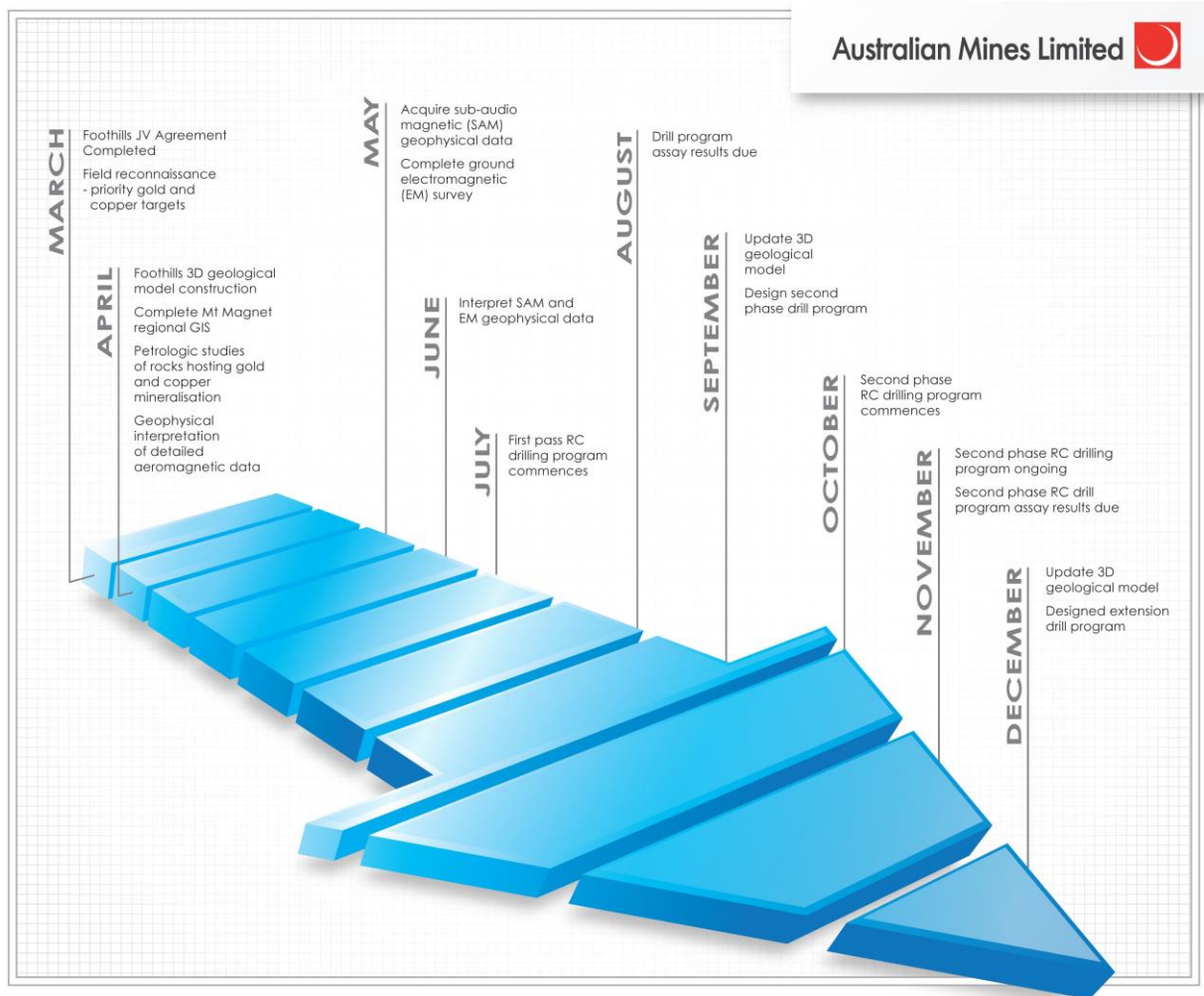


Figure 2: Australian Mines' proposed exploration program of the Foothills gold and copper target for 2014.

Nigeria

No work was carried out at the Company's Nigerian assets this quarter.

Corporate

Australian Mines remains in a strong financial position with \$2 million cash in the bank and no debt as at 31st March 2014.

