



ASX ANNOUNCEMENT

ASX : AUZ

29 October 2015

Australian Mines raises \$1 million to progress gold and base metal targets at Doolgunna-Marymia

Australian Mines Limited ("Australian Mines" or "the Company") is pleased to advise that the Company has successfully raised \$1 million (before costs) through a strongly supported placement of 100 million shares at an issue price of 1 cent each to professional and sophisticated investors.

This Placement, which was undertaken in accordance to Section 708 of the Corporations Act and Listing Rules 7.1 and 7.1A of the ASX Listing Rules, ensures Australian Mines continues to have sufficient capital to fund its ongoing exploration campaign at Doolgunna-Marymia, including at the newly-identified Dixon prospect where the Company recently announced¹ the discovery of high-grade primary gold mineralisation within similar geology to that hosting Northern Star's 7 million ounce Plutonic Gold Mine^{2,3}, approximately 40 kilometres northwest of Dixon.

Historic shallow drilling completed across a coincident gold and arsenic anomaly at Dixon successfully intersected a zone of supergene gold mineralisation within the weathered profile⁴.

Encouraged by these initial drill results and the apparent similarities between the Dixon mineralisation and signature of the ore bodies at the nearby Plutonic Gold Mine, Australian Mines completed a single reverse circulation (RC) hole at Dixon earlier this month (MMRC016) to test for the presence of high-grade primary gold mineralisation within the underlying fresh bedrock.

As announced on 26 October 2015, the Company's maiden drill hole at Dixon successfully intersected a gold-bearing quartz vein within a greenstone unit that subsequently assayed **5 metres @ 11.07 g/t gold** from 130 metres downhole, including **1 metre @ 29.11 g/t gold** from 133 metres downhole and **1 metre @ 14.85 g/t gold** from 134 metres downhole⁵.

It is worth noting that Australian Mines is yet to receive the assay results from the entire length of Dixon drill hole MMRC016, and that the last assay received returned an impressive 1 metre @ 14.85 g/t gold⁶.

¹ Australian Mines Limited, High-grade gold intersected at Dixon prospect, released 26 October 2015

² Northern Star Resources Limited, Plutonic Operations Fact Sheet, <http://www.nsrld.com/wp-content/uploads/2015/06/NSR-Plutonic-Operations-Fact-Sheet-May-2015.pdf>

³ Northern Star Resources Limited, Investor presentation – Resources Rising Stars, released 25 September 2015

⁴ Cyprus Gold Australia, Annual Report - Combined Reporting Group C153/1996, submitted to WA Department of Mines and Petroleum in December 1997

⁵ Australian Mines Limited, High-grade gold intersected at Dixon prospect, released 26 October 2015

⁶ Australian Mines Limited, High-grade gold intersected at Dixon prospect, released 26 October 2015



The Company looks forward to updating shareholders on the final assays from the Dixon RC drill hole once it has received the results, which is anticipated to be early next week.

In addition to funding the next phase of exploration and drilling at Dixon, the funds raised through the Placement will also be used to advance the exploration of the promising Burton prospect, where the Company has just commenced reverse circulation (RC) drilling of an interpreted late-time bedrock conductor adjacent to the Jenkin Fault - being the structure thought to control the mineralisation at Sandfire Resources' DeGrussa Copper Mine⁷.

Managing Director Benjamin Bell commented, "The funds raised today will be directed to ascertaining the strike and depth continuity of the recently intersected high-grade primary gold mineralisation at Dixon through additional targeted RC drilling, as well as funding our ongoing base metal exploration at Burton."

