



10 July 2012

ASX Announcement

ASX: AUZ

Sale and Purchase Agreement Entered For the Golden Ridge Project

Australian Mines Limited ("Australian Mines" or "the Company") has today agreed to a binding Sale and Purchase Agreement ("the Agreement") for the sale of the Company's Blair Nickel/Golden Ridge Project to Pioneer Resources Limited ("Pioneer") (ASX: PIO) for a cash consideration of \$700,000. In addition the sale includes the replacement by Pioneer of performance bonds of \$207,000.

Pioneer is an ASX-listed specialist exploration company with a strategically located tenement portfolio, located within 200km of Kalgoorlie-Boulder, Western Australia.

The Agreement is the result of a strategic review of the Company's Australian projects, aimed at maximising the value of the assets for Australian Mines' shareholders. Its completion will enable the Company to wholly focus its growth on its Nigerian assets, in particular the key Yargarma and Kasele projects.

Further details of the use of proceeds will be advised following the completion of the transaction, which is anticipated to take place in the coming months.

The sale does not include the Marriott's nickel project near Leinster Western Australia, which is the company's only remaining Australian Asset.

The Offer is conditional upon necessary relevant third party consents and statutory or regulatory approvals.

Commenting on the sale, Australian Mines' Managing Director Benjamin Bell said:



"The Agreement is a key step for Australian Mines as it enables us to further our focus on building a stronger business in West Africa, in particular Nigeria, where excellent progress at our extensive tenement portfolio is being made.

This Agreement comes at an apt time for Australian Mines, given that in the current global environment many companies are struggling to raise capital to further progress their projects. To be able to successfully divest one project to further develop another is a great outcome for Australian Mines.

*****ENDS*****

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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 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, Tegina and Tsauni project areas, with this program being fully-funded through to 2014.