



9 July 2010

ASX Announcement

MT MARTIN EXPLORATION UPDATE **EAST SHEAR NORTH AND MAIN SHEAR NORTH**

Australian Mines Limited (ASX:AUZ) is pleased to announce further exploration success at Mt Martin gold project which is located 30 kilometres from Kalgoorlie in Western Australia.

Encouraging results have been received from recent drilling of East Shear North exploration target which lies to the east of the main Mt Martin pit (see attached Figure 3).

East Shear North - RC drilling Results

AUZ drilled a series of RC holes in the vicinity of the shallow East Shear North in June 2010 to follow up on near surface gold intercepts from previous drilling announced on 25 May 2010. The current drilling results include:

- Near surface gold mineralisation confirmed 40 metres east of the current East Lode pit outline, where the East Shear package is interpreted to intersect the surface.
- AUZRC 20 intersected **4 metres @ 7.47g/t** at a vertical depth of 9 metres, and **3 metres @ 5.58g/t** at a vertical depth of 17 metres.
- AUZRC 6 intersected **2 metres @ 3.48g/t** at a vertical depth of 9 metres.
- Additional potential along strike to the south.

The latest results suggest that there is potential some 45 metres to the east of the East Lode pit where the East Shear package is interpreted to intersect the natural ground surface (refer Figure 1).

