



QUARTERLY ACTIVITIES REPORT

For Period Ended 30 June 2013

ASX : AUZ

26 July 2013

HIGHLIGHTS

- Maiden drilling program intersected gold mineralisation at Yargarma and Kasele
- Best results included 2 metres @ 3.00 g/t gold from 124 metres (YADD007), 1 metre @ 5.92 g/t gold from 76 metres (YADD006), 1 metre @ 4.45 g/t gold from 34 metres (YADD005) and 2 metres @ 2.22 g/t gold from 197 metres (KADD004)
- Follow-up field reconnaissance program completed over key Nigerian projects
- \$2.75 million received from divestment of non-core Australian asset (post period)

Australian Mines Limited ("Australian Mines" or "the Company") is pleased to provide shareholders its Quarterly Activities Report for the period ended 30 June 2013.

YARGARMA (AUZ 100%)

The Company's Yargarma project area is located 350 kilometres northwest of Nigeria's capital city, Abuja and within the country's northwest goldfields.

Australian Mines undertook a first-pass drilling program of the Yargarma project between November 2012 and January 2013.

This drilling program, which comprised eight diamond core holes for a total of 1,227 metres, was designed to test a series of conceptual targets identified through the Company's previously completed airborne geophysical and surface geochemical sampling surveys (Figure 1).

