

7 December 2015

Withdrawal from Ned's Creek Joint Venture

Australian Mines Limited ("Australian Mines" or "the Company"; ASX: AUZ) wishes to advise shareholders that the Company has withdrawn from the Ned's Creek Farm-In and Joint Venture Agreement with Lodestar Minerals Limited (ASX: LSR) effective from 21 December 2015.

Over the past six months, Australian Mines has completed a comprehensive assessment of the prospectivity of the Ned's Creek joint venture tenements for base metal mineralisation. This included the reprocessing and modelling of Lodestar's extensive airborne electromagnetic dataset as well as a thorough analysis of Lodestar's historic drilling database. Field reconnaissance programs were also conducted across key targets within the joint venture area by the Company's exploration team, with this work resulting in Australian Mines undertaking a series of high-powered electromagnetic surveys and a drilling program across the interpreted priority targets.

Based on the results from this work¹, Australian Mines formed the opinion that the tenements that comprise the AUZ – LSR joint venture appear to have limited potential to host a significant base metal deposit and confirmed that the most prospective ground held by the Company remains its core Doolgunna-Marymia tenements, which it holds in joint venture with Riedel Resources (ASX: RIE)².

The prospectivity of the AUZ – RIE joint venture tenement package was clearly demonstrated last month when Australian Mines drill a single reconnaissance reverse circulation (RC) hole into a conceptual gold target at Dixon that subsequently intersected high-grade mineralisation (10 metres @ 8.79 g/t gold from 130 metres downhole³).

Encouragingly, this gold mineralisation at Dixon appears to occur within a similar geological setting as the Plutonic Gold Mine, which is located northwest of the prospect area.

The Company's forward exploration program for 2016, therefore, will initially focus on determining the strike and depth continuity of this gold mineralisation at Dixon with the view of ultimately delineating a resource for this emerging greenfield gold discovery as quickly as practicable.

In addition to advancing its Dixon gold prospect, Australian Mines' forward program will similarly test for repetitions of gold mineralisation along strike of the Dixon discovery.

¹ Australian Mines Limited, Exploration Update - Doolgunna-Marymia Project, released 17 November 2015

² Australian Mines Limited, AUZ secures majority ownership of Marymia Project, released 29 May 2015

³ Australian Mines Limited, High-grade gold zone extended at Doolgunna-Marymia, released 6 November 2015



Follow-up exploration is likewise scheduled across an historic azurite / malachite (copper oxide) occurrence reported⁴ within the AUZ – RIE joint venture project area west of Dixon.

This copper anomaly⁵ is particularly interesting as it occurs within a sedimentary unit near a regional-scale fault zone (not unlike Sandfire's Monty copper discovery⁶) in addition to being associated with low-grade gold mineralisation⁷.

Further details regarding Australian Mines' forward exploration program at Doolgunna-Marymia will be announced in the coming months including details of the Company's drilling campaign, which is anticipated to recommence in the first quarter of 2016.

*****ENDS*****

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⁴ Cyprus Gold Australia, Combined Annual Report for tenements E52/592, E52/94 and P52/799, submitted to the Western Australian Department of Mines and Petroleum December 1997

⁵ Cyprus Gold Australia previously reported air core drill hole NCAC002 returned 4 metres grading 0.23% copper + 0.2 g/t gold from 30 metres downhole (see footnote 4)

⁶ Sandfire Resources NL, Doolgunna Project – Drilling update, released 27 July 2015

⁷ Cyprus Gold Australia, Combined Annual Report for tenements E52/592, E52/94 and P52/799, submitted to the Western Australian Department of Mines and Petroleum December 1997



About Australian Mines

Australian Mines Limited (ASX: AUZ) is an Australian-listed resource company targeting gold, copper and nickel 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 holds 100% interest in the 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.

Tenement E52/2394 hosts the promising Dixon gold prospect, where a single hole drilled into the target area testing for the presence of potential Plutonic-style mineralisation successfully intersected high-grade primary gold (10 metres @ 8.79 g/t gold) within similar greenstone geology⁸.

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.

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)⁹.

⁸ Australian Mines Limited, High-grade gold zone extended at Doolgunna-Marymia, released 6 November 2015

⁹ Australian Mines Limited, Annual Report for the year ended 30 June 2015, released 17 September 2015