



10th June 2010

ASX Announcement

MT MARTIN RESOURCE DEFINITION DRILLING RECOMMENCES

Australian Mines Limited (ASX:AUZ) is pleased to announce that surface drilling will recommence at Mt Martin on Monday 14th June 2010 to further define new resources at Mt Martin which is located 40 kilometres south east of Kalgoorlie.

- A programme of 11 shallow RC holes for 350 metres will follow up on recent drill intercepts at the East Lode pit which is located approximately 100 metres east of the main Mt Martin pit.

AUZ announced good drilling results on the East Lode pit on 25th May. The results indicate significant gold intersections at shallow depths outside the current Mt Martin pit. The drilling is designed to further enhance potential on the East Lode.

- A programme of 6 diamond holes for 1,050 metres will be drilled from the base of the existing Mt Martin pit to infill drill resources discovered on the East Lode below existing workings.

There is limited drilling under the old Mt Martin underground workings on the Main Shoot and the East Lode. The drilling will enable a more accurate estimation of the resources contained on the Main Shoot and the East Lode.

- The drilling results will be used to update the resource model which has been previously stated by the Company as containing approximately 200,000 ounces of gold in Indicated and Inferred Resources.
- Once the resources have been updated an open pit optimization study will be completed by the end of June 2010.

Commentary

Recent production from Dioro Exploration NL resulted in 31,000 ounces of gold being mined from the Mt Martin open pit during a period of approximately 6 months to January 2010.

Once AUZ regained control of Mt Martin gold mine in January 2010, it commenced exploration work with two drilling campaigns being successfully completed.

AUZ has announced good drilling results at Mt Martin on both the Main Shoot and the East Lode that are very encouraging and show potential for an extension to the current resources at depth.

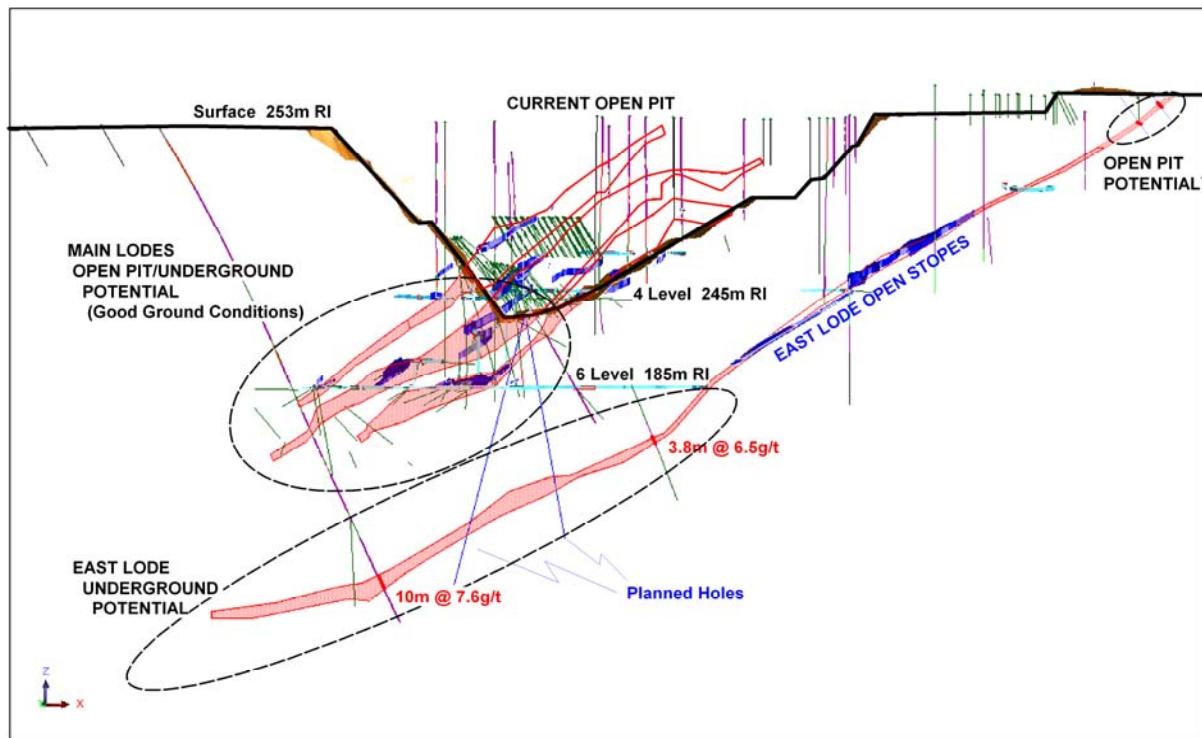


Figure 1: Oblique cross-section (20m slice) through Mt Martin with selected drill intercepts and mining potential highlighted.