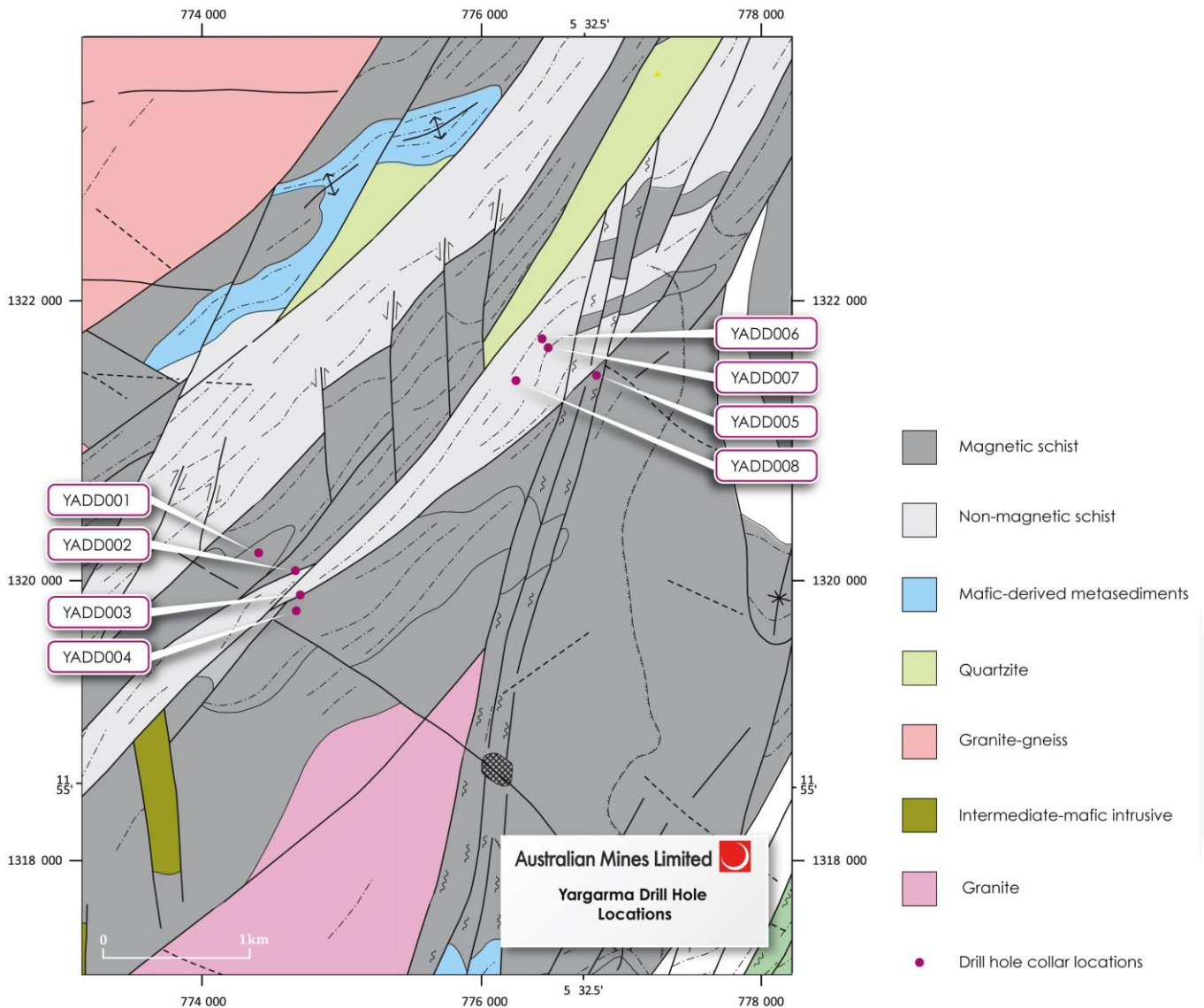


Figure 1: Collar locations of Australian Mines' maiden drilling program at Yargarma overlaid on map of the project area's interpreted geology. All eight drill holes at Yargarma were designed to test conceptual targets (either geochemical or geophysical targets). Drill holes YADD002, YADD003 and YADD004, for example, tested a coincident surface geochemical anomaly that is spatially related to a northeast-trending second-order geological fault. Diamond holes YADD001, YADD006, YADD007 and YADD008 targeted a series of subtle magnetic lineaments that approximately parallels a northeast-trending fault structure. These are conceptual targets based on the principle that magnetite is thought to be associated with some styles of gold mineralisation noted across Nigeria. Drill hole YADD005 was designed to test the intersection of two significant geological structures (a shear zone trending north-northeast and a northeast-trending second-order fault structure).



On 22 May 2013, Australian Mines announced that it had received the final assay results for all eight diamond core holes drilled at Yargarma (Table 1). The assay results included 2 metres @ 3.00 g/t gold from 124 metres (YADD007), 1 metre @ 5.92 g/t gold from 76 metres (YADD006) and 1 metre @ 4.45 g/t gold from 34 metres (YADD005). These are the first exploration holes ever drilled on this project.

During the June quarter, the Company's exploration team revisited the targets tested during the 2012-13 drilling program, in addition to completing a new round of field reconnaissance on some additional targets at Yargarma. Australian Mines is currently completing a review of the data acquired over the Yargarma project area and will design an appropriate follow-up exploration program over the coming quarter.

KASELE (AUZ 100%)

The Company's Kasele project is located 20 kilometres southeast of the Yargarma project and lies within the Anka Schist Belt, renowned in Nigeria as an attractive region for gold mineralisation.

Australian Mines completed a first-pass drilling program at Kasele in March 2013. This program comprised four diamond core holes totalling 438 metres (Table 2).

During the June quarter, Australian Mines received the assay results from this drilling program that included 2 metres @ 2.22 g/t gold from 197 metres and 2 metres @ 1.11 g/t gold from 25 metres in hole KADD004.

The Company is currently reviewing the results from the Kasele drilling and will advise shareholders shortly of the work program anticipated for the coming field season.



TEGINA (AUZ 100%)

The Company's Teginia project is located 130 kilometres northwest of Abuja and covers an area of 660 square kilometres.

Previous analysis undertaken by Australian Mines in collaboration with SRK Consulting indicates the Teginia project is prospective for gold mineralisation, particularly in areas where the regional Kalanghai Fault intersects granite bodies.

During this period, Australian Mines completed field reconnaissance of a number of target zones located across the Teginia project area. The Company is presently reviewing the data obtained during this field work and will subsequently design an appropriate follow-up exploration program.

CORPORATE

\$2.75 million received from divestment of non-core Australian asset

Post quarter end, Australian Mines announced it had received the final payment of \$2,750,000 (\$2,500,000 + GST) from HBJ Minerals Pty Ltd, a wholly-owned subsidiary of Alacer Gold Corp (TSX: ASR; ASX: AQG), in relation to the sale of the Mt Martin gold project (as announced 4 October 2011).

The receipt of this final payment places Australian Mines in an enviable position against the current economic backdrop where many junior explorers are finding themselves in low cash positions, unable to raise equity in the present market conditions.

With this cash in the bank, Australian Mines remains fully-funded to not only continue its exploration program on the ground in Nigeria, but allows the Company to actively seek other opportunities that could add significant value for shareholders. The Company looks forward to updating the market on any developments in this area.



Change of Company Secretary

On 18 June 2013, the Company announced the appointment of Mr Michael Ramsden as Australian Mines' Company Secretary, in addition to his role as non-executive Chairman. The Company thanks Ms Sally Grice for her contribution in her role as Company Secretary to Australian Mines and wishes her well in the future.

*****ENDS*****

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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 a full-time employee and 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.



Prospect	Hole Number	Easting	Northing	Dip	Azimuth	Total Depth (metres)	RL	From	To	Interval (metres)	Grade (g/t Au)
Yargarma	YADD001	774549	1320192	-60	290	178.8	400				NSI
Yargarma	YADD002	774755	1320080	-60	300	85.8	336				NSI
Yargarma	YADD003	774821	1319796	-45	340	205.6	339				NSI
Yargarma	YADD004	774840	1319854	-45	245	205.2	343				NSI
Yargarma	YADD005	776817	1321476	-60	110	113.5	329	34	35	1	4.45
Yargarma	YADD006	776462	1321704	-45	180	128.1	340	76	77	1	5.92
								85	87	2	1.19
Yargarma	YADD007	776429	1321671	-45	110	140.1	340	43	44	1	0.46
								110	111	1	0.68
								124	126	2	3.00
Yargarma	YADD008	776302	1321410	-60	290	170.3	332	59	60	1	0.97

Table 1: Assay results received from Australian Mines' Yargarma diamond core drilling program

Prospect	Hole Number	Easting	Northing	Dip	Azimuth	Total Depth (metres)	RL	From	To	Interval (metres)	Grade (g/t Au)
Kasele	KADD001	817412	1298509	-90	360	59.7	421				NSI
Kasele	KADD002	817376	1298513	-45	220	89.9	420				NSI
Kasele	KADD003	815410	1296950	-45	212	89.2	401	71	72	1	0.96
Kasele	KADD004	815422	1296898	-45	288	199.9	401	25	27	2	1.11
								197	199	2	2.22

Table 2: Assay results received from Australian Mines' Kasele diamond core drilling program

All co-ordinates are recorded in WGS84 UTM Zone 31 North.

Drill hole collar co-ordinates were obtained using handheld GPS and are accurate to within +/- 5 metres.

Reduced Level (RL) is reported in metres above sea level.

All lengths and intervals are reported in metres.

All holes were drilled using standard tube diamond core.



Unless otherwise stated, all drill holes are HQ diameter core to competent fresh bedrock (~30 metres down hole) changing to NQ diameter core to end of hole.

Where possible, core orientations was recorded every 3 metres for each hole using the standard spear method.

Core samples were taken as half HQ or half NQ core, and sampled at regular one metre intervals for the entire length of each diamond core hole.

Sample preparation and analysis of samples from holes YADD001 and YADD003 was undertaken at Bureau Veritas in Abidjan, Cote d'Ivoire.

Sample preparation and analysis of samples from holes YADD002, 004, 005, 006, 007 and 008 was undertaken at Intertek Minerals in Tarkwa, Ghana.

Sample preparation and analysis of samples from holes KADD001, 002, 003 and 004 was undertaken at Intertek Minerals in Tarkwa, Ghana.

All samples were pulverised to produce a 50 gram charge, which was analysed by Fire Assay.

