



QUARTERLY ACTIVITIES REPORT

For Period Ended 30 September 2015

ASX: AUZ

30 October 2015

HIGHLIGHTS

Doolgunna - Marymia Project

Dixon gold prospect

- **5 metres @ 11.07 g/t gold** from 130 metres downhole in MMRC016, including
 - **1 metre @ 29.11 g/t gold** from 133 metres downhole
 - **1 metre @ 14.85 g/t gold** from 134 metres downhole
- **Assay results for entire drill hole yet to be received**
 - **Potential to increase width of mineralised zone**
- **Gold mineralisation remains open along strike in both directions and at depth**
- **Follow-up RC and diamond drill program planned**

Burton base metal prospect

- **Strong bedrock conductor detected beneath extensive copper-in-soil anomaly**
- **Potential for VMS-style base metal mineralisation**
- **Drill testing of conductive body recommencing imminently**

Corporate

- **Raised \$1.5 million through share placements to professional and sophisticated investors**
 - **Funds to be applied to drilling and exploration of priority Dixon and Burton prospects**



Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to provide shareholders its Quarterly Activities Report for the period ended 30 September 2015.

Doolgunna - Marymia Project

Australian Mines’ Doolgunna-Marymia Project is situated approximately 900 kilometres north of Perth and immediately adjacent to Sandfire Resources’ Doolgunna project area – home to their world class DeGrussa Copper-Gold Mine.

The Company’s project area is similarly located within 40 kilometres of Northern Star’s Plutonic Gold Mine, which has produced more than 5 million ounces of gold to date¹.

Dixon prospect

The Dixon prospect was initially identified in the 1990s, when shallow drilling completed across a coincident gold and arsenic soil anomaly successfully intersected a zone of supergene gold mineralisation within the weathered profile².

Further drilling of this oxide gold zone in 1997 alluded to the potential primary source of the gold mineralisation at Dixon being hosted by quartz-pyrite veins within the underlying Archaean greenstones³. However, no follow-up exploration had reportedly been undertaken across the Dixon prospect in the 18 years since Galtrad’s 1997 drill program⁴.

Preliminary analysis completed by Australian Mines suggested that the auriferous quartz veins at Dixon may be structurally controlled and that the sulphidation and veining observed in historic drilling potentially indicated regional scale mineralising fluid flow with the propensity to generate a gold deposit at depth.

Therefore, earlier this month the Company drilled a single reverse circulation (RC) drill hole at this prospect area to test the concept that high-grade primary gold mineralisation is present within the bedrock geology at depth, and that this mineralisation is potentially associated with the regional north-northeast trending shear zone.

As reported on 26 October 2015, Australian Mines’ maiden drill hole at Dixon successfully intersected a sulphidic gold-bearing quartz veining system within a greenstone unit that subsequently assayed **5 metres @ 11.07 g/t gold** from 130 metres downhole, including **1 metre @ 29.11 g/t gold** from 133 metres downhole and **1 metre @ 14.85 g/t gold** from 134 metres downhole⁵.

Australian Mines is yet to receive the assay results from the entire length of Dixon drill hole MMRC016 and it should be noted that the last assay received returned an impressive 1 metre @ 14.85 g/t gold.

¹ Northern Star Resources Limited, Investor presentation – Resources Rising Stars, released 25 September 2015

² Cyprus Gold Australia, Annual Report - Combined Reporting Group C153/1996, submitted to WA Department of Mines and Petroleum in December 1997

³ Galtrad Pty Ltd, Annual Report for tenements E52/592, P52/797 to 799, submitted to the Western Australian Department of Mines and Petroleum, November 1995

⁴ Riedel Resources Limited, Prospectus, released 23 November 2010

⁵ Australian Mines Limited, High-grade gold intersected at Dixon prospect, released 26 October 2015



Whilst, Australian Mines is yet to receive the assay results from the entire Dixon drill hole (MMRC016) further drilling at this prospect area is clearly warranted. Therefore, once the remaining assays for this initial drill hole are received and interpreted, Australian Mines will finalise a follow-up exploration program designed to test the potential depth and strike extensions of the gold mineralisation at Dixon.

