



ASX ANNOUNCEMENT

ASX : AUZ

1 April 2016

Australian Mines raises \$1.5 million to accelerate exploration at its Dixon gold prospect

- **Strongly supported and over-subscribed placement to professional investors**
- **Fully-funds follow-up RC and diamond drilling of sulphidic corridor at Dixon**
- **Opportunity for existing Australian Mines shareholders to acquire new shares via Entitlement Offer**

Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to advise that the Company has entered agreements raising \$1.5 million (before costs) through a strongly supported Placement of 75,000,000 shares to professional and sophisticated investors at an issue price of \$0.02 each.

This Placement, which was undertaken in accordance with Section 708 of the Corporations Act and Listing Rule 7.1 of the ASX Listing Rules, enables Australian Mines to fund an accelerated exploration program of its emerging Dixon gold prospect where the Company has recently identified an extensive sulphidic corridor with evidence of high-grade gold mineralisation¹.

These funds will also ensure that Australian Mines satisfies its exploration expenditure commitments under the joint venture with Riedel Resources (ASX: RIE) to earn its 80% interest in the Doolgunna-Marymia project – home to the Company’s Dixon gold prospect, which is located within 50 kilometres of Northern Star’s Plutonic Gold Mine.

In addition to this Placement, the Company will also be undertaking a pro-rata Entitlement Offer to existing shareholders to raise a further \$1.46 million.

This Entitlement Offer to Australian Mines’ shareholders will be made at the same Issue Price as that of the Placement being \$0.02 per share and offers all shareholders an ideal opportunity to acquire additional shares in Australian Mines.

This Entitlement Offer will be open to all Australian and New Zealand shareholders and will be carried out on a 1-for-14 basis (that is, these shareholders are entitled to purchase one new ordinary share for every fourteen existing ordinary shares they hold at the Record Date).

¹ Australian Mines Limited, Drilling confirms extensive sulphidic corridor at Dixon, released 29 March 2016



Australian and New Zealand shareholders will have the opportunity to apply for new shares in addition to their Entitlements at the Issue Price in the unlikely event that existing Australian Mines shareholders do not apply for their full entitlement.

The important dates for participation in the proposed Entitlement Offer are outlined below:

Event	Date
Announcement of Entitlement Offer and s708AA notice	1-Apr-16
Lodgement of Appendix 3B with ASX	1-Apr-16
Notice sent to current shareholders	1-Apr-16
“Ex” Date (the date shares are quoted ex-rights)	7-Apr-16
Record Date to determine Entitlements	8-Apr-16
Offer letter sent to shareholders	13-Apr-16
Announcement that letter dispatch has been completed	13-Apr-16
Offer period opens	13-Apr-16
Offer period closes	4-May-16
Notification of under subscriptions	9-May-16
Issue date of New Shares and lodge final Appendix 3B	11-May-16
Commencement of normal trading	12-May-16
Dispatch of holding statements	12-May-16

It should be noted that Australian Mines anticipates receiving (and announcing) all the assay results from its recent reverse circulation (RC) and diamond core drill program before the Entitlement Offer period closes. This timetable is extremely favourable for the Company’s shareholders as it means that existing Australian Mines shareholders will be in a position to fully evaluate the prospectivity of the Company’s promising Dixon gold prospect well in advance of the Entitlement Offer closing.

Managing Director, Benjamin Bell commented, “Geological logging of the Dixon RC and diamond core drilling continues to support the Company’s view that the Dixon gold prospect potentially represents a new greenfields gold discovery within a region proven to host substantial deposits.

The strong support the Company received from the professional investment community in rapidly raising the \$1.5 million of funding announced today appears to validate Australian Mines’ positive opinion of this project’s potential.

Australian Mines is therefore pleased to offer its shareholders the opportunity to benefit from the Company’s exploration success by acquiring additional shares at a discount to this week’s share price, and I for one, will be looking to increase my personal shareholding in Australian Mines via this Entitlement Offer”.



S708AA Notice

This notice is being given under section 708AA paragraph 2(f) of the Corporations Act. Australian Mines advises that:

1. Australian Mines will issue the shares under the Rights Issue without disclosure to investors under Part 6D of the Corporations Act;
2. as at the date of the notice, Australian Mines has complied with:
 - (i) the provisions of Chapter 2M of the Corporations Act as they apply to Australian Mines; and
 - (ii) section 674 of the Corporations Act;
3. as at the date of this notice there is no excluded information (as that term is defined in s708A(7) of the Corporations Act) that is required to be disclosed for the purpose of s708(6)(e) of the Corporations Act except as set out below; and
4. the issue of relevant securities under the Rights Issue will have no impact on the control of Australian Mines. The Rights Issue is pro rata, and shareholders have an opportunity, subject to the discretion of the Australian Mines Board, to subscribe for additional shares. No shareholder need therefore be diluted by the Rights Issue.