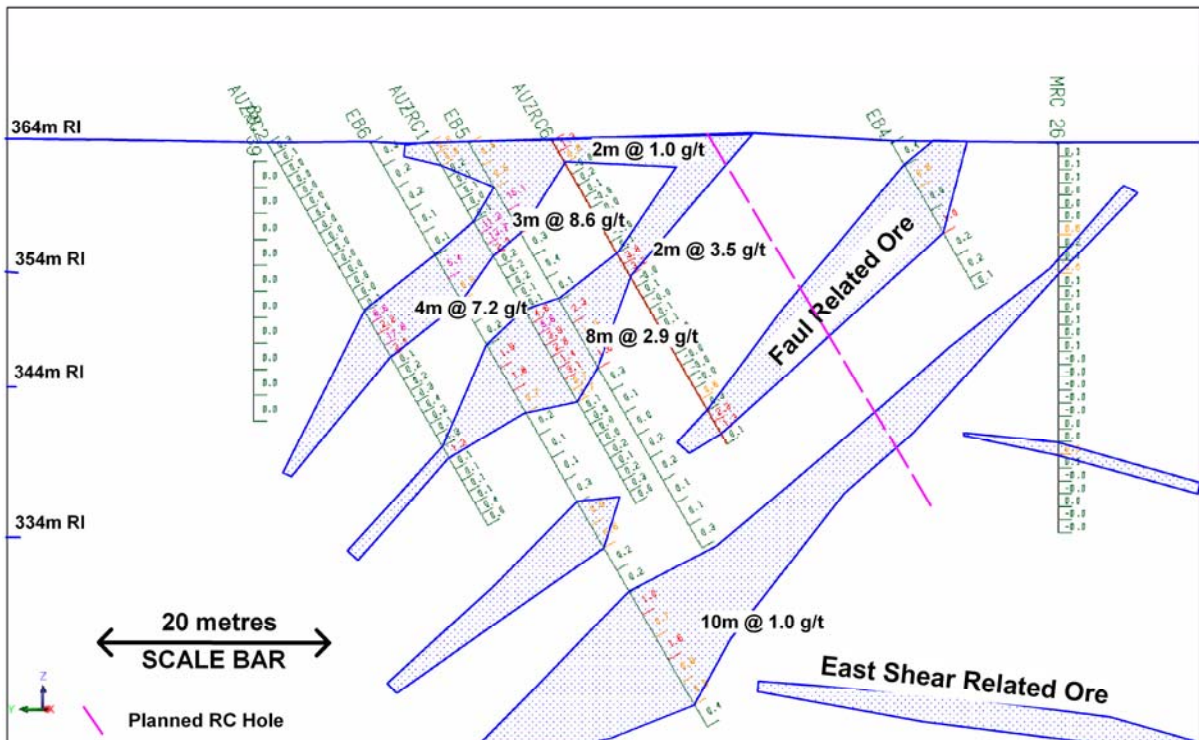
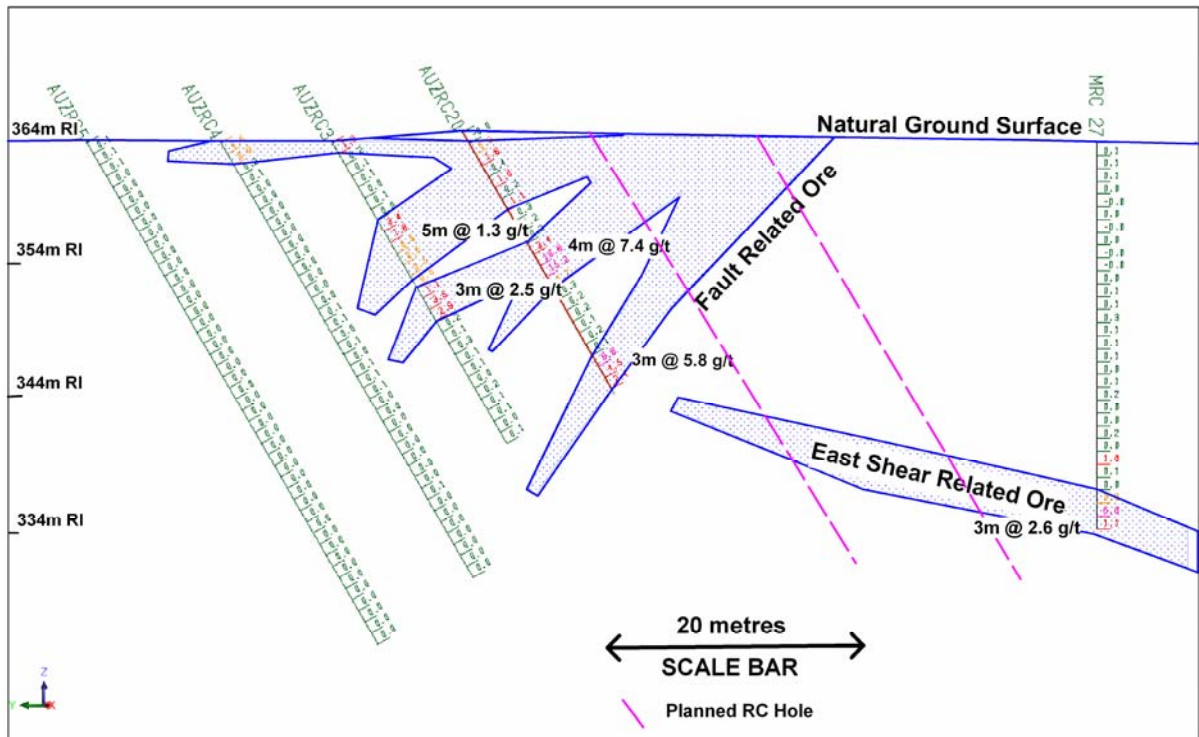


Figure 1: Stacked oblique cross-sections (15 m apart) through the East Shear North area, with interpreted lode structures and selected drill intercepts.



Main Shear North Project

The Main Shear North project is located on the Main Lode Shear system some 300 metres north east of the current Mt Martin pit.

- Drilling below a strong gold in soils anomaly by previous owners has defined considerable gold mineralisation, but to date no resource calculations have been completed.
- AUZ considers that there may be economic potential at the current gold price, and is constructing a resource model.