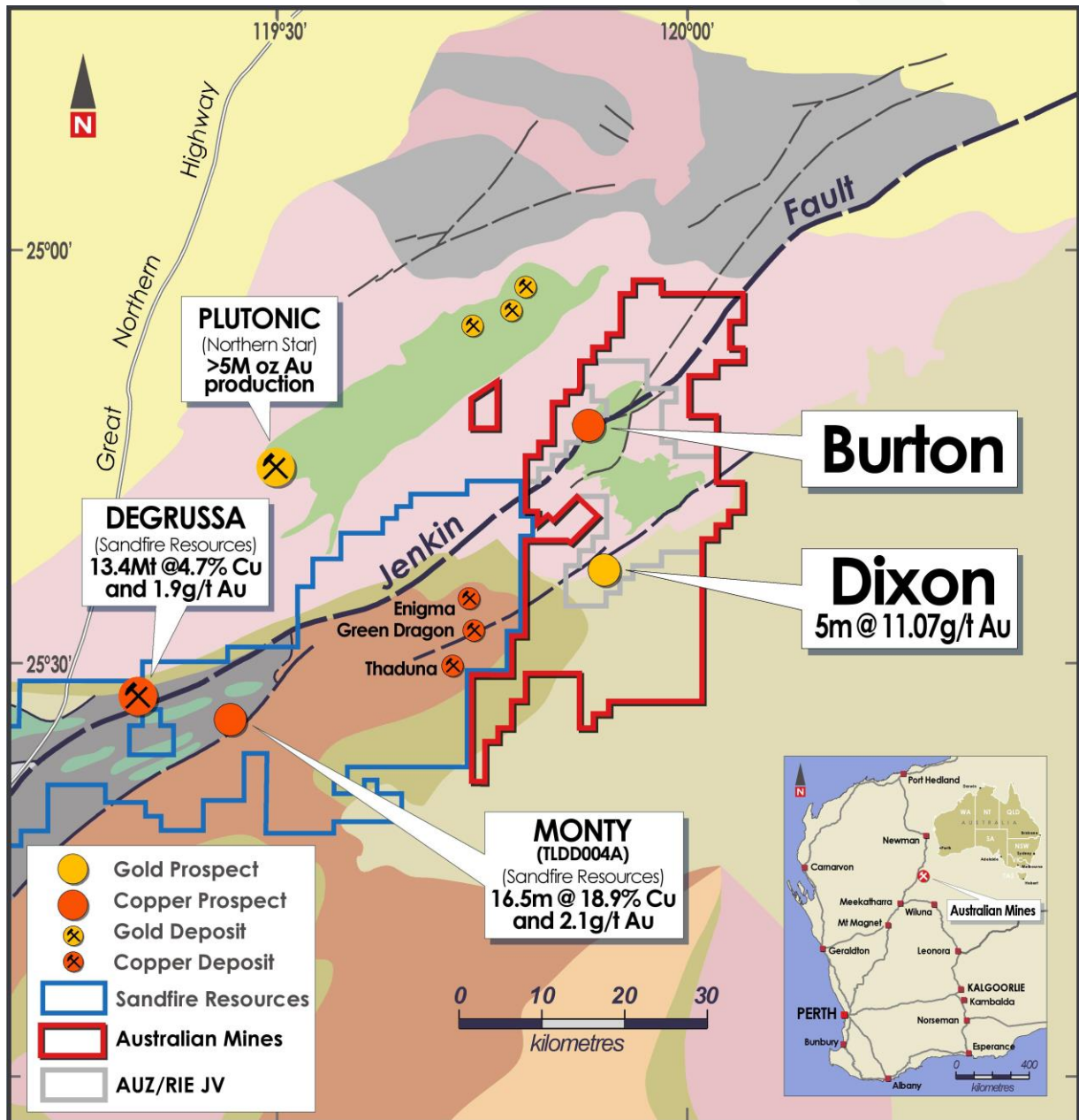


Figure 1: The Dixon prospect is situated 50 kilometres southeast of, and within a similar geological setting as, Northern Star’s Plutonic Gold Mine. This emerging gold target is located within Australian Mines (AUZ) – Riedel Resources (RIE) joint venture tenement E52/2394 where Australian Mines is currently earning an 80% interest.

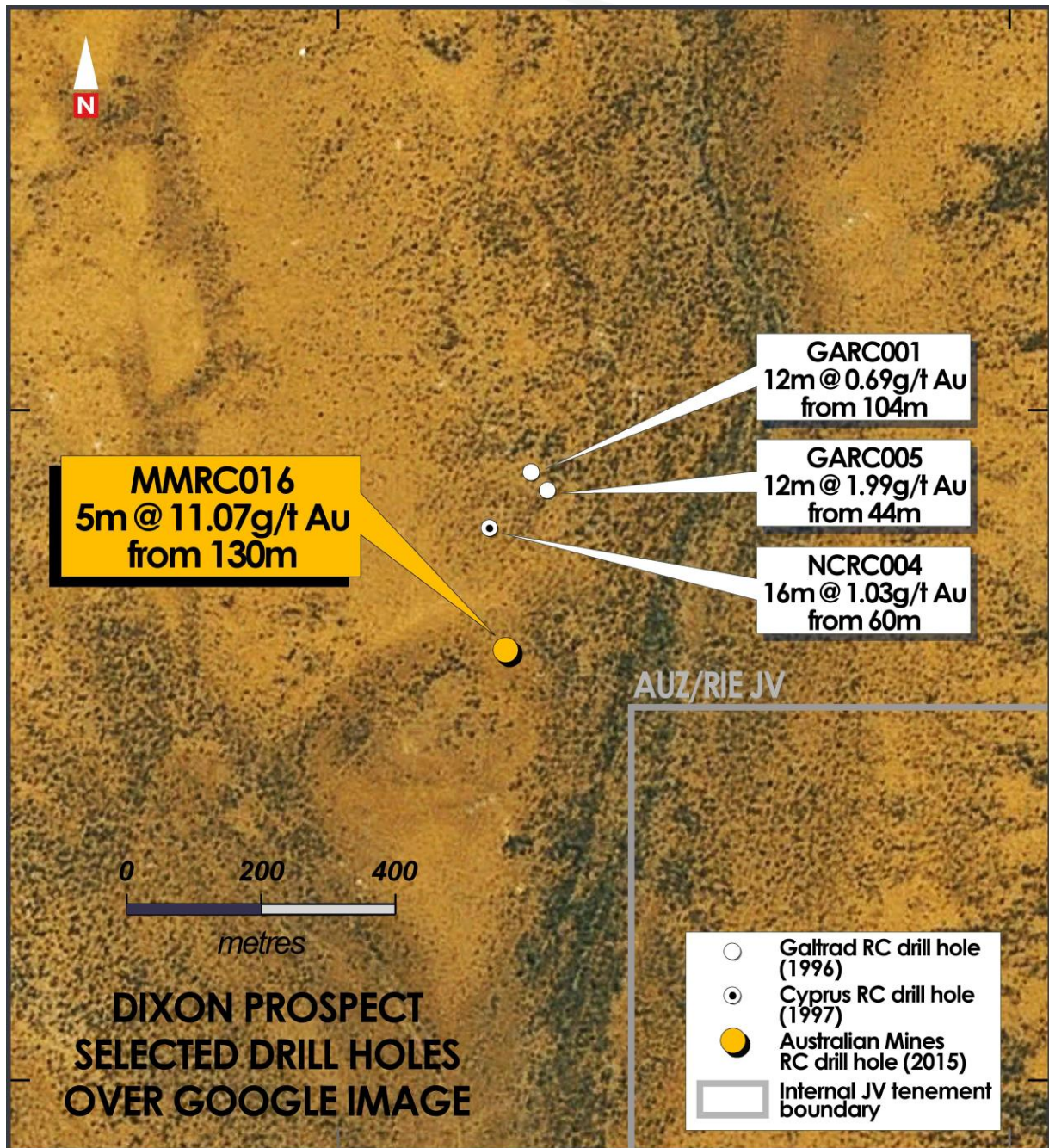


Figure 2: Indicative plan showing the location of the Australian Mines' recent reverse circulation (RC) drill hole at Dixon in relation to gold intersections returned from selected historic RC drilling across the target area. No drilling or exploration activities had been conducted over the Dixon target since 1997 when hole NCRC004, located 200 metres north and along strike of Australian Mines' recent drill hole MMRC016, intersected a 16 metre thick layer of supergene gold grading at 1.03 g/t gold⁶.