The quality of the analytical results is monitored through the use of internal laboratory procedures and standards in addition to Certified Reference Material (supplied by ORE Research and Exploration in Melbourne, Australia) and duplicates to ensure the results are representative and within acceptable ranges of accuracy and precision.

All data received from the assay laboratories is independently verified by rOREdata in Perth, Australia.

Data entry and electronic storage of Australian Mines' assay data adheres to the industry's accepted protocols and is managed by rOREdata in Perth, Australia.

Intercept intervals are reported as down hole length (true width not known)

Intercepts calculated using a 0.5 g/t Au lower cut, no upper cut and a maximum 2 metre interval dilution.

The term 'NSI' in the grade column of the above table is an abbreviation of *No Significant Intercept*.



About Australian Mines:

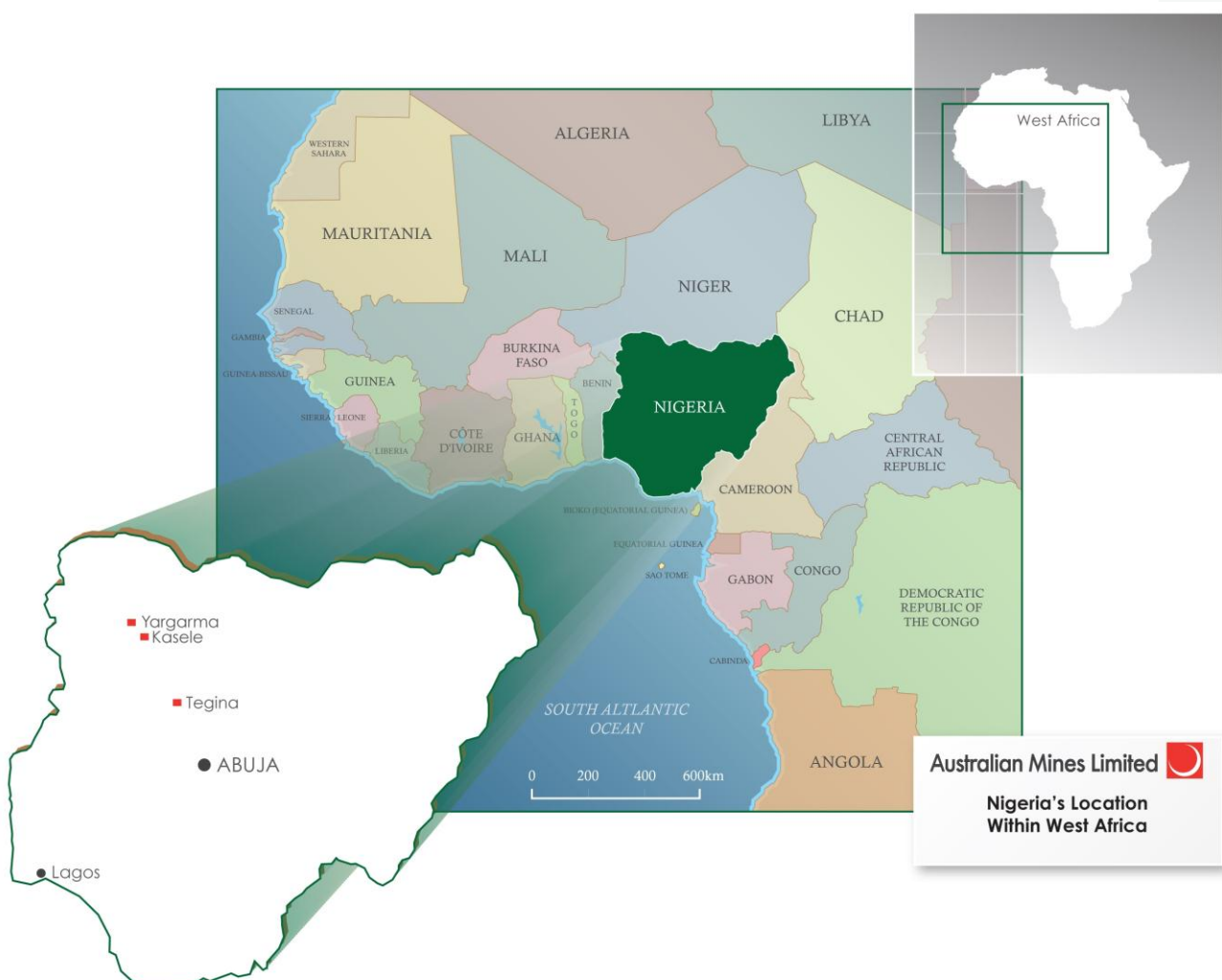
Australian Mines (ASX: AUZ) is an Australian-listed resource company targeting gold and base metals deposits.