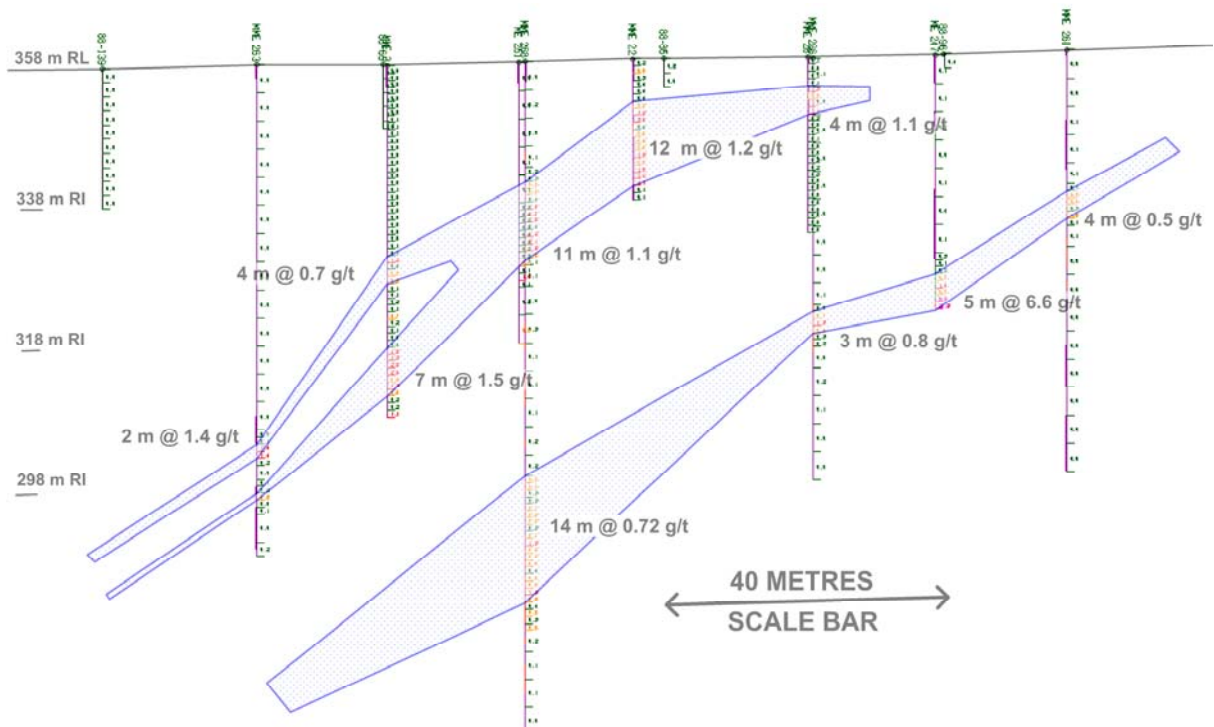


Figure 2: Main Shear North prospect –oblique cross-section with interpreted drill intersections (20 m slice)

Current Resources and Open Pit Optimisation Studies

AUZ recently released an upgrade to its Mt Martin resources with its latest model now containing Indicated and Inferred Resources of 4.7m tonnes at 2.19g/t for 328,000 ozs of AU.

The Mt Martin resource model is currently being optimised with the results of the preliminary open pit optimisation expected shortly.



Previous Production

Mt Martin gold mine has produced to date approximately 200,000 ounces of gold.

Gold ore was initially produced from a set of 4 shafts with the deepest underground workings at the 6 level which is 165 metres below the surface. In recent times shallow oxide ore was mined from an 800 metre long open pit.

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The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr E Poole who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Poole is employed by AUZ. Mr Poole 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 Poole has consented to the inclusion of the information in the form and context in which it appears.