⁶ Cyprus Gold Australia, Annual Report - Combined Reporting Group C153/1996, submitted to WA Department of Mines and Petroleum in December 1997

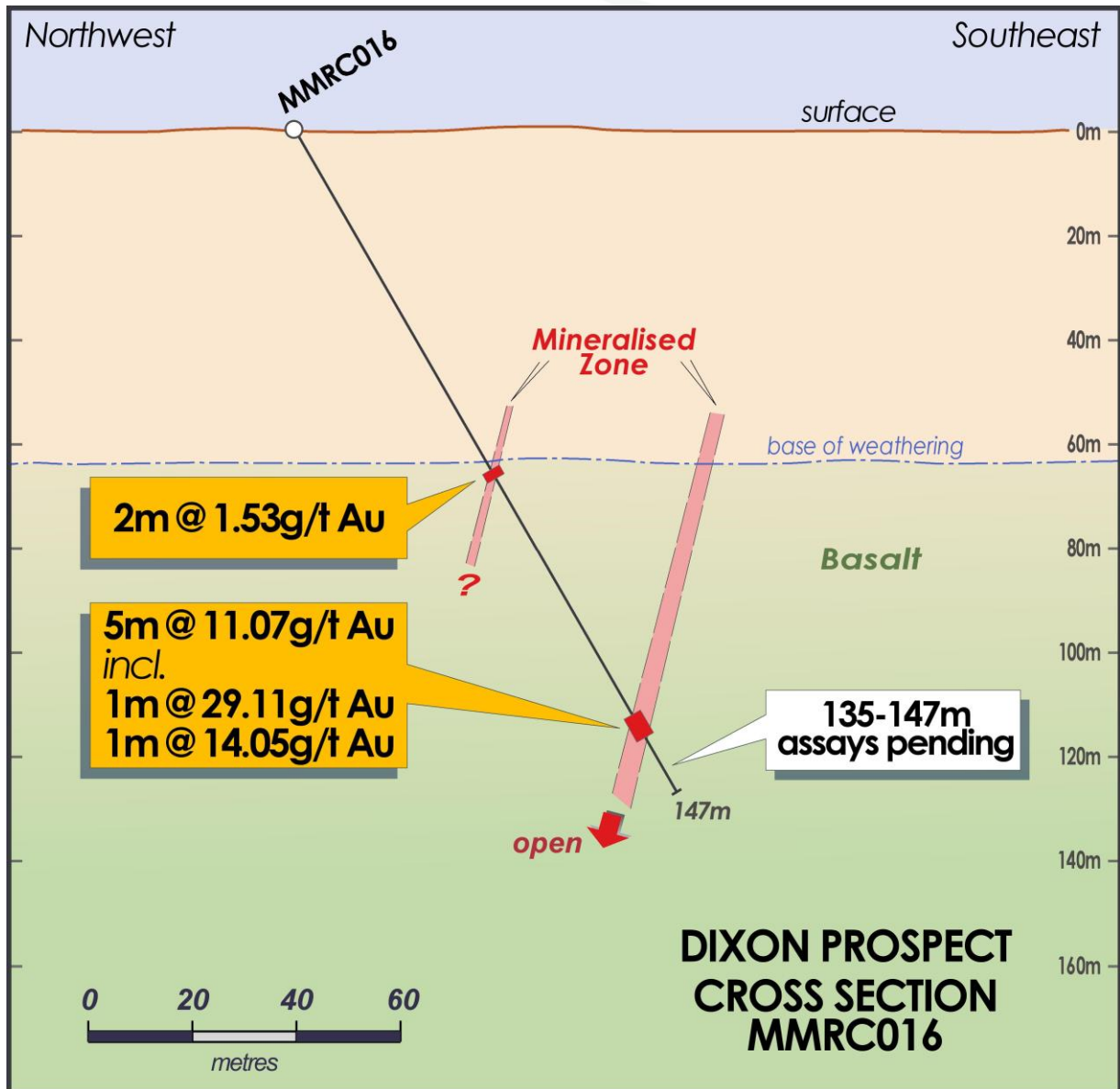


Figure 3: A cross section of Australian Mines’ reverse circulation (RC) drill hole program at its Dixon prospect, where the Company’s initial drill hole of MMRC016 intersected high-grade primary gold mineralisation within the targeted north-northeast trending shear zone. Whilst further exploration and drilling is required, these initial results appear to support the Company’s position that its Doolgunna-Marymia Project is prospective for Plutonic-style gold mineralisation.



Burton prospect

During this quarter, Australian Mines completed a high-powered fixed loop electromagnetic (EM) survey over the western continuation of the Jenkin Fault where previous drilling by the Company within the neighbouring tenement had returned elevated base metal assays⁷.

This high-powered EM survey detected a conductive body beneath an extensive copper-in-soil geochemical anomaly⁸, which appeared to be spatially associated with the Jenkin Fault.

Subsequent modelling of this geophysical data indicated that this body dips towards the north, not unlike the Degussa (Conductor 2) orebody⁹, and has a strike length of approximately 175 metres.

Given the geological setting, geophysical response and surface geochemical signature at Burton, the preliminary interpretation of this conductor, therefore, is of possible buried volcanogenic massive sulphide (VMS) mineralisation similar in style to Sandfire's DeGrussa copper-gold ore bodies.