ENDS



For further information, shareholders and media please contact:

Benjamin Bell

Managing Director

Ph: +61 8 9481 5811

E: bbell@australianmines.com.au

Sam Burns

Six Degrees Investor Relations

Ph: + 61 400 164 067

E: sam.burns@sdir.com.au

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 2012 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.



APPENDIX 1

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
NIGERIA				
Zamfara	Kasele	EL9447	Granted*	100%
Zamfara	Yargarma	EL8732	Granted*	100%
Zamfara	Yargarma	EL9449	Granted	100%
AUSTRALIA				
Western Australia	Marriotts	M37/096	Granted	100%

* Nigerian exploration licences 9447 and 8732 expire on 26 April 2014 and 17 May 2014 respectively. Under the Nigerian *Minerals and Mining Act 2007*, Australian Mines may apply to have these licences renewed for two further periods of two years each. Australian Mines submitted renewal applications for EL9447 and EL8732 to the Nigerian Mines Department in February 2014.

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest
NIGERIA				
Katsina	Funtua	EL8988	Lapsed	0%
Katsina	Funtua	EL8989	Lapsed	0%
Katsina	Funtua	EL8990	Lapsed	0%
Niger	Kotongoro	EL9008	Lapsed	0%
Zamfara	Maru	EL8589	Lapsed	0%
Zamfara	Maru	EL8991	Lapsed	0%
Zamfara	Maru	EL8993	Lapsed	0%
Zamfara	Maru	EL9451	Relinquished	0%
Kaduna	Shiroro	EL9010	Lapsed	0%
Niger	Shiroro	EL9015	Lapsed	0%
Niger	Shiroro	EL9017	Lapsed	0%
Niger	Shiroro	EL9018	Lapsed	0%
Niger	Shiroro	EL9020	Lapsed	0%
Niger	Tegina	EL8585	Lapsed	0%
Niger	Tegina	EL8586	Lapsed	0%



Niger	Tegina	EL8591	Lapsed	0%
Niger	Tegina	EL8593	Lapsed	0%
Niger	Tegina	EL8743	Lapsed	0%
Kaduna	Tegina	EL8992	Lapsed	0%
Niger	Tegina	EL9009	Lapsed	0%
Niger	Tegina	EL9011	Lapsed	0%
Niger	Tegina	EL9013	Lapsed	0%
Niger	Tegina	EL9014	Lapsed	0%
Niger	Tegina	EL9019	Lapsed	0%
Niger	Tegina	EL9629	Relinquished	0%
Federal Capital	Tsauni	EL1032	Lapsed	0%
Kebbi	Yauri	EL1033	Lapsed	0%
Niger	Yauri	EL1127	Lapsed	0%
Niger	Yauri	EL8582	Relinquished	0%
Kebbi	Yauri	EL8592	Lapsed	0%
Zamfara	Yauri	EL9016	Lapsed	0%

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

Location	Project	Agreement	Parties	Interest	Comments
AUSTRALIA					
Western Australia	Jumbulyer	Farm-In and Joint Venture	AUZ and MUM	0%	Announced 7 March 2014

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Location	Project	Agreement	Parties	Interest	Comments
AUSTRALIA					
Western Australia	Jumbulyer	Farm-In and Joint Venture	AUZ and MUM	0%	Announced 7 March 2014



Australian Mines announced on 7 March 2014, that the Company had entered into a Farm-In and Joint Venture Agreement with ASX-listed Mount Magnet South NL covering the Jumbulyer gold and copper project located 15 kilometres southwest of the town of Mt Magnet in Western Australia. The project consists of 31 current and pending tenements covering 129 square kilometres in one of Australia's most prolific gold producing regions.

The terms of this farm-in agreement include:

- Australian Mines may acquire a 60% interest in the Jumbulyer project by spending \$1 million on exploration within an initial two year period,
- Australian Mines has the right to withdraw subject to spending a minimum of \$200,000 in exploration on the project,
- On expending \$1 million, Australian Mines may acquire an additional 20% interest in the project by spending a further \$2 million on exploration within 48 months of the completion of the initial 60% acquisition,
- Australian Mines will free carry Mount Magnet South's residual 20% interest in the project to completion of a pre-feasibility study, at which point Mount Magnet South may elect to contribute on a pro-rata basis or dilute their interest according to the standard industry formula,
- Australian Mines will be the operator and manager of the project.