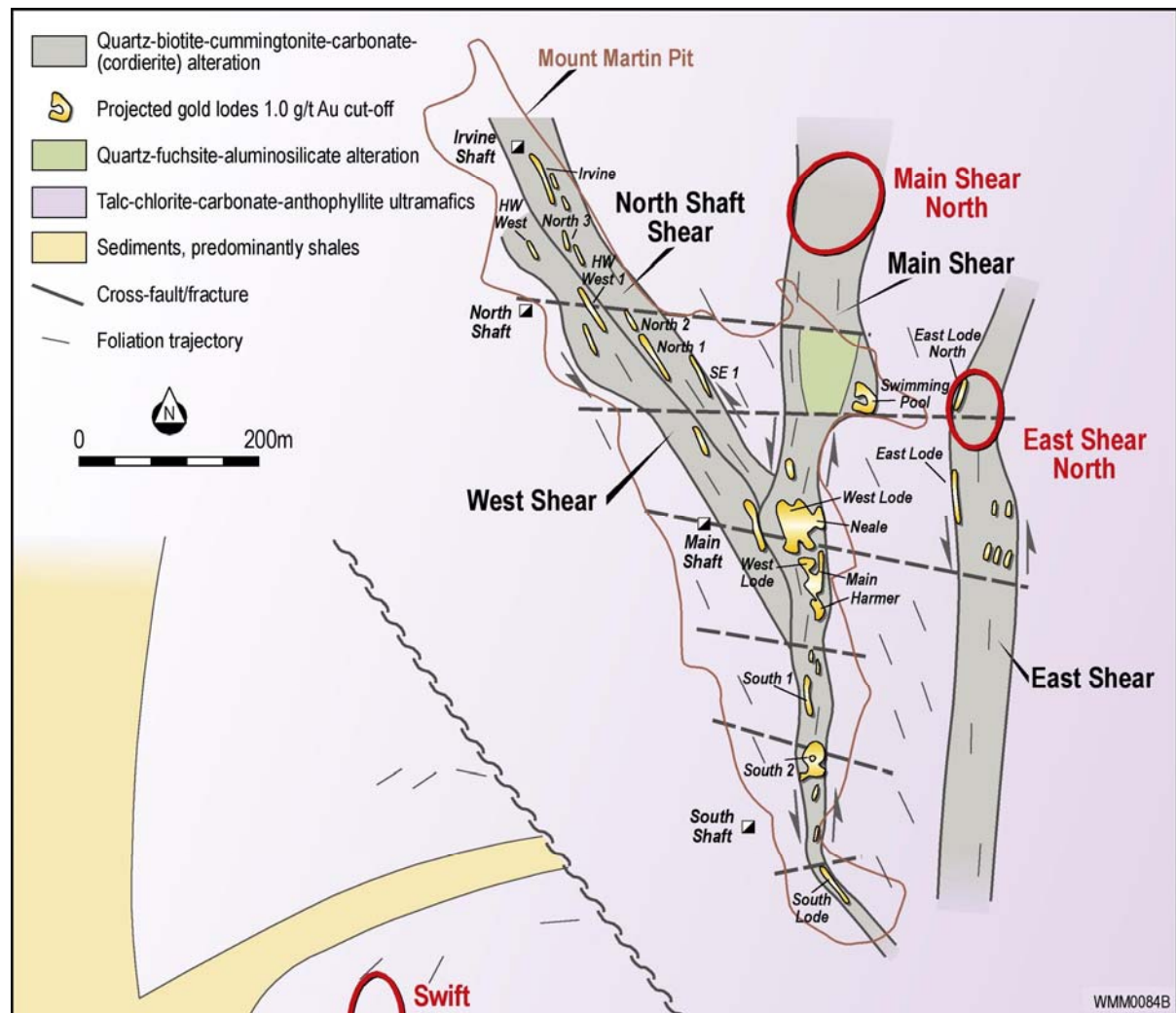


Figure 3: Mt Martin geology plan with prospects highlighted.



Hole Id	North (m)	East (m)	RI (m)	Azi (deg)	Dip (deg)	From (m)	Intercept (m)	Grade (g/t)
AUZRC6	6568160	374406	364	167	-60	0	2	1.06
						10	2	3.48
						24	2	1.79
AUZRC7	6568176	374387	364	167	-60	17	2	1.95
AUZRC8	6568135	374381	363	347	-60	nsa		
AUZRC9	6568169	374374	363	167	-60	nsa		
AUZRC10	6568140	374365	354	0	-90	7	2	1.53
AUZRC11	6568167	374359	362	167	-60	0	1	0.68
AUZRC12	6568102	374358	363	347	-80	7	3	1.40
						19	3	1.07
						31	4	2.46
AUZRC13	6568121	374354	355	0	-90	16	1	3.29
AUZRC14	6568131	374351	354	0	-90	19	1	1.18
						24	1	2.06
AUZRC15	6568123	374338	355	0	-90	3	3	2.89
AUZRC16	6568121	374323	361	0	-90	33	4	1.46
AUZRC20	6568170	374420	365	167	-60	1	2	1.24
						10	4	7.47
						20	3	5.58

Table 1: East Shear North Prospect- RC drilling intercepts June 2010.