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Heads of agreement signed for purchase of New Mexico uranium projects

Highlights

- AusAmerican enters into a Heads of Agreement with Kaboko Mining Limited (formally Uran Limited) to purchase three uranium properties located in New Mexico in the USA
- Projects include Grants Ridge Joint Venture (earning 65% interest), Kit Carson and Northern Projects (100%)
- Extensive historic drilling data base acquired (approximately 1000 drill holes over the three projects)
- Strategically located enabling AusAmerican to expand its current land position in a prominent uranium region.
- Significant synergies with AusAmerican's Rio Puerco project

The Directors of Australian-American Mining Corporation Limited ("AusAmerican" or "the company") are pleased to announce that they have signed a Heads of Agreement ("HOA") with Kaboko Mining Limited ("KAB") to purchase 100% of KAB's subsidiary New Mexico Investments Limited, a Delaware incorporated company that via its wholly owned subsidiary Grants Ridge Inc has an interest in three projects: the Grants Ridge Joint Venture, the Kit Carson project and the Northern project.

Details of the three projects are as follows:

1. The Grants Ridge Joint Venture ("GRJV")

The GRJV holds 2270 hectares of mining claims, freehold land and leased mineral rights covering numerous historical uranium mines in the Grants Mineral Belt, New Mexico, USA (outlined in green in figure 1). The Grants mineral belt produced over 340,000,000lbs U₃O₈ (154,545 tonnes) prior to 1986 and was the largest producing uranium field in the USA in the previous production cycle. The deposits within the belt are located in the Jurassic age Morrison formation and are hosted in sandstone (mainly the Westwater Canyon, Poison Canyon or Jackpile units) or limestone (the Todilto limestone unit). The area is well known for



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historical high-grade production and there were 15 uranium processing plants operating in the area during the 1980s.

Recent focus in the GRJV has been on the Mesa Montanosa project. This project was previously drilled by Homestake and Mid-Continent Uranium and the GRJV has logged records for approximately 640 drill holes. Other projects in the GRJV include the Armijo and F33 projects.

Kaboko is earning 65% in the JV and has completed the expenditure requirements of the JV. To crystallise the interest Kaboko must deliver a feasibility study.

