



6 October 2009

ASX Announcement

EAST LOCATION 45 LEASE EXTENSION UNTIL 2021

Australian Mines Limited (ASX: AUZ) is pleased to announce that it has successfully exercised its option with Franco-Nevada Australia Pty Ltd to renew the head lease on the freehold property East Location 45 for a further 10 year period to 25 January 2021.

This gives AUZ the right to all minerals on the lease and, provided lease conditions are met, a further option to renew for 10 years after January 2021.

The East Location 45 leasehold block was purchased from Harmony Gold Australia in November 2007 for \$3m in cash mainly for its high nickel prospectivity including the Goodyear Inferred Mineral Resource of 390,000 tonnes at 3.78% Ni for 14,700 tonnes of contained nickel.

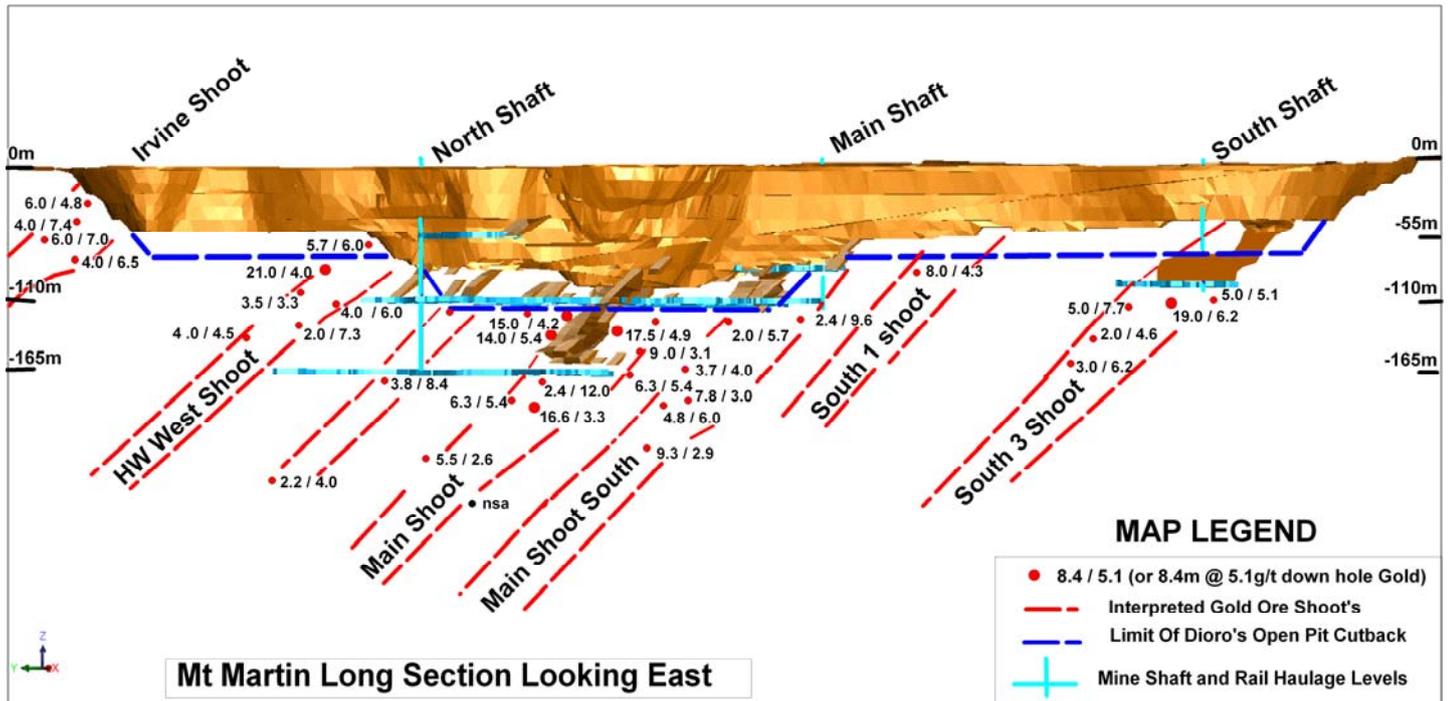
However East Location 45, with an area of 90km² and located 40Kms south east of Kalgoorlie and adjacent to the Woodline gold resource, is extremely important to the Company now that its focus has shifted to gold exploration and development.

The Property contains the Mt Martin gold mine which has historically produced in excess of 180,000 ounces of gold and previously reported Indicated Mineral Resources of 200,000 ounces of gold (Dioro Exploration 2008 Annual Report). The mine is currently sub- leased to Dioro Exploration NL until 25 January 2010 and is being mined via open pit methods.

Significant drill results from past owners below the current pit are highlighted in the attached long section.

The Mt Martin ore shoots have been mined by both underground and open cut methods. However there is sufficient diamond drilling below the current workings to suggest that the ore shoots may be continuing at depth.

AUZ has major exploration and mining plans for Mt Martin upon its return to the Company in January 2010 with an expected drilling program and remodelling on the open pit resources being the highest priority.

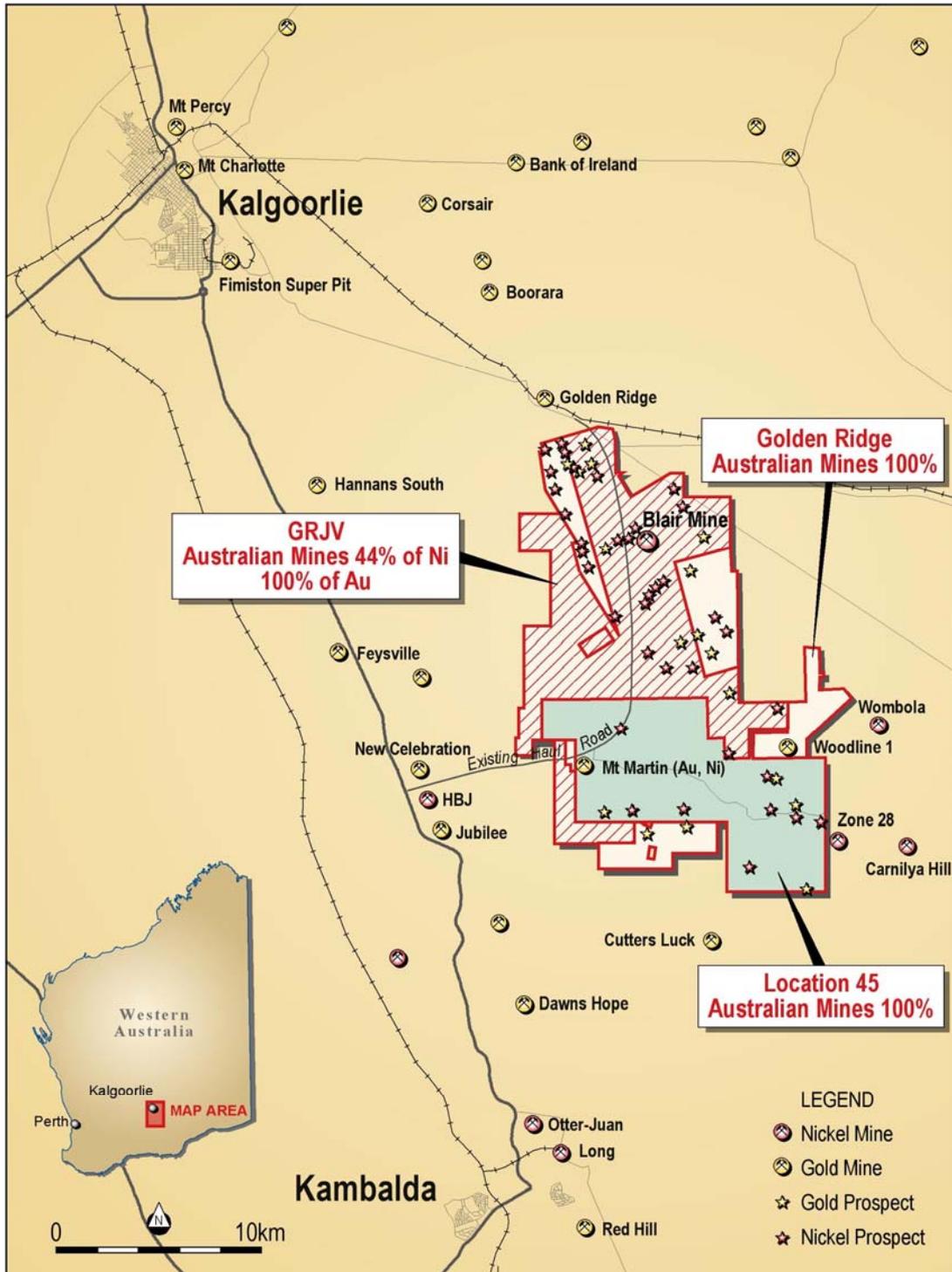


Mt Martin long section highlighting previous drilling and mined out areas with potential for extensions

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 M Elias who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Elias is employed by CSA Global Pty Ltd and is a Non-Executive Director of AUZ. Mr Elias 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 Elias has consented to the inclusion of the information in the form and context in which it appears.

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Location Map detailing AUZ tenement position.

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