



28 August 2012

ASX Announcement

ASX: AUZ

## Priority drill targets identified at Yargarma

Australian Mines Limited ("Australian Mines" or "the Company") (ASX: AUZ) is pleased to report it has received the final interpretation from the high-resolution aeromagnetic survey flown over the Company's 100% owned Yargarma project in northwest Nigeria.

This interpretation, completed by Southern Geoscience Consultants (SGC) of Perth, has identified numerous gold targets within the Company's Yargarma project of which three were classified by SGC as "high priority" targets (Figure 1). At least one of these priority targets coincides with an area of active artisanal workings.

The Yargarma project is situated within Nigeria's northwest gold fields and covers 172 square kilometres of highly prospective ground. Recent surface geochemical sampling completed by the Company identified multiple gold-in-soil anomalies with rock chip sampling returning high assay values including 9.83 g/t gold, 7.73 g/t gold, 7.45 g/t gold and 6.49 g/t gold (as announced 31 October 2011 and 25 July 2012).

Encouraged by the targets generated from both the airborne geophysical survey and geochemical sampling programs, Australian Mines is planning to commence its maiden drilling program at Yargarma in late October.

**Managing Director, Benjamin Bell commented:** *"The results of our aeromagnetic survey at Yargarma are very encouraging with the identification of many targets for the Company on which to continue its exploration program. Of these targets, we anticipate commencing further work on the Priority 1 gold targets in October which will include a first-pass drill program".*

\*\*\*ENDS\*\*\*



## YARGARMA GOLD TARGETS

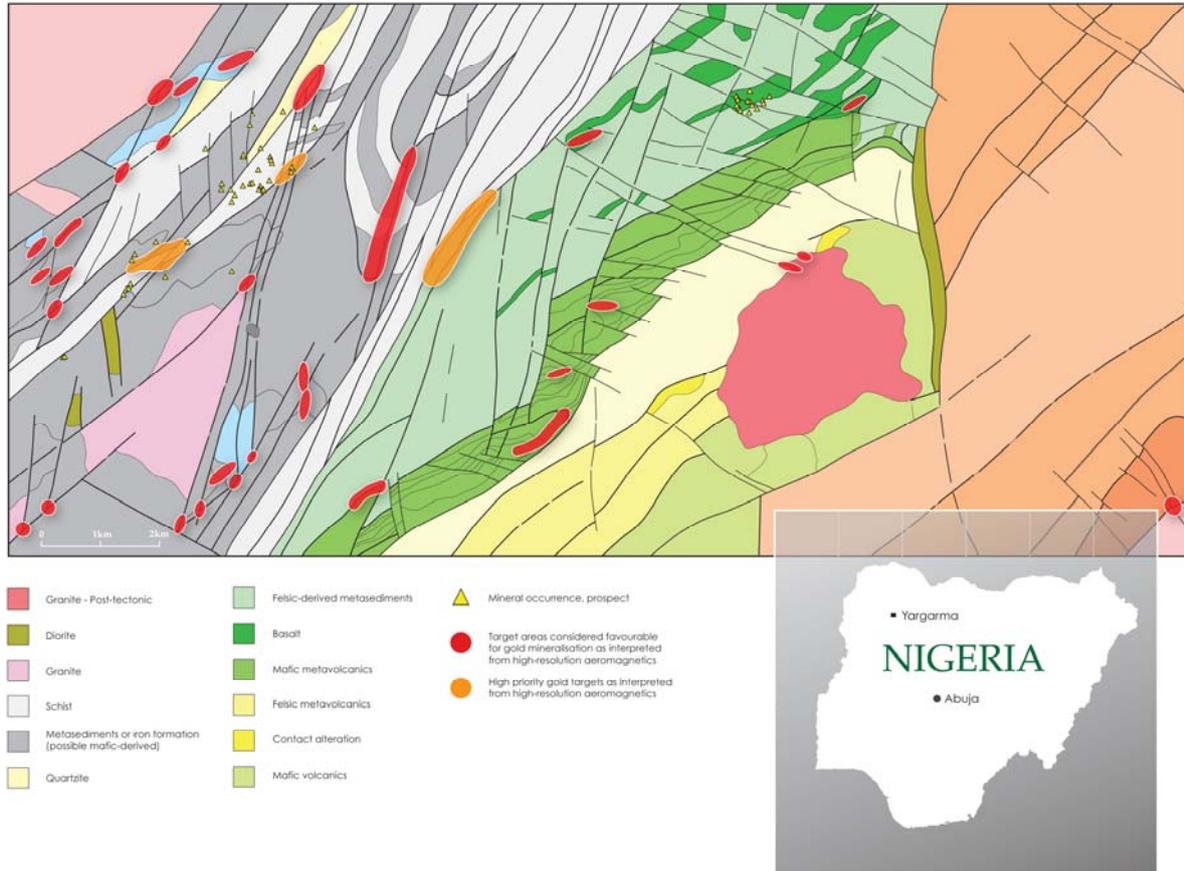


Figure 1: Interpretation of the high-resolution aeromagnetic survey over Australian Mines' Yargarma project identified 34 targets zones (highlighted by red and orange polygons) considered favourable for vein formation and gold mineralization. The presence of numerous gold workings by local artisanal miners (shown as yellow triangles) within this project area indicates the area is prospective for quartz vein-hosted gold mineralization.

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## 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. Mr Bell is the 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 is appears.*

## 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 Tegina project areas, with the program being fully-funded through to 2014.