*****ENDS*****

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Competent Person's Statement

Information in this report that relates to Doolgunna-Marymia Project 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 a full-time employee and Managing Director of Australian Mines Limited. Mr Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

⁷ Sandfire Resources Limited, 2010 Annual General Meeting Presentation, released 29 November 2010

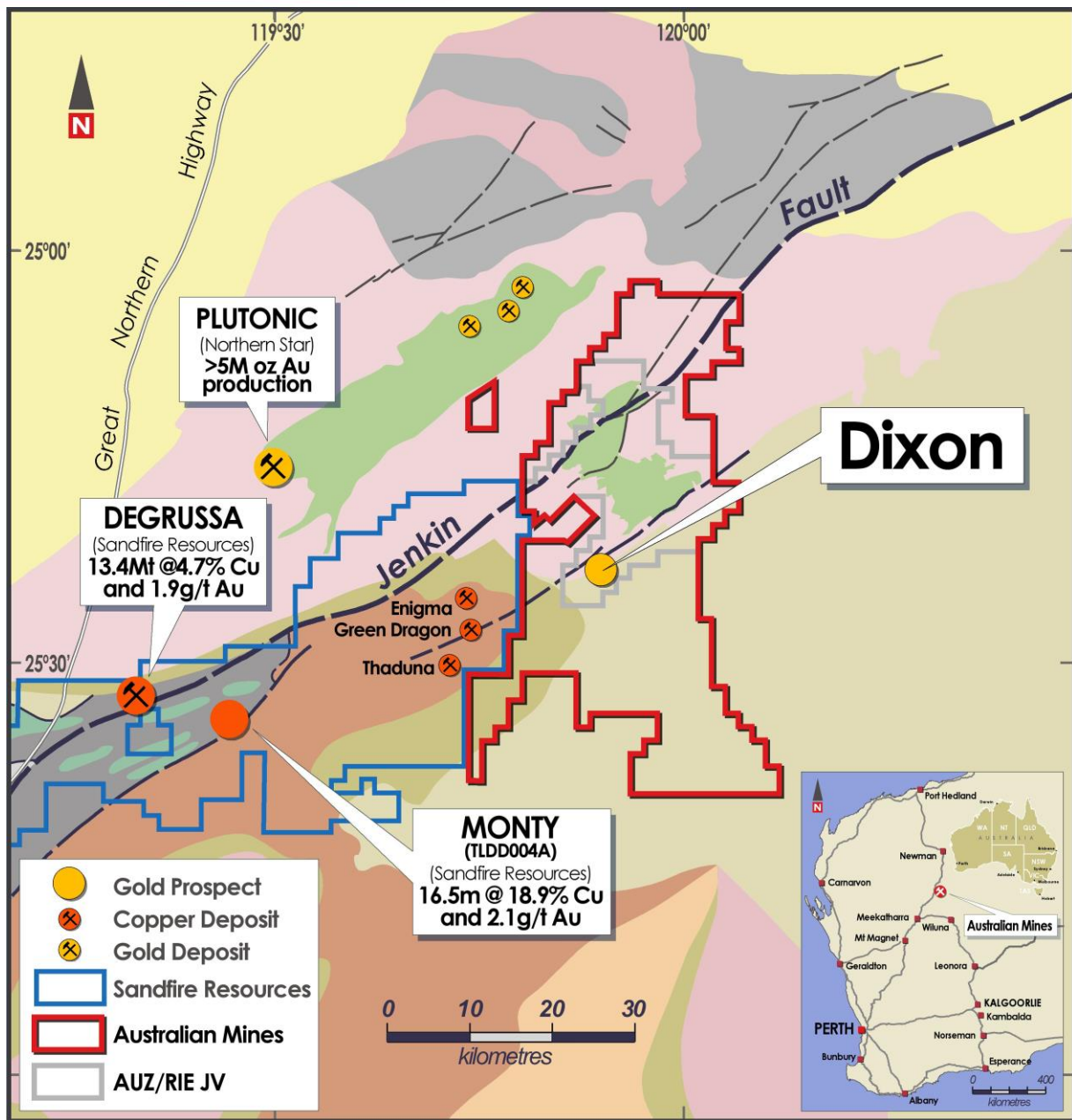


Figure 1: The Dixon prospect is situated 40 kilometres southeast of, and within a similar geological setting as, Northern Star's Plutonic Gold Mine. This emerging gold target is located within Australian Mines (AUZ) – Riedel Resources (RIE) joint venture tenement E52/2394 where Australian Mines is currently earning an 80% interest.

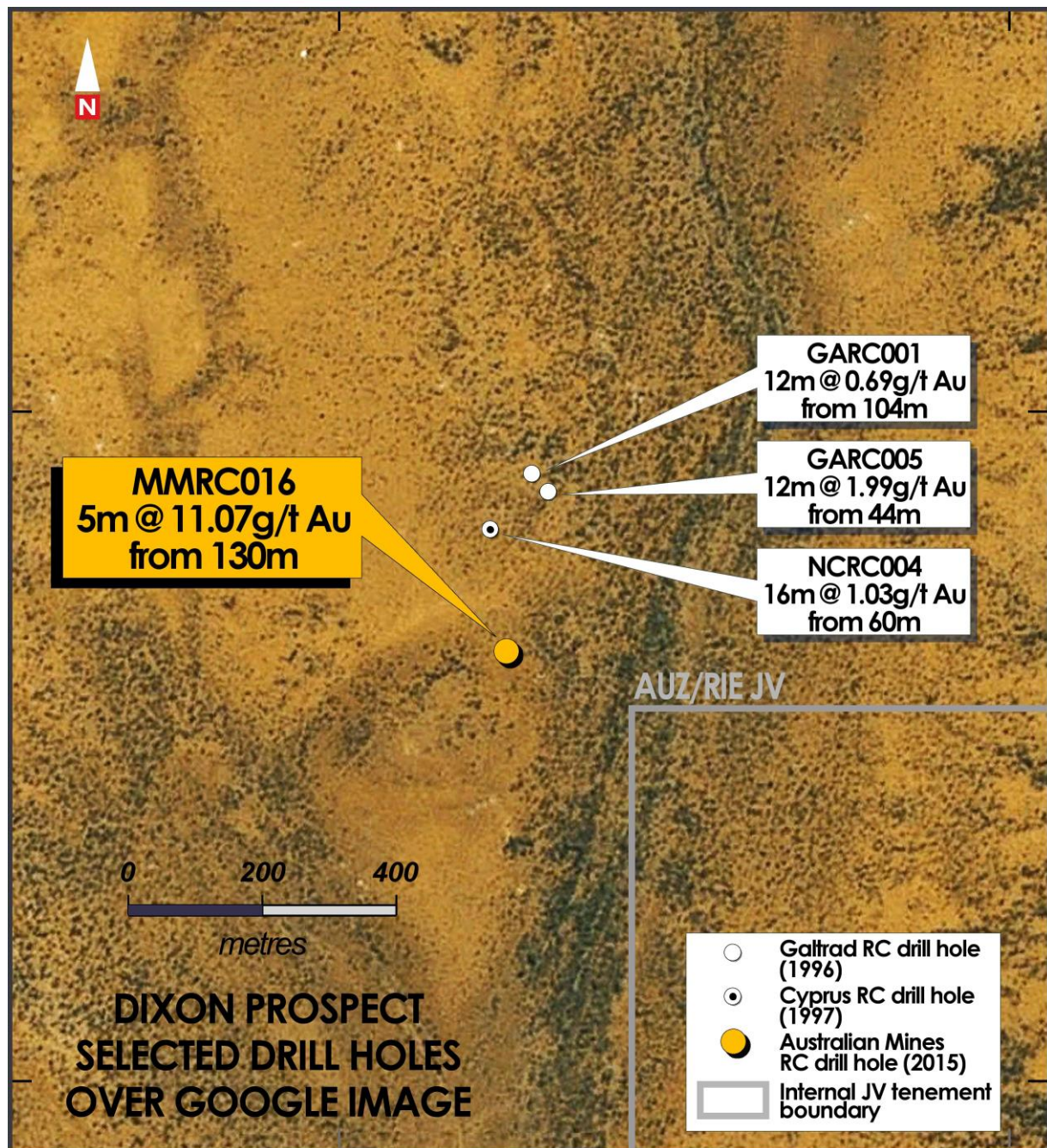


Figure 2: Indicative plan showing the location of the Australian Mines' recent reverse circulation (RC) drill hole at Dixon in relation to gold intersections returned from selected historic RC drilling across the target area. No drilling or exploration activities has been conducted over the Dixon target since 1997 when hole NCRC004, located 200 metres north and along strike of Australian Mines' recent drill hole MMRC016, intersected a 16 metre thick layer of supergene gold grading at 1.03 g/t gold⁸.

⁸ Cyprus Gold Australia, Annual Report - Combined Reporting Group C153/1996, submitted to WA Department of Mines and Petroleum in December 1997



About Australian Mines

Australian Mines Limited (ASX: AUZ) is an Australian-listed resource company targeting copper, nickel and gold deposits. The Company is actively exploring the Doolgunna-Marymia region of Western Australia, which has demonstrated the potential to host significant base metal and gold mineralisation including Sandfire's DeGrussa Copper-Gold Mine and Northern Star's Plutonic Gold Mine. The Company also holds 100% interest in the Marriotts Nickel Project near Leinster in Western Australia.

Doolgunna – Marymia Project

Agreement to earn up to 80% interest in E52/2394 & E52/2395

Australian Mines signed a Heads of Agreement with Riedel Resources (ASX: RIE) in April 2014 covering the tenements E52/2394 and E52/2395.

As announced on 29 May 2015, Australian Mines currently holds a 51% interest in these tenements and the Company has elected to acquire an additional 29% interest in the project (taking the total to 80%) by spending a further \$2 million on exploration by May 2018.

Agreement to earn up to 80% interest in E52/2440, E52/2444, E52/2456, E52/2492, E52/2493 & E52/2468

Australian Mines entered into a Farm-in and Joint Venture Agreement with Lodestar Minerals (ASX: LSR) in June 2015 in respect of All Minerals Excluding Gold within the tenements of E52/2440, E52/2444, E52/2456, E52/2492, E52/2493 and E52/2468.