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 gold 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 Teginja project areas, with this program being fully-funded through to at least early 2015.



Appendix 5B

Mining exploration entity quarterly report

Name of entity

AUSTRALIAN MINES LIMITED – AUZ

ABN

68 073 914 191

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to Date (12 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) exploration & evaluation	(248)	(2,140)
(b) development	-	-
(c) production	-	-
(d) administration	(247)	(986)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	71
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(488)	(3,055)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	(102)
1.9 Proceeds from sale of:		
(a) prospects		770
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – payment of GST on proceeds from sales		(320)
Net Investing Cash Flows	0	348
1.13 Total operating and investing cash flows (carried forward)	(488)	(2,707)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(488)	(2,707)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. net of costs		(2)
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	(2)
	Net increase (decrease) in cash held	(488)	(2,709)
1.20	Cash at beginning of quarter/year to date	976	3,197
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	488	488

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current Quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	148
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive and Non-Executive Directors Fees and Superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount Available \$A'000	Amount Used \$A'000
3.1 Loan facilities – Final Progress payment received July 2013 for tenements sold	2,750	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	140
4.2 Development	-
4.3 Production	-
4.4 Administration	298
Total	438

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	145	211
5.2 Deposits at call	123	514
5.3 Bank overdraft	-	-
5.4 Other (provide details) – Security bonds, restricted	219	251
Total: cash at end of quarter (item 1.22)	488	976

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
	Australia			
	ELoc45	Registered Holder	100%	0%
	M26/464	Registered Holder	100%	0%
	M26/132	Registered Holder	100%	0%
	M26/782	Registered Holder	100%	0%
	P26/3346	Registered Holder	100%	0%
	P26/3347	Registered Holder	100%	0%
	P26/3348	Registered Holder	100%	0%
	P26/3349	Registered Holder	100%	0%
	E26/148	Registered Holder	100%	0%
	E26/139	Registered Holder	100%	0%
	Nigeria			
	EL1049	Registered Holder	100%	0%
	EL8584	Registered Holder	100%	0%
	EL8588	Registered Holder	100%	0%
	EL8590	Registered Holder	100%	0%
	EL8594	Registered Holder	100%	0%
	EL8723	Registered Holder	100%	0%
	EL8728	Registered Holder	100%	0%
EL9007	Registered Holder	100%	0%	
EL9021	Registered Holder	100%	0%	
EL9537	Registered Holder	100%	0%	
6.2	Interests in mining tenements acquired or increased			
	-			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference *securities <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 *Ordinary securities	666,911,575	666,911,575		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<u>Exercise price</u>	<u>Expiry date</u>
	11,333,330	Nil	\$0.027	30 Nov 2014
	11,333,335	Nil	\$0.035	30 Nov 2014
	11,333,335	Nil	\$0.045	30 Nov 2014
	4,533,334	Nil	\$0.020	30 Nov 2014
	4,533,333	Nil	\$0.025	30 Nov 2014
	4,533,333	Nil	\$0.030	30 Nov 2014
7.8 Issued during quarter				
7.9 Exercised during quarter	560	Nil	\$0.04	30 June 2013
7.10 Expired during quarter	59,562,492	Nil	\$0.04	30 June 2013
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Managing Director)

Date: 26 July 2013

Print name: Benjamin Bell

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities: The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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