*****ENDS*****

For further information, shareholders and media please contact:

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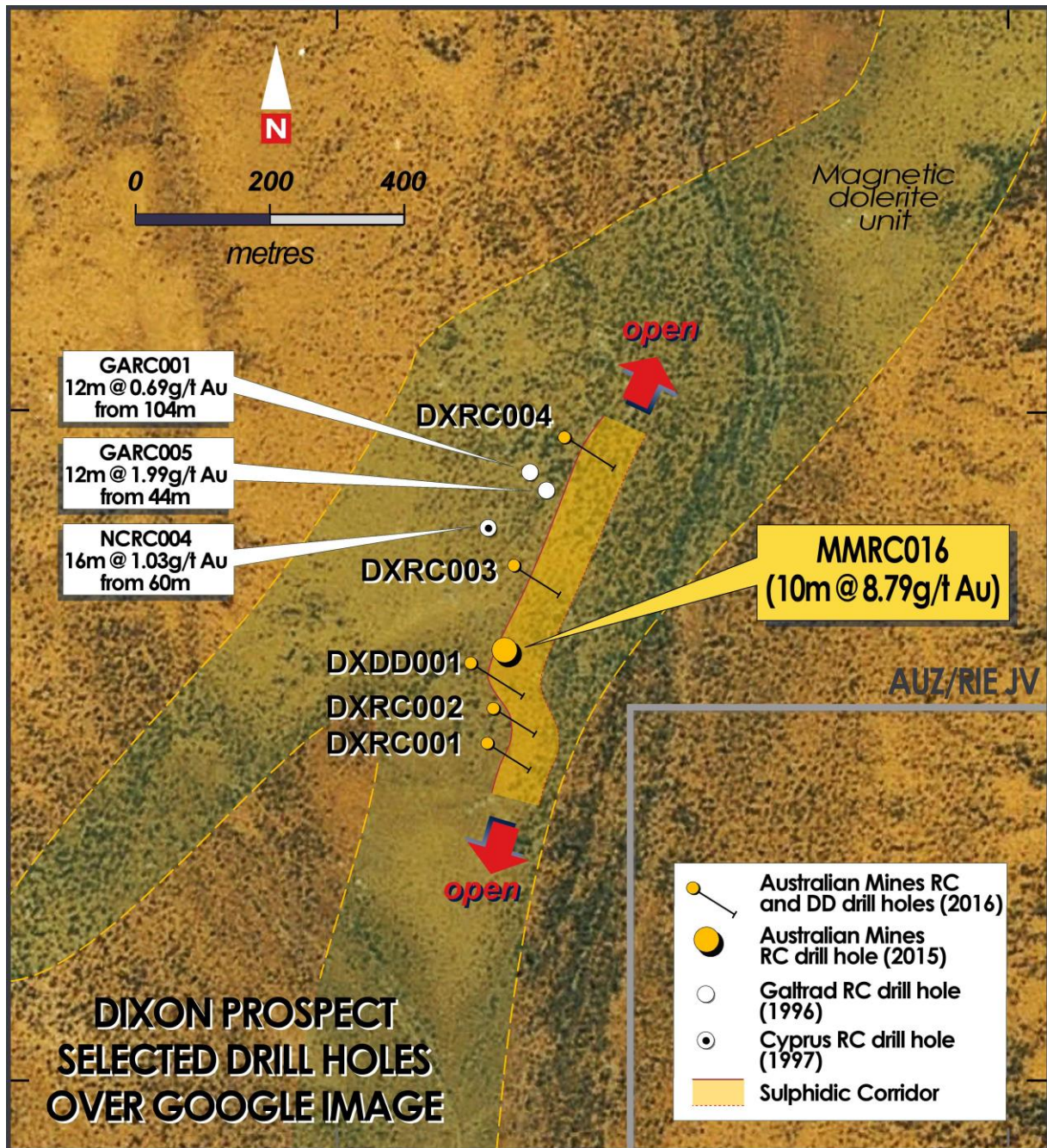


Figure 1: Schematic image showing the surface trace of the sulphidic corridor at Dixon. Australian Mines' recent reverse circulation (RC) and diamond core drill program has defined a 400 metre long and 120 metre wide sulphidic corridor at its Dixon gold prospect. This corridor remains open along strike in both directions, as well as at depth. Visible gold was observed in core from diamond hole DXDD001 and the Company is presently awaiting the assay results from its 2016 drill program.