Under the terms of the agreement announced on 11 June 2015, Australian Mines may acquire a 51% interest in these tenements by spending \$1 million on exploration within an initial two-year period and making a \$250,000 payment to Lodestar in December 2015.

Following the acquisition of the initial 51%, Australian Mines may elect to acquire an additional 29% interest (taking the total to 80%) in these tenements by spending a further \$2 million on exploration within a further 24-month period.

Marriotts Nickel Project

100% interest in Mining Lease 37/96

Australian Mines holds a 100% interest in the Marriotts Nickel Project in Western Australia, which hosts a current Mineral Resource of: Indicated 460,000t @ 1.12% Ni plus Inferred 370,000t @ 1.13% Ni (reported at 0.5%Ni lower cut-off grade)⁹.

⁹ Australian Mines Limited, Annual Report for the year ended 30 June 2015, released 17 September 2015

**Appendix 1: Additional disclosure required by listing rule 3.10.5A in respect of the shares issued under the Company's 10% placement capacity under Listing Rule 7.1A**

- (a) Details of the dilution to existing holders of ordinary securities caused by the Placement is provided below:

	Shares	Percentage
Pre-Placement Security Holders	926,986,521	90.3%
Placement Shares issued under rule 7.1	18,297,978	1.8%
Placement Shares issued under rule 7.1A	81,702,022	7.9%
Total Post Placement Shares	1,026,986,521	100.0%

- (b) The 81,702,022 shares issued under Listing Rule 7.1A were issued to sophisticated and professional investors as it was considered to be the most efficient mechanism for raising funds needed for the Company's ongoing exploration programme.
- (c) The Placement was not underwritten.
- (d) The fundraising fee associated with the 81,702,022 shares issued under Listing rule 7.1A is \$49,021.21 plus GST