Considered a priority target by Australian Mines, the Company announced this quarter that it had commenced an RC drilling campaign at its Doolgunna-Marymia Project, which was designed to test a number of prospective targets including the Burton conductor¹⁰.

The initial drill hole at Burton (MMRC015) had to be terminated prematurely due to poor ground conditions experienced in the upper part of the hole. As a result, this hole failing to reach the interpreted buried conductor and the rig was mobilised to other targets within the Company's project area.

A larger RC drill rig has now been mobilised to Burton and is currently in the Company's Doolgunna-Marymia project area. However, unseasonal heavy rainfall across the area in the past week is hampering this heavier drill rig's ability to access the Burton drill site.

Australian Mines is committed to drill testing this prospective base metal target as soon as is practicable and the Company's exploration team is currently on-site at Burton working with the drill contractor, the local pastoralist and earth moving contractor addressing this matter.

⁷ Australian Mines Limited, Copper & zinc mineralisation intersected at Marymia, released 18 June 2015

⁸ Lodestar Minerals Limited, September 2013 Quarterly Activities Report, released 30 October 2013

⁹ Blundell, Peters and Hawke, Geophysical signature of the DeGrussa Cu-Au VMS Deposit, PDAC presentation 2011

¹⁰ Australian Mines Limited, Drilling of bedrock conductor at Burton commenced, released 23 September 2015

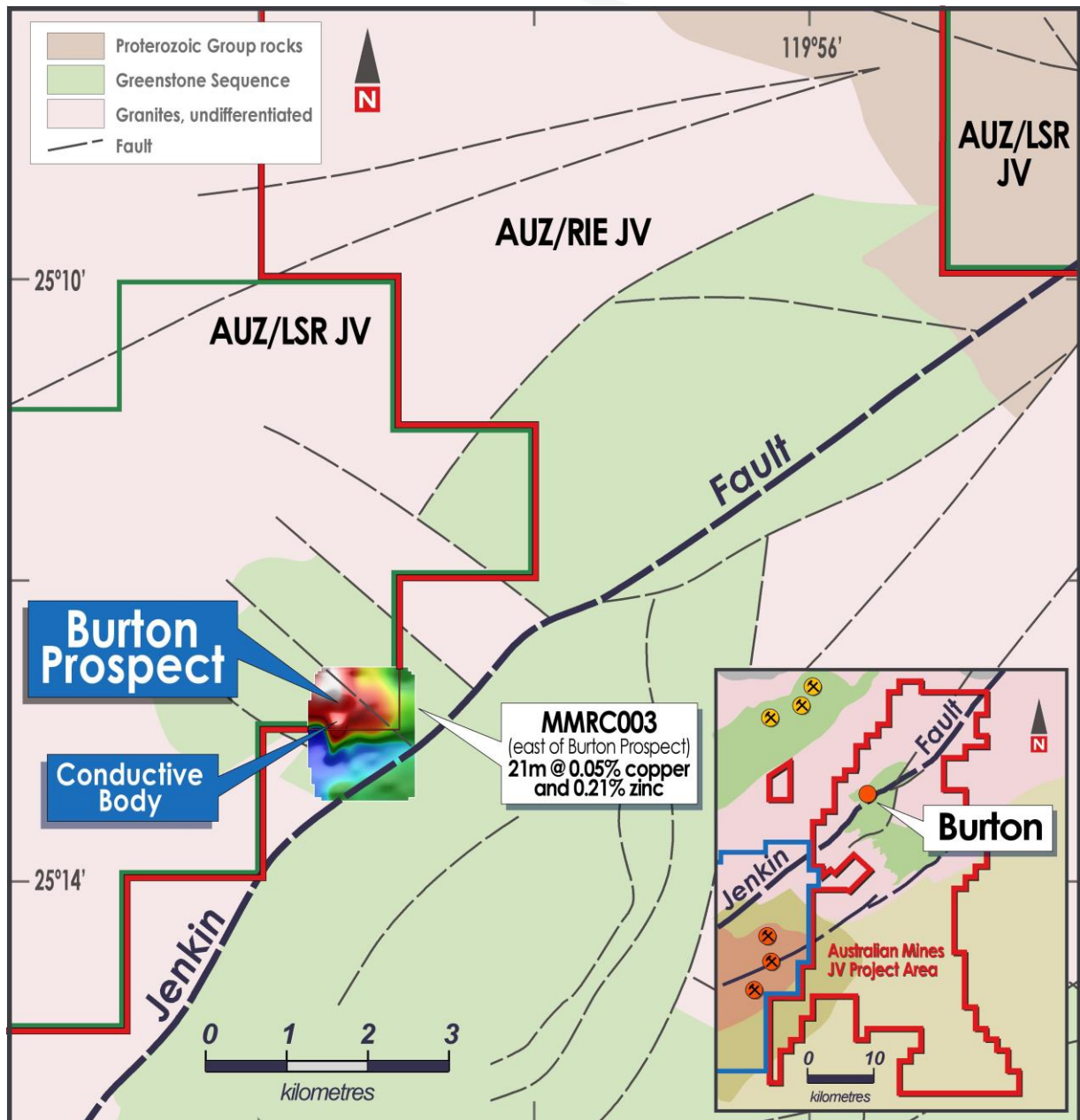


Figure 4: A ground-based electromagnetic (EM) survey over a section of the Jenkin Fault covered by Australian Mines' Doolgunna-Marymia Project successfully detected a late-time bedrock conductor at the Burton prospect. Considered a priority base metal target, the Company is committed to drill testing the Burton conductor as soon as practicable.