Previous Production

Mt Martin gold mine has produced to date approximately 200,000 ounces of gold from intermittent mining dating back to 1923. Gold ore was initially produced from a set of 4 shafts with the deepest underground workings at the 6 level which is 165 metres below the surface.

The recent production from Dioro Exploration was 743,223 tonnes of ore grading 1.5 g/t to recover 31,231 ozs of gold from within the existing 800 metre long open cut mine down to a maximum depth of 115 metres in the central portion of the pit.

AUZ is committed to its ambition of developing a mining reserve at Mt Martin while gold prices are at record levels.

For further information contact:

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The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr E Poole who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Poole is employed by AUZ. Mr Poole has sufficient experience which is relevant to the style of mineralisation and type of deposits 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 Poole has consented to the inclusion of the information in the form and context in which it appears.

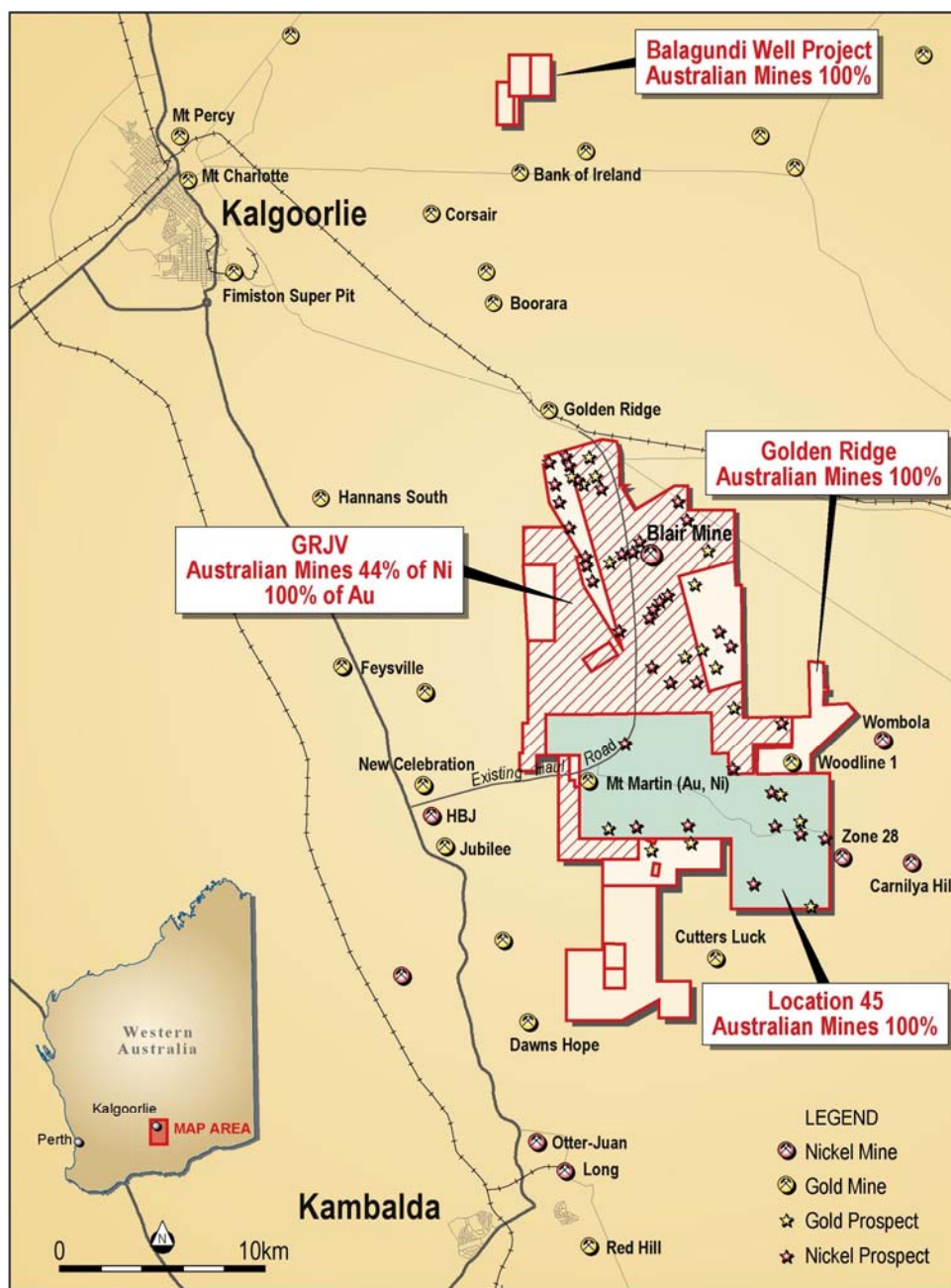


Figure 2: Mt Martin location plan