

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 2015

Consolidated statement of cash flows

	Current Quarter \$A	Year to Date (12 Months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) exploration & evaluation	(472,746)	(1,870,090)
(b) development	-	-
(c) production	-	-
(d) administration	(176,717)	(835,038)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5,916	42,837
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	10,425	48,868
Net Operating Cash Flows	(633,122)	(2,613,423)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(3,980)	(28,941)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	5,763
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net Investing Cash Flows	(3,980)	(23,178)
1.13 Total operating and investing cash flows (carried forward)	(637,102)	(2,636,601)

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1.13	Total operating and investing cash flows (brought forward)	(637,102)	(2,636,601)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc. net of costs		1,333,891
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		-	1,333,891
Net increase (decrease) in cash held		(637,102)	(1,302,710)
1.20	Cash at beginning of quarter/year to date	1,032,246	1,700,487
1.21	Exchange rate adjustments to item 1.20	1,966	(667)
1.22	Cash at end of quarter (i)	397,110	397,110

- (i) Post-period, Australian Mines announced on 10 July 2015 that the Company had completed a placement of 105 million ordinary fully paid shares at an issue price of 0.5 cents each, raising \$525,000 before costs

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	99,750
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	272,000
4.2 Development	-
4.3 Production	-
4.4 Administration	97,000
Total	369,000

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	385,312	27,446
5.2 Deposits at call	-	993,000
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)	397,112	1,032,246

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	-	-	-	-

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	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.2 Interests in mining tenements acquired or increased	<u>Western Australia</u>			
	AUZ/RIE JV	-		
	E52/2394	Farm-in (see below)	0%	51%
	E52/2395	Farm-in (see below)	0%	51%
	AUZ/LSR JV			
	E52/2440	Farm-in (see below)	-	-
	E52/2444	Farm-in (see below)	-	-
	E52/2456	Farm-in (see below)	-	-
	E52/2468	Farm-in (see below)	-	-
	E52/2492	Farm-in (see below)	-	-
	E52/2493	Farm-in (see below)	-	-

Australian Mines Limited (AUZ) – Reidel Resources Limited (RIE) Agreement

On 29 May 2015, Australian Mines (ASX: AUZ) announced that the Company has earned a 51% interest in the exploration tenements E52/2394 and E52/2395, having met the terms under the Heads of Agreement with Riedel Resources (ASX: RIE) to spend \$1 million in exploration before April 2016.

The key terms of the AUZ - RIE Agreement are summarised in the Company's announcement of 30 April 2014.

Australian Mines Limited (AUZ) – Lodestar Minerals Limited (LSR) Agreement

During the quarter, Australian Mines (ASX: AUZ) entered into a Farm-In and Joint Venture Agreement with Lodestar Minerals (ASX: LSR) covering the exploration tenements E52/2440, E52/2444, E52/2456, E52/2468, E52/2492 and E52/2493.

The key commercial terms of the Farm-In and Joint Venture Agreement were announced on 11 June 2015 and include:

- Australian Mines may acquire a 51% interest in All Minerals Excluding Gold within the tenements listed above in table 6.2 by spending \$1 million 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).
- Australian Mines has the right to withdraw from the Joint Venture subject to the Company spending a minimum of \$150,000 in exploration on these tenements within six months from the signing of the Agreement ('Minimum Expenditure').
- If Australian Mines exercises its option to continue with the Joint Venture after this initial six month period, the Company must make a cash payment to Lodestar Minerals of \$250,000 by 10 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 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 Minerals may elect to contribute on a pro-rata basis or dilute their interest according to the standard industry formula.

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	821,986,521	821,986,521		
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>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter			<u>Exercise price</u>	<u>Expiry date</u>
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:



Date: 31 July 2015

(Managing Director)

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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