



ASX ANNOUNCEMENT

ASX : AUZ

11 June 2015

Australian Mines increases Marymia ground holding

Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to advise shareholders that it has entered into a farm-in and joint venture agreement (the “Agreement”) with Lodestar Minerals Limited (ASX: LSR) covering the Ned’s Creek and Marymia tenements, which immediately surround the Company’s existing Marymia Project.

This Agreement has enabled Australian Mines to increase significantly its footprint in the prospective Doolgunna-Marymia region of Western Australia (home to Sandfire’s DeGrussa Copper Mine) including an additional 15 kilometres strike continuity of the priority Jenkin Fault structure, being the key controlling structure of the mineralisation at DeGrussa¹.

Through this Agreement, which includes all minerals except gold², the Company has also acquired a number of advanced copper targets including the Little Well copper prospect where surface mapping in 2012 discovered outcropping copper mineralisation, which subsequently assayed 3.3% copper³.

Importantly, this outcropping copper mineralisation at Little Well is located only 3 kilometres from Sandfire Resources’ Thaduna Copper Mine and is currently untested by bedrock drilling or applicable electromagnetic survey methods.

The Area 7 prospect similarly appears prospective for DeGrussa-style copper mineralisation. Located near the intersection of a secondary northwest-trending fault structure and the regionally significant Jenkin Fault, a surface soil-sampling program completed in 2013 over the Area 7 target area successfully defined a 2-kilometre copper-in-soil anomaly that appears to be constrained by the northwest structures^{4,5}.

A first-pass shallow rotary air blast (RAB) drill program previously completed over the eastern margin of this copper-in-soil anomaly returned an encouraging copper intersection of 4 metres @ 0.23% copper from 18 metres down hole⁶. The bedrock potential for primary copper mineralisation at this location remains untested by drilling. Similarly, no electromagnetic surveys have previously been undertaken across the Area 7 copper anomaly.

¹ Thundelarra Limited, Presentation at Noosa Mining and Exploration Conference, released 17 July 2014

² Under this Agreement, *All Minerals Excluding Gold* means any mineralisation where gold either is absent or, if present, is not the dominant mineral within a maiden Mineral Resource.

³ Lodestar Minerals Limited, Significant copper and gold targets at Ned’s Creek, Peak Hill-Doolgunna Project, released 16 November 2012

⁴ Area 7 target area was also referred to as the Yadgymurrin Prospect in Lodestar’s previous reports

⁵ Lodestar Minerals Limited, September 2013 Quarterly Activities Report, released 30 October 2013

⁶ Galtrud Pty Ltd, Annual Report for tenements E52/592, P52/797 to 799, submitted to the Western Australian Department of Mines and Petroleum, November 1995