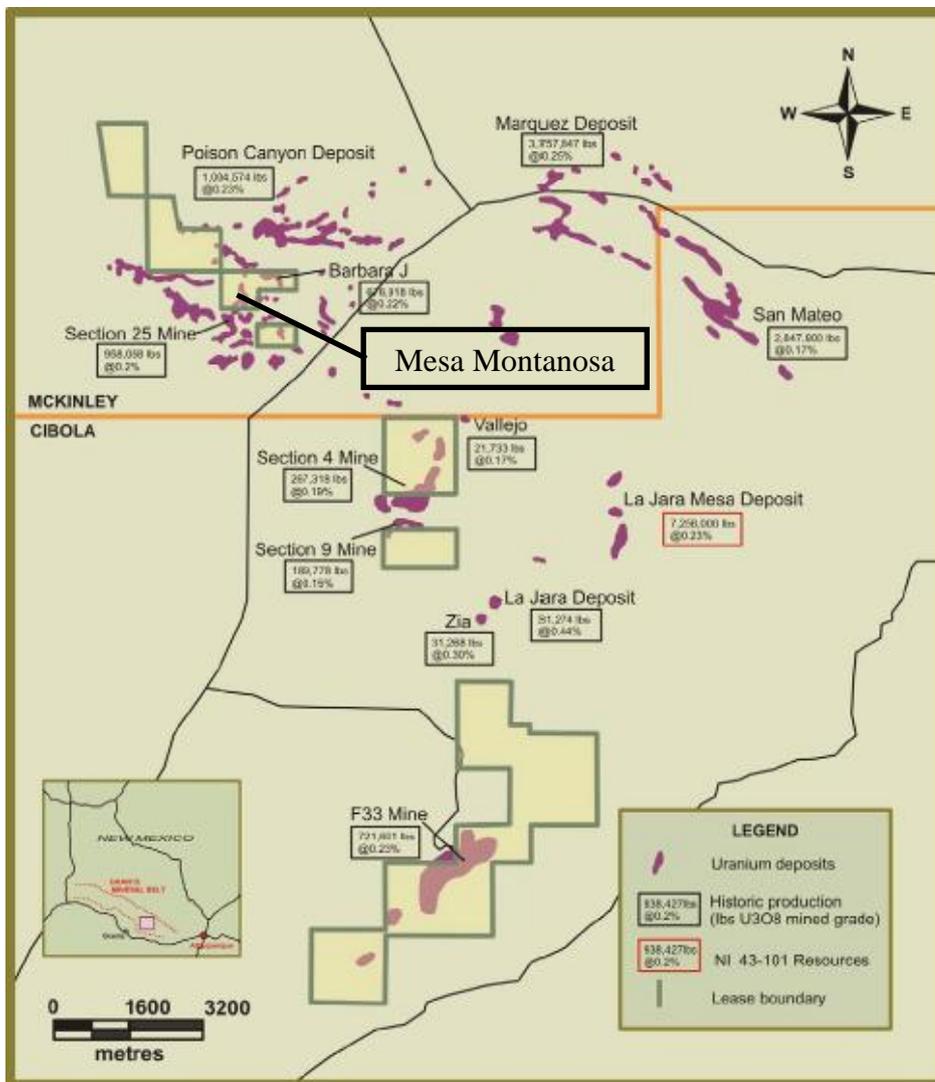


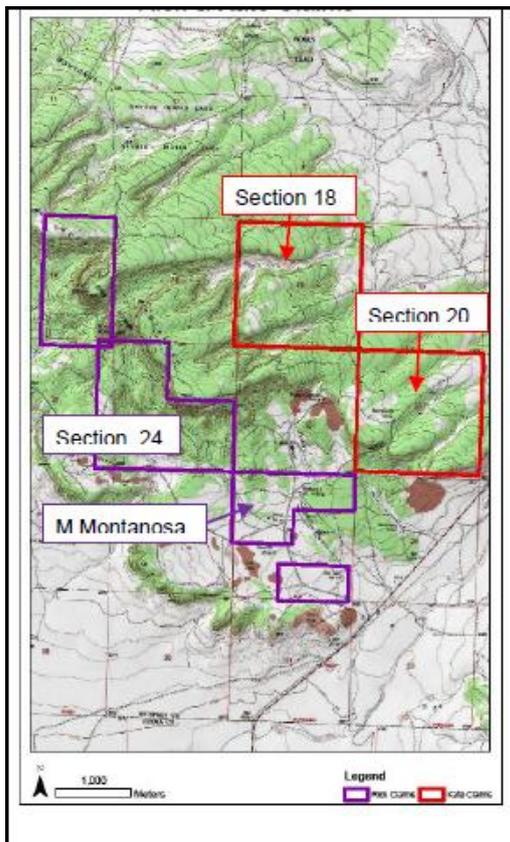
Figure1: Location of the GRJV tenements (outlined in green)

2. Kit Carson project (100%)

Kit Carson abuts the Mesa Montanosa project and covers 1230 hectares. The area includes a number of historical open pit and underground mines which extracted uranium mineralisation hosted in the Todilto limestone. Previous drilling comprising 87 holes within the project demonstrates that mineralization continues through the project. The area is private land and will be a favourable location for any future infrastructure due to simpler permitting requirements.

3. Northern projects (100%)

The Northern projects (see figure 2) cover mineral claims over 518 hectares close to Mesa Montanosa and contains the Poison Canyon sandstone of the Morrison formation. Mines hosted in this stratigraphic unit include the Jackpile (production of over 46 million lbs U_3O_8 @ 0.24%), the Marquez (3.7m lbs U_3O_8 @ 0.26% produced) and the Poison Canyon (1m lbs U_3O_8 @ 0.23% produced). The presence of the same host unit within the acquired projects underpins their prospectivity.



The claims include the historic Gossett mine, which was hosted in the Poison Canyon sandstone and operated in the 1950s. It produced approximately 166,000lbs U_3O_8 at an average grade of 0.21% U_3O_8 .

Commercial Terms

Consideration for the purchase will be \$50,000 and a 2% yellow cake royalty (net smelter recovery equivalent).

AusAmerican has until 14 June 2012 to satisfy the various conditions precedents, foremost of which is the completion of all necessary due diligence on the projects.

Figure 2: the Northern project consisting of Section 18 and 20



AusAmerican's Uranium Strategy

Uranium is an important component of AusAmerican's multi commodity portfolio. The company is focussed on building a portfolio of high quality uranium assets in the USA; a location with low sovereign risk, excellent infrastructure, increasingly co-operative regulative and legislative environment.

The addition of the Kaboko projects, which are strategically located close to AusAmerican's Rio Puerco uranium project, enables the company to increase its asset base in the Grants Mineral Belt, a prominent uranium region. The combination of these projects adds significant scope for increasing the potential size of the company's uranium resource in the area and enabling a critical mass to be reached. Furthermore the addition of private land at Kit Carson offers a strategic alternative for potential milling sites as permitting is more favourable on private land than on BLM or state controlled land.

About Australian American Mining Corporation ("AusAmerican")

AusAmerican is a multi-commodity internationally focused exploration company. All of its projects are currently located in the United States of America ("USA").

The company's gold projects are the San Marcos (100%) and Bernard (90%) gold projects which are both located in the state of Arizona.

The company's uranium projects are as follows;

- Rio Puerco (100%) - New Mexico
- Grants Ridge JV (earning 65%) - New Mexico
- Kit Carson (100%) - New Mexico
- Northern project (100%) - New Mexico
- Apex/Lowboy (100%) – Nevada
- Lone Star JV (90%) – Texas
- Apache Basin (100%) – Arizona

The company's REE project is La Paz which is located in Arizona.

The company's specialty metal (Lithium, rubidium, niobium and tantalum) project is the White Picacho project which is located in Arizona.

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