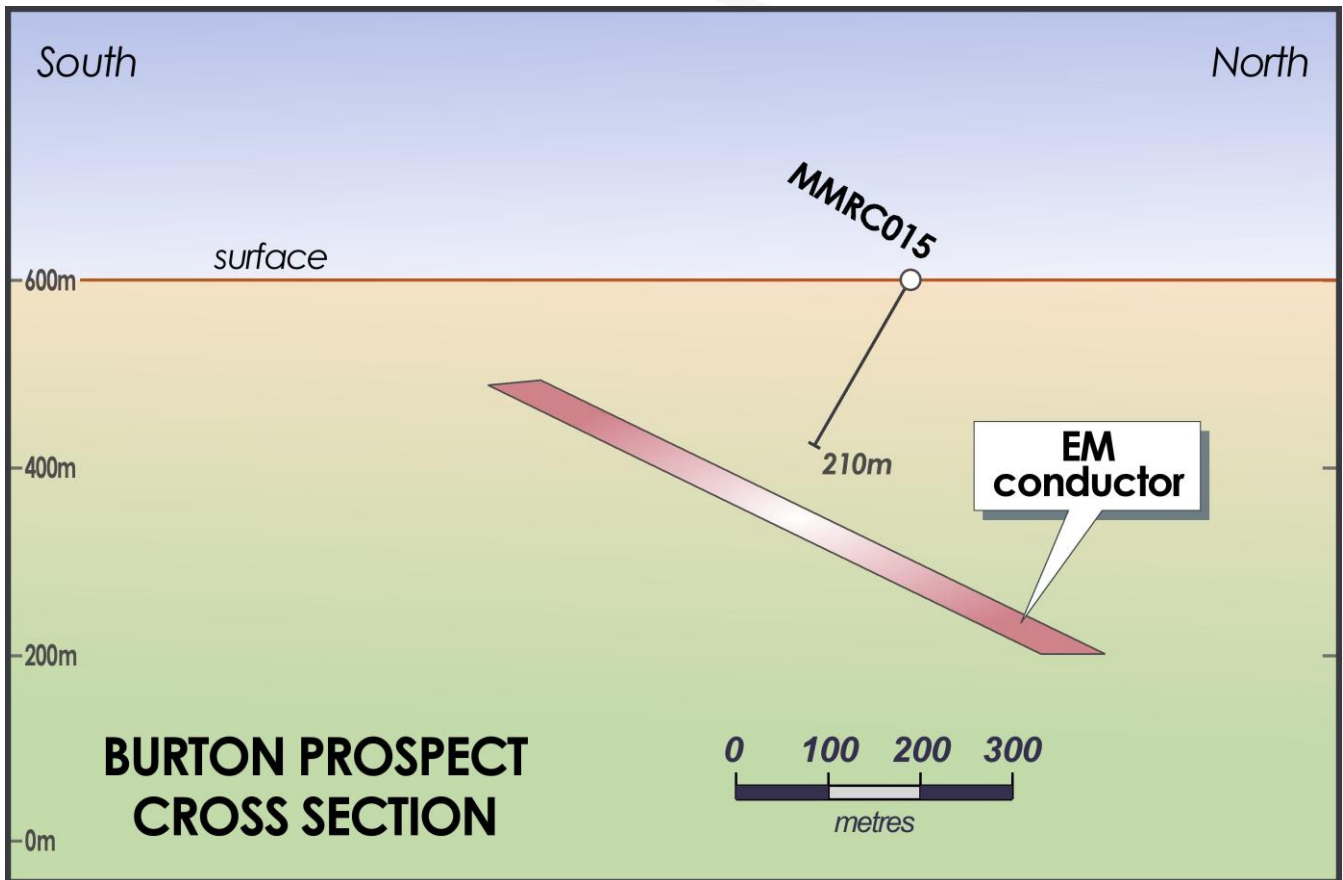


Figure 5: A high-powered fixed loop electromagnetic (EM) conductor completed over a copper-in-soil anomaly at Burton successfully detected a bedrock conductor at depth. Modelling of this conductor indicated that this conductive body has a strike length of 175 metres. Australian Mines’ reverse circulation (RC) drill hole MMRC015 was designed to test the source of this conductor at a proposed depth of 275 metres downhole. Due to poor ground conditions in the ground above the interpreted conductor, hole MMRC015 was forced to be terminated prematurely at a depth of 210 metres down hole. Australian Mines currently has a larger RC drill rig within its Doolgunna-Marymia project area, which will complete hole MMRC015 once access is available.



Gregory prospect

The Gregory prospect was initially identified by Barrick Gold in 2005 when a detailed geophysical program of this region identified a coincident gravity and circular magnetic anomaly located on the interpreted southern margin of the Bryah Basin¹¹.

The resulting data highlighted a subtle late-time bedrock conductor semi-coincident with the existing gravity and magnetic anomaly at Gregory (referred to as the *B29* conductor by Lodestar)¹², which Lodestar sought to drill test with RC drilling in 2011.

Lodestar's RC drill hole at Gregory (drill hole LNRC007) did not intersect any material that would explain the conductor. However, a down hole EM survey of LNCC007 did identify a clear but subtle off-hole conductor at a depth of 160 metres down hole.

During this quarter, Australian Mines drilled a single RC hole at Gregory, which was designed to test Lodestar's off-hole conductor. Whilst the assays from this hole are pending, the Company's exploration team did not report any significant copper sulphide mineralisation within this hole.

Australian Mines has commissioned Barrick's former Chief Geophysicist through Terra Resources to review the data from this target area and to assist with the re-location of any follow-up drill program.

Marriotts Nickel Project

Australian Mines' 100%-owned Marriotts Nickel Project hosts a shallow, undeveloped nickel sulphide deposit within the granted Mining Lease of M37/96.

Located within 20 kilometres of Talisman Mining's Sinclair Nickel Mine and processing plant in Western Australia, the Company's Marriotts Nickel Project currently has a defined Mineral Resource of **0.83 million tonnes @ 1.13 % nickel for 9,400 tonnes of contained nickel** (see Table 1).

Australian Mines considers that there is potential to increase the current nickel resource at Marriotts through drill testing interpreted extensions of the Marriotts deposit.

Therefore, during this quarter the Company obtained the necessary statutory approvals from the Western Australian Department of Mines to undertake additional resource definition drilling at the Marriotts Nickel Project.

¹¹ Barrick (PD) Australia Limited, Gregory Project - Annual Report for tenements E52/1680-1684, E52/1706, E69/1879, submitted to the Western Australian Department of Mines and Petroleum, January 2007

¹² Lodestar Minerals Limited, Annual General Meeting presentation, released 29 October 2010



Marriotts Mineral Resource (as at 30 June 2015) ¹³				
Location	Category	Resource Tonnes	Nickel (%)	Nickel Tonnes
Marriotts, Western Australia				
	Measured	-	-	-
	Indicated	460,000	1.12	5,100
	Inferred	370,000	1.15	4,300
	Total	830,000	1.13	9,400

Table 1: Mineral Resources for the Marriotts nickel sulphide deposit (using a lower cut of 0.5% nickel)^{14,15}

¹³ Australian Mines Limited, 2015 Annual Report, released 23 October 2015

¹⁴ The information regarding Australian Mines' Mineral Resource has been extracted from various Company announcements, which are available on the Australian Mines website (www.australianmines.com.au) or through the ASX website at www.asx.com.au (using ticker code "AUZ"). Australian Mines confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Australian Mines confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement. The Marriotts Mineral Resources is reported under JORC 2004 Guidelines, as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Code. Future estimates of the Marriotts Nickel Project resource will be completed to JORC 2012 Guidelines.

¹⁵ The Marriotts Mineral Resource is reported under JORC 2004 Guidelines, as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Code. Future estimates of the Marriotts Nickel Project resource will be completed to JORC 2012 Guidelines



Corporate

Share placements raise \$1.5 million

In the period since 1 July 2015, Australian Mines has successfully raised \$1.5 million (before costs) through two separate placements to professional and sophisticated investors^{16,17}.

The funds raised via the July and October 2015 placements are being directed towards advancing the Company's gold and base metal exploration at its prospective Doolgunna-Marymia Project, where recent drilling has successfully discovered high-grade gold mineralisation.

Sound financial position

The Company had cash reserves of \$410,000 (prior to the equity raising in October, which raised an additional \$1 million before costs) and no debt as at 30 September 2015.

ENDS

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Competent Person's Statement

Information in this report that relates to Doolgunna-Marymia Project 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 styles of mineralisation and types 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.

The information in this report that relates to the Marriotts Nickel Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Mick Elias, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Elias is a director of Australian Mines Limited. Mr Elias 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Elias consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

This document contains Mineral Resources that are reported under JORC 2004 Guidelines, as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Code. Future estimates of the Marriotts Nickel Project resource will be completed to JORC 2012 Guidelines.

¹⁶ Australian Mines Limited, Australian Mines completes \$525,000 placement, released 10 July 2015

¹⁷ Australian Mines Limited, Australian Mines raises \$1 million to progress gold and base metal targets at Doolgunna-Marymia, released 29 October 2015.



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 of Western Australia, which has demonstrated the potential to host significant base metal and gold mineralisation including Sandfire's DeGrussa Copper-Gold Mine and Northern Star's Plutonic Gold Mine. The Company is also advancing its Marriotts Nickel Project near Leinster, Western Australia.

Doolgunna – Marymia 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 tenements E52/2394 and E52/2395.

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.

Agreement to earn up to 80% interest in E52/2440, 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 tenements of E52/2440, E52/2444, E52/2456, E52/2492, E52/2493 and E52/2468.

Under the terms of the agreement announced on 11 June 2015, Australian Mines may acquire a 51% interest in these tenements by spending \$1 million on exploration within an initial two-year period and making a \$250,000 payment to Lodestar in 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 these tenements by spending a further \$2 million on exploration within a further 24-month period.

Marriotts Nickel Project

100% interest in Mining Lease 37/96

Australian Mines holds a 100% interest in the Marriotts Nickel Project in Western Australia, which hosts a current Mineral Resource of: Indicated 460,000t @ 1.12% Ni plus Inferred 370,000t @ 1.13% Ni (reported at 0.5%Ni lower cut-off grade)¹⁸.

¹⁸ Australian Mines Limited, Addendum to 2014 Annual Report, released 29 December 2014



Appendix 1: Exploration Drilling Results

Table 1: Doolgunna-Marymia RC Drill Program – Drill Hole Information Summary

Hole ID	Depth (m)	Easting (MGA50)	Northing (MGA50)	RL	Dip	Azimuth	Tenement	Joint Venture	Comments
MMRC014 (unnamed)	210	792256	7208663	590	-60	310	E52/2395	AUZ / RIE	NSA
MMRC015 (Burton)	210	789800	7208000	590	-60	180	E52/2493	AUZ / LSR	Hole terminated early due to drill rig's limitations. Scheduled to be re-drilled with larger rig
MMRC016 (Dixon)	147	793250	7187645	550	-60	140	E52/2394	AUZ / RIE	See Table 2 below
MMRC017 (Gregory)	198	794475	7180890	550	-60	360	E52/2440	AUZ / LSR	Assays pending

All co-ordinates are recorded in MGA Zone 50.

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

Drill chips were sampled at regular one-metre intervals for the entire length of the drill hole.

Sample preparation and analysis of RC samples were undertaken at Intertek Genalysis in Perth, Western Australia.

All samples were pulverised to produce a 50 gram charge, which was analysed by Fire Assay and Four Acid ICP-OES.

The quality of the analytical results is monitored through the use of internal laboratory procedures and standards to ensure the results are representative and within acceptable ranges of accuracy and precision.

NSA = No Significant Assay returned



Table 2: Dixon RC Drill Program – Drill Hole Information Summary

Hole	Depth (metres)	Easting (MGA50)	Northing (MGA50)	Dip/Azimuth	From	To	Interval (metres)	Grade (g/t gold)
MMRC016	147	793250	7187645	-60 / 140	76	78	2	1.53
					130	135	5	11.07
				<i>Including</i>	130	131	1	5.81
				<i>Including</i>	131	132	1	3.12
				<i>Including</i>	132	133	1	2.47
				<i>Including</i>	133	134	1	29.11
				<i>Including</i>	134	135	1	14.85
					135	136		Assays pending
					136	137		Assays pending
					137	138		Assays pending
					138	139		Assays pending
					139	140		Assays pending
					140	141		Assays pending
					141	142		Assays pending
					142	143		Assays pending
					143	144		Assays pending
					144	145		Assays pending
					145	146		Assays pending
					146	147		Assays pending



Appendix 2: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Western Australia	Marriotts	M37/096	Granted	100%

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest
-	-	-	-	-

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

Location	Project	Agreement	Parties	Interest	Comments
AUSTRALIA					
Western Australia	Doolgunna-Marymia	Farm-in and Joint Venture Agreement	Australian Mines and Lodestar Minerals	0%	Announced 11 June 2015
Western Australia	Doolgunna-Marymia	Heads of Agreement	Australian Mines and Riedel Resources	51%	Announced 30 April 2014 and 29 May 2015

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Location	Project	Agreement	Parties	Interest	Comments
-	-	-	-	-	-



Appendix 3: JORC Code, 2012 Edition

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Samples from Australian Mines' reverse circulation (RC) drill program at Doolgunna-Marymia were collected at one-metre intervals using a cone splitter to produce an approximate three kilogram sample, which is representative of the full drill metre. <p>Sampling is guided by Australian Mines' protocols and QA/QC procedures, which were designed in consultation with SRK Consulting, Perth.</p> <p>All samples were submitted to the Intertek Genalysis laboratory in Perth for Fire Assay and Four Acid ICP-OES analysis.</p> <p>Australian Mines analyse for the following elements: Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, Zn.</p>
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.) 	<ul style="list-style-type: none"> The Doolgunna-Marymia drill program was comprised of reverse circulation (RC) drill holes.



Drill sample recovery

- Method of recording and assessing core and chip sample recoveries and results assessed.
- Sample recovery from this RC program was high with more than 90% of the sample returned for most metres.
- Measures taken to maximise sample recovery and ensure representative nature of the samples.
- Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.

All samples were visually checked for recovery, moisture and contamination with the appropriate notes being recorded in the sampling logs.

There is no observable relationship between recovery and grade, and there no sample bias is assumed. Australian Mines protocols, designed in consultation with SRK Consulting (Perth) are followed to preclude any issues of sample bias due to material loss or gain.

Logging

- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
- Geological logging of drill chips have been recorded for this drill hole, including lithology, mineralogy, grainsize, texture, weathering, oxidation, colour and other features of the samples.
- Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.
- The total length and percentage of the relevant intersections logged.

Drill chips were not logged to any geotechnical standard and the data is insufficient to support Mineral Resource estimation at this stage.

Logging of reverse circulation drill chips is considered to be semi-quantitative given the nature of rock chip fragments and the inability to obtain detailed geological information.

The drill hole was logged in full to the end of the hole.

Sub-sampling techniques and sample preparation

- If core, whether cut or sawn and whether quarter, half or all core taken.
- All one-metre splits were passed through a cone splitter to produce a 12% split for assaying. The 78% off-split was collected in green bags for future testing as required.
- If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.
- Samples are dried and pulverised using industry standard methods by Intertek Genalysis at their Perth assay laboratory.
- For all sample types, the nature, quality and appropriateness of the sample preparation technique.
- All samples are pulverised to produce a 50-gram charge, which is analysed by Fire Assay and Four Acid ICP-OES.
- Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.
- Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.



- Whether sample sizes are appropriate to the grain size of the material being sampled.

The sample sizes are considered to be appropriate to correctly represent the sought after mineralisation style.

Quality of assay data and laboratory tests

- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.
- For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.
- Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.

- Samples submitted to Intertek Genalysis in Perth are assayed using a Fire Assay and mixed four acid digest.

The samples are digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids and analysis conducted for multi-elements including Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, Zn.

This method approaches a total digest for many elements although some refractory minerals may not be completely attacked.

The quality of the analytical results is monitored through the use of internal laboratory procedures to ensure the results are representative and within acceptable ranges of accuracy and precision.

Standards (or Certified Reference Material) and Control Blanks are used to check the accuracy of the assays.

Verification of sampling and assaying

- The verification of significant intersections by either independent or alternative company personnel.
- The use of twinned holes.
- Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.
- Discuss any adjustment to assay data.

- Any materially significant intersections are initially verified by Australian Mines' Managing Director, and are then independently verified by the external consulting company, rOREdata.

The original Analytical Report supplied by Intertek Genalysis Perth are also provided to Australian Mines' board of directors for independent verification of the assay results.

Primary data was collected using a set of standard Excel templates using lookup tables. The information was sent to the Company's external database consultant, rOREdata, for validation and compilation into Australian Mines' database.

No twinned hole drilling is proposed by Australian Mines at this stage and no adjustments or calibrations were made to any assay values.



Location of data points

- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.
- Specification of the grid system used.
- Quality and adequacy of topographic control.
- Drill hole collar locations were recorded using handheld Garmin GPS.

The expected accuracy is +/- 5 metres for easting and northings. The grid system used is Map Grid of Australia (MGA) GDA94 Zone 50.

Data spacing and distribution

- Data spacing for reporting of Exploration Results.
- Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.
- Whether sample compositing has been applied.
- Australian Mines' drill program at Doolgunna-Marymia involved a series of single reverse circulation (RC) holes designed to test separate and discrete geophysical anomalies or conceptual geological models across the project area. Therefore, no spacing density relates to this drill program.

This drill data is not being used for estimating a Mineral Resource or modelling of grade at this stage in exploration.

No sample compositing was applied to the exploration results.

Orientation of data in relation to geological structure

- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
- If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.
- Australian Mines is targeting DeGrussa-style copper-gold, komatiite-hosted nickel sulphide, and Plutonic-style gold mineralisation at the Doolgunna-Marymia Project.

The orientations of the Company's drilling are designed to intersect modelled electromagnetic (EM) conductors or interpreted mineralised structures at right angles in an attempt to minimise the risk of biased sampling

The orientation of the drilling is deemed sufficient at this stage of exploration.

Sample security

- The measures taken to ensure sample security.
- The chain of custody is managed by Australian Mines.

Samples are stored on site and are delivered in tamper-proof/evident bags via Toll IPEC directly to the assay laboratory.



Audits or reviews

- The results of any audits or reviews of sampling techniques and data.
- Australian Mines' sampling techniques and data collection processes are of industry standard and have been subjected to internal reviews.

Any data received from the assay laboratories are independently verified by rOREdata in Perth, Australia.



Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The Doolgunna-Marymia Project is located within the Western Australian exploration licences of E52/2440, E52/2456, E52/2468, E52/2492, E52/2493, E52/2394 and E52/2395. <p>On 30 April 2014, Australian Mines announced it had signed a Heads of Agreement with Riedel Resources (ASX code: RIE) in relation to licences E52/2394 and E52/2395.</p> <p>On 29 May 2015, Australian Mines reported that the Company had earned a 51% interest in tenements E52/2394 and E52/2395, 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</p> <p>On 11 June 2015, Australian Mines announced it had entered into a Farm-in and Joint Venture Agreement with Lodestar Minerals (ASX code: LSR) in relation to exploration licences E52/2440, E52/2444, E52/2456, E52/2468, E52/2492, and E52/2493.</p> <p>On 9 September 2015, Lodestar Minerals, in consultation with Australian Mines, submitted a Form 12 to the Western Australian Department of Mines and Petroleum (DMP) surrendering exploration licence E52/2444.</p> <p>On 26 October 2015, Lodestar Minerals notified Australian Mines that the DMP had refused the Application for Exemption of Expenditure Conditions for E52/2440 and E52/2492.</p> <p>Australian Mines in collaboration with Lodestar Minerals is currently drafting a submission against the Refusal of the Extension of Term application, which it proposes to submit to the DMP prior to the 13 October 2015 deadline.</p>



Exploration licences:

E52/2394 (Dixon gold prospect),
E52/2395 (Jenkin Fault conductors),
E52/2456 (McDonald Well copper prospect),
E52/2468 (Little Well copper play) and
E52/2493 (Burton base metal prospect),
are all in good standing with no impediments to
exploration known to exist at the time of writing.

Exploration done by other parties

- Acknowledgment and appraisal of exploration by other parties.
- Limited exploration has previously been undertaken across the priority target areas of the Company's Doolgunna-Marymia Project by other companies.

A summary of the historic anomalies and drill intersections for tenements E52/2394 and E52/2395 are outlined in the Prospectus released by Riedel Resources on 23 November 2010.

A summary of the historic anomalies and drill intersections for tenements E52/2440, E52/2456, E52/2492, E52/2493 and 52/2468 are outlined in Lodestar's 2010 Annual Report released 29 September 2010 and Lodestar's 2013 Annual Report released on 25 September 2013.

Galtrad Pty Ltd's technical report submitted to the Western Australian Department of Mines and Petroleum for tenement E52/592 (which now forms part of Australian Mines' tenement E52/2394) is referenced in the accompanying report.

This report also references Cyprus Gold Australia, Annual Report - Combined Reporting Group C153/1996, which was submitted to Western Australian Department of Mines and Petroleum in December 1997.

Geology

- Deposit type, geological setting and style of mineralisation.
- Australian Mines are targeting three types of mineral deposits at Doolgunna-Marymia;
 - (i) DeGrussa-style volcanogenic massive sulphide copper-gold,
 - (ii) Kambalda-style komatiite-hosted nickel sulphide, and
 - (iii) Plutonic-style Archaean gold.

The Dixon prospect is situated within the Baumgarten Greenstone Belt (part of the Marymia Inlier), which is the interpreted extension of the same Archaean greenstones that host the nearby Plutonic gold deposits.



The geology of the Dixon prospect comprises an Archaean greenstone sequence of dolerites, basalts and metasediment rocks.

Drill hole Information

- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
 - easting and northing of the drill hole collar
 - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
 - dip and azimuth of the hole
 - down hole length and interception depth
 - hole length.
- If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.
- Refer to Appendix 1 of the accompanying report.

Data aggregation methods

- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.
 - Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
 - The assumptions used for any reporting of metal equivalent values should be clearly stated.
 - Any reported intersections of Australian Mines' drilling results are based on a regular sample interval of one metre.
- Where quoted, gold intersections are based on a minimum gold threshold of 0.5 g/t (0.5ppm).
- Copper, nickel and zinc metal intersections are based on a minimum threshold grade of 0.5% (5,000ppm).
- No upper cuts are applied and a maximum internal dilution of three metres is used for any intersection calculations. No metal equivalents have been used in this report

Relationship between mineralisation widths and intercept lengths

- These relationships are particularly important in the reporting of Exploration Results.
 - If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.
 - If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').
 - There is insufficient understanding of the bedrock geology at present to determine the true thickness of any reported drill intersections.
- Any intersections included in this report are down hole lengths. The true widths of these intersections are not known.



Diagrams

- Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.
- Appropriate maps and sections are included in the body of this report.

Balanced reporting

- Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.
- The accompanying document is considered to represent a balanced report.

Comprehensive report of the historic Exploration Results relied on by Australian Mines in this report are provided in:
Riedel Resources, Prospectus (released 23 November 2010),
Lodestar Minerals, 2010 Annual Report (released 29 September 2010)
Lodestar Minerals, 2013 Annual Report (released 25 September 2013)
Galtrad Pty Ltd, Technical report for tenement E52/592 (submitted to Western Australian Department of Mines and Petroleum in 1996) and
Cyprus Gold Australia, Annual Report - Combined Reporting Group C153/1996, (submitted to Western Australian Department of Mines and Petroleum in December 1997).

Other substantive exploration data

- Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.
- Other exploration data collected by the Company is not considered as material to this report at this stage.

Further data collection will be reviewed and reported when considered material.

Further work

- The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).
- Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.
- Australian Mines is currently awaiting the assay results from the remainder of the Doolgunna-Marymia drilling program.

Once received and interpreted, Australian Mines will finalise its follow-up exploration program which may include further drilling (RC and/or diamond) as well as surface and down hole geophysical surveys.