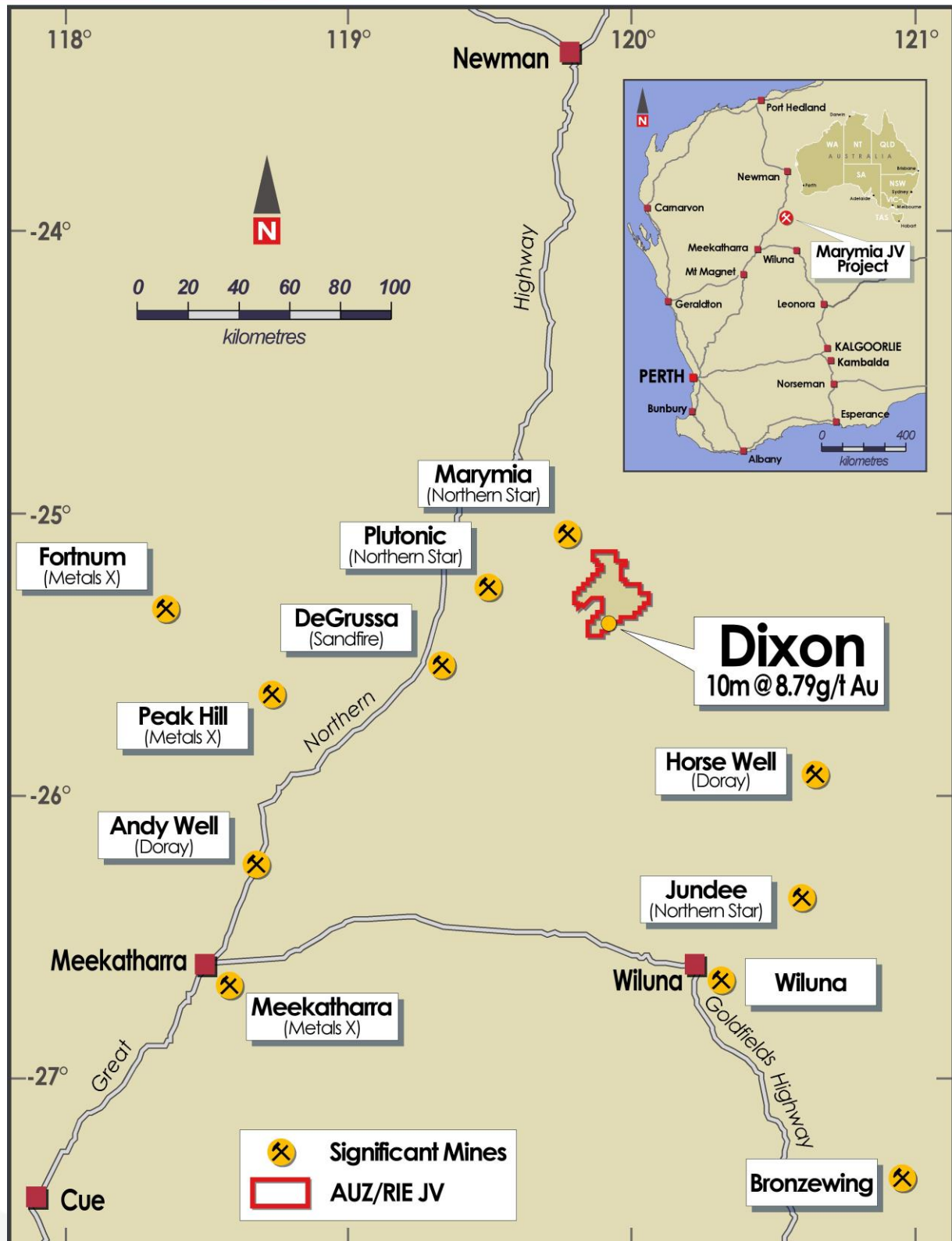


Figure 2: The Dixon gold prospect is situated within 50 kilometres of Northern Star's Plutonic Gold Mine. This emerging Western Australian gold play is located within Australian Mines (AUZ) and Riedel Resources (RIE) joint venture tenement E52/2394 where Australian Mines is currently earning an 80% interest.



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 gold and base metal mineralisation including Northern Star's Plutonic Gold Mine and Sandfire's DeGrussa Copper-Gold Mine. The Company also holds 100% interest in the Marriotts Nickel Project near Leinster in Western Australia.

Doolgunna – Marymia Project

Agreement to earn up to 80% interest

Australian Mines signed a Heads of Agreement with Riedel Resources Limited (ASX: RIE) in April 2014 covering the tenements E52/2394 and E52/2395, which form the Company's Doolgunