



QUARTERLY ACTIVITIES REPORT

For Period Ended 31 December 2013

ASX : AUZ

23 January 2014

Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to provide shareholders its Quarterly Activities Report for the period ended 31 December 2013.

During this quarter, Australian Mines diligently continued carrying out its corporate objective (as announced on 1 August 2013) to acquire advanced projects outside of Nigeria. The Company has conducted varying levels of due diligence across a number of projects in various jurisdictions and at the time of this report, was in discussions with several groups regarding the potential for project acquisition or joint venture.

As part of its continued effort to reduce costs, Managing Director Benjamin Bell has elected to take a significant pay reduction to \$200,000 per annum plus superannuation. Non-executive Directors salaries have also been reduced by almost one-third. This is a total saving of over \$185,000 per annum. Australian Mines remains focused on delivering value to its shareholders and the continued cost reduction strategies implemented by the Company during the last six months have significantly decreased Australian Mines’ administration and overheads costs.

The Company remains in a strong financial position with approximately \$2.1 million cash in the bank and no debt as at 31 December 2013.



Background of Corporate Review

As announced by the Company on 1 August 2013, Australian Mines suspended its early-stage West African gold exploration activities in favour of acquiring more advanced projects in other mining friendly jurisdictions, which the Company can develop into a profitable mining operation in the medium-term.

Australian Mines continues to wind down its activities in Nigeria including closing its field operations office in Abuja and reducing the number of tenements held by the Company. It is the Company's aim to only hold the key exploration licences of Yargarma, Kasele, Tsauni and Kwali, which Australian Mines will continue to maintain in good standing in anticipation of a positive turnaround in market sentiment for greenfields exploration projects in the longer term.

*****ENDS*****

For further information, shareholders and media please contact:

Benjamin Bell

Managing Director

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Competent Person's Statement

Information in this report that relates to 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 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 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.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

AUSTRALIAN MINES LIMITED – AUZ

ABN

68 073 914 191

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

	Current Quarter \$A	Year to Date (6 Months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) exploration & evaluation	(11,133)	(230,908)
(b) development	-	-
(c) production	-	-
(d) administration	(371,075)	(621,169)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21,393	49,586
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(360,815)	(802,491)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	2,500,000
(b) equity investments	-	-
(c) other fixed assets	7,461	7,461
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net Investing Cash Flows	7,461	2,507,461
1.13 Total operating and investing cash flows (carried forward)	(353,354)	1,704,970

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(353,354)	1,704,970
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. net of costs	-	-
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	-	-
	Net increase (decrease) in cash held	(353,354)	1,704,970
1.20	Cash at beginning of quarter/year to date	2,539,296	487,510
1.21	Exchange rate adjustments to item 1.20	-	(6,538)
1.22	Cash at end of quarter	2,185,942	2,185,942

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	
1.23	Aggregate amount of payments to the parties included in item 1.2	155,448
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	Amount Used \$A
3.1 Loan facilities –	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A
4.1 Exploration and evaluation	45,000
4.2 Development	-
4.3 Production	-
4.4 Administration	204,250
Total	249,250

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	Previous Quarter \$A
5.1 Cash on hand and at bank	24,142	77,496
5.2 Deposits at call	2,150,000	2,450,000
5.3 Bank overdraft	-	-
5.4 Other (provide details) – Security bonds, restricted	11,800	11,800
Total: cash at end of quarter (item 1.22)	2,185,942	2,539,296

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			
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				
7.10 Expired during quarter				
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: 23 January 2014

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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