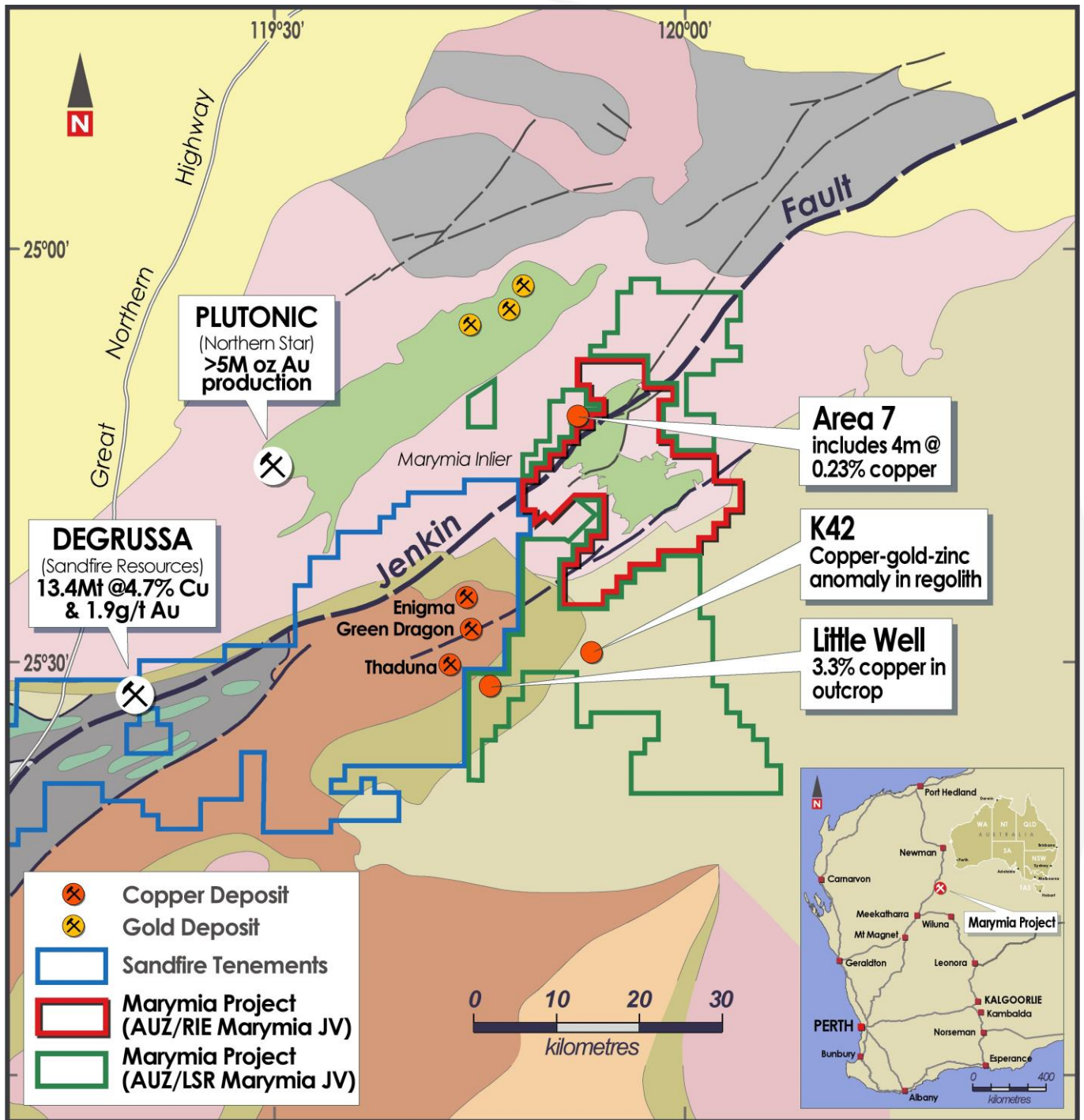


Figure 1: Australian Mines has recently entered into an agreement to acquire a majority interest in Lodestar Minerals' Ned's Creek and Marymia tenements (shown in green). This newly acquired tenement package triples the Company's footprint in this emerging copper province to 1,380 square kilometres and provides Australian Mines with a number of high priority copper targets in addition to the targets already identified across the Company's existing Marymia project area (shown in red).

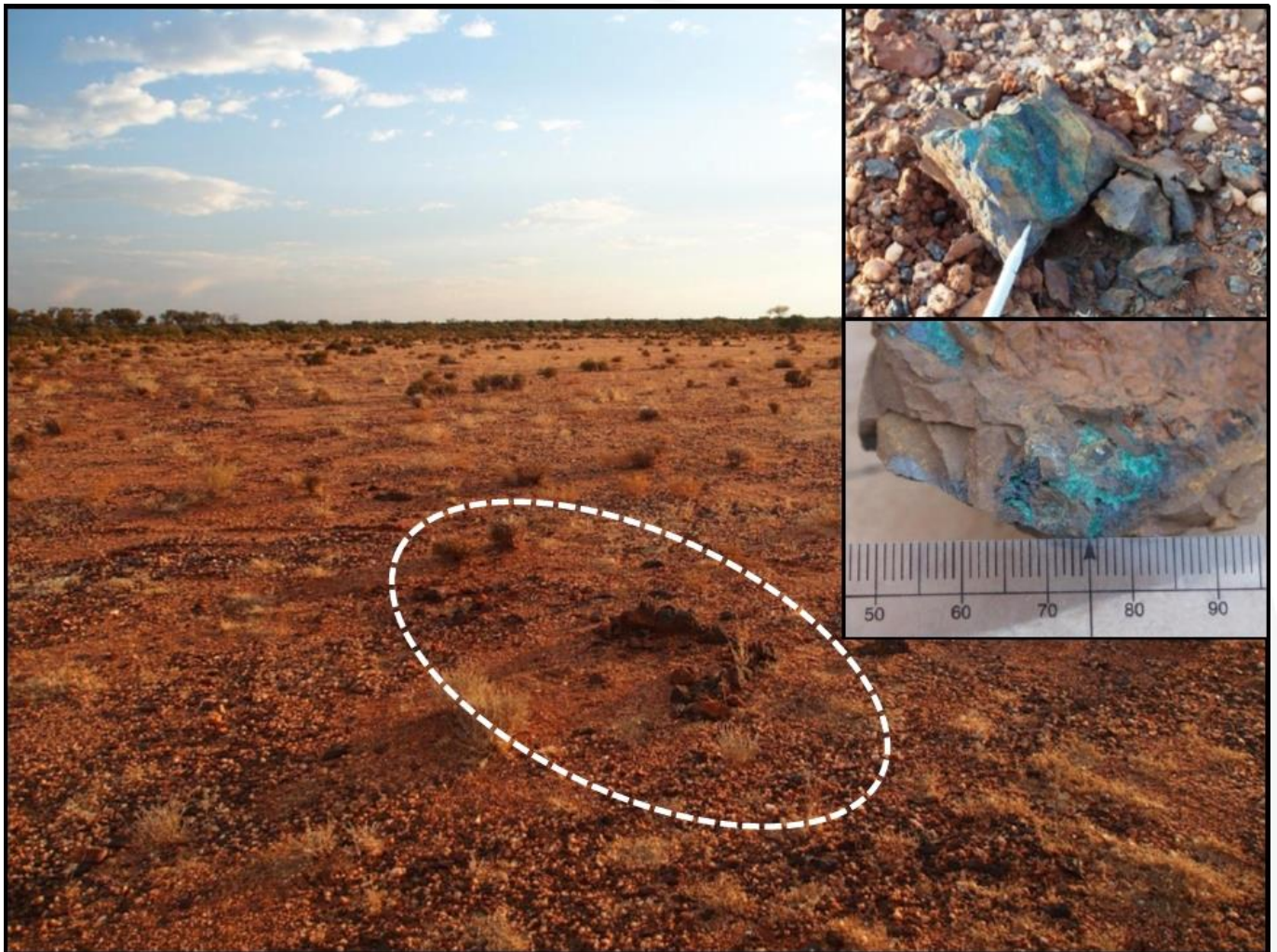


Figure 2: Copper mineralisation was discovered outcropping at the Company's Little Well copper prospect. This outcrop is located 3 kilometres from Sandfire Resources' Thaduna Copper Mine and rock samples taken from this site (see insert) subsequently assayed 3.3% copper⁷.

⁷ Lodestar Minerals Limited, Significant copper and gold targets at Ned's Creek, Peak Hill-Doolgunna Project, released 16 November 2012

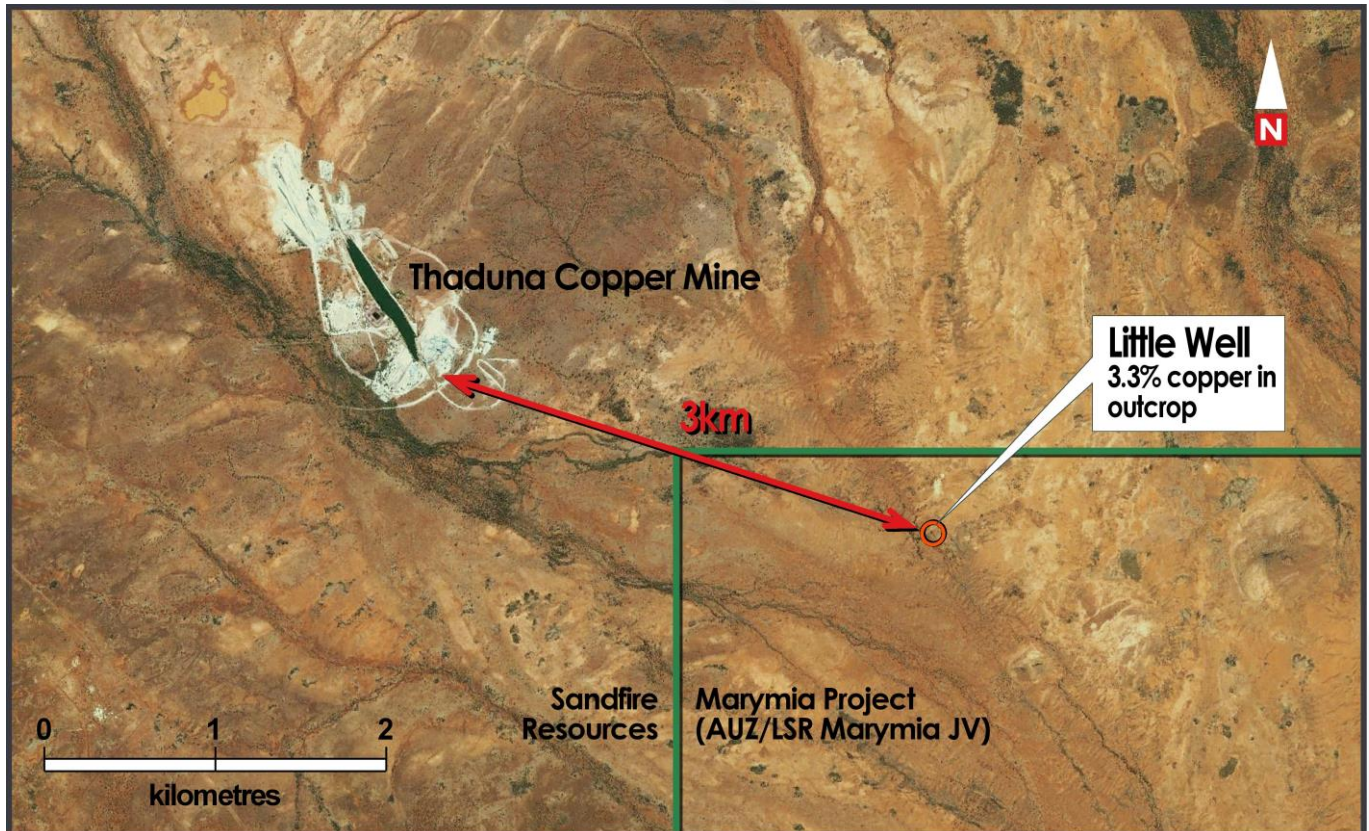


Figure 3: Australian Mines' Little Well copper prospect is located only 3 kilometres from Sandfire Resources' Thaduna Copper Mine. Despite the presence of copper mineralisation at surface, this target is currently untested by bedrock drilling or applicable electromagnetic survey methods.

Encouraged by the exploration results received to date from the Little Well and Area 7 copper prospects, and the presence of a number of other targets including the K42 and Breccia Hill base metal anomalies, Australian Mines intends to commence on-ground exploration of the newly-acquired Ned's Creek and Marymia tenements in the coming weeks.

The proposed timing of this exploration is expected to coincide with the receipt of the final assay results from Company's reverse circulation (RC) drilling where Australian Mines drilled 12 holes for a total of 2,200 metres, testing six discrete geophysical and/or geochemical anomalies on the Marymia joint venture ground with Riedel Resources⁸.

⁸ Australian Mines Limited, Quarterly Activities Report for the period ended 31 December 2014, released 27 January 2015



Key Terms of the Agreement

Pursuant to the terms of the Agreement:

- Australian Mines paid \$100,000 to Lodestar on signing of the Agreement.
- Australian Mines has the right to withdraw subject to spending a minimum of \$150,000 in exploration on the Ned's Creek and Marymia Tenements (as listed in Appendix 1) within six months from the signing of the Agreement ('Minimum Expenditure').
- If Australian Mines exercises its option to continue following the \$150,000 Minimum Expenditure, the Company must make a cash payment to Lodestar of \$250,000.
- Australian Mines may acquire a 51% interest in All Minerals Excluding Gold within the Ned's Creek and Marymia Tenements by spending \$1 million (including the Minimum Expenditure) on exploration within an initial two-year period from the signing of the Agreement. (Under this Agreement, *All Minerals Excluding Gold* means any mineralisation where gold either is absent or, if present, is not the dominant mineral within a maiden Mineral Resource. Lodestar's Contessa and Brumby gold discoveries are excluded from this Agreement).
- Following the acquisition of the initial 51%, Australian Mines may elect to acquire an additional 29% interest (taking the total to 80%) in the Tenements by spending a further \$2 million on exploration within a further 24-month period.
- Once Australian Mines has satisfied its earn-in obligations, with a resulting joint venture interest of either 51% or 80%, Lodestar may elect to contribute on a pro-rata basis or dilute their interest according to the standard industry formula.

Managing Director Benjamin Bell commented, "The signing of this joint venture agreement with Lodestar more than triples Australian Mines' footprint in this emerging copper district of Western Australia and offers the Company access to a number of additional high priority copper targets across this promising region.

The presence of outcropping copper mineralisation within 3 kilometres of an existing copper deposit at Little Well, for example, demonstrates the significant base metal potential of this newly acquired ground and we look forward to updating shareholders on the progress of our exploration across the greater Marymia project area over the coming months".

*****ENDS*****



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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.



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 in Western Australia, which has demonstrated the potential to host gold and base metal mineralisation.

Marymia Nickel-Copper-Gold 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 Marymia nickel-copper-gold project (tenements E52/2394 & E52/2395), located 55 kilometres northeast and along strike of Sandfire Resources' world class DeGrussa Copper-Gold Mine.

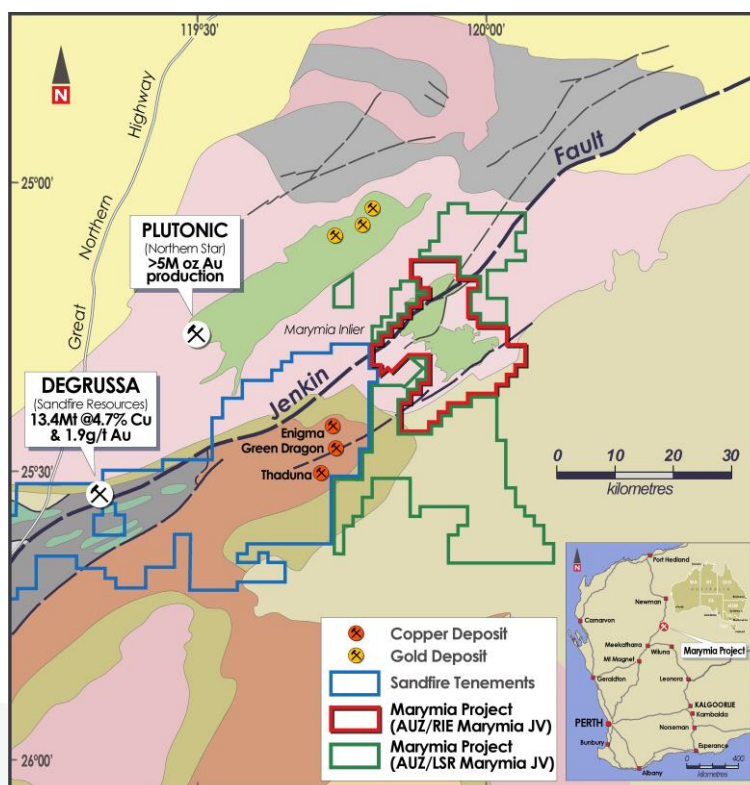
As announced on 29 May 2015, Australian Mines currently holds a 51% interest in these tenements and the Company has elected to acquire an additional 29% interest in the project (taking the total to 80%) by spending a further \$2 million on exploration by May 2018.

Marymia and Ned's Creek Copper Project (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 Marymia and Ned's Creek tenements of E52/2440, E52/2444, E52/2456, E52/2492, E52/2493 & E52/2468.

Included within these tenements is Little Well copper prospect where recent surface mapping discovered outcropping copper mineralisation (3.3% copper) in close proximity to Sandfire Resources' Thaduna Copper Mine⁹.

Under the terms of the Agreement announced on 11 June 2015, Australian Mines may acquire a 51% interest in the Marymia and Ned's Creek tenements by spending \$1 million on exploration within an initial two-year period. 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.



⁹ Lodestar Minerals, Significant copper and gold targets at Ned's Creek, Peak Hill-Doolgunna Project, 16 November 2012



Appendix 1: Tenements Schedule

Table 1: Tenements subject to Australian Mines' farm-in and joint venture agreement

Tenement Type	Tenement Number	Registered Holder	Project Area
Exploration Licence	52/2440	Audacious Resources Pty Ltd	Ned's Creek
Exploration Licence	52/2444	Audacious Resources Pty Ltd	Ned's Creek
Exploration Licence	52/2456	Audacious Resources Pty Ltd	Ned's Creek
Exploration Licence	52/2492	Audacious Resources Pty Ltd	Marymia
Exploration Licence	52/2493	Audacious Resources Pty Ltd	Marymia
Exploration Licence	52/2468	Audacious Resources Pty Ltd	Ned's Creek

Audacious Resources Pty Ltd is a wholly owned subsidiary of ASX-listed Lodestar Minerals Limited (ASX: LSR). Australian Mines has entered into a farm-in and joint venture with Audacious Resources Pty Ltd in respect to All Minerals Excluding Gold within the Ned's Creek and Marymia Tenements.

Under this Agreement, *All Minerals Excluding Gold* means any mineralisation where gold either is absent or, if present, is not the dominant mineral within a maiden Mineral Resource. Lodestar's Contessa and Brumby gold discoveries within tenement E52/2456 are excluded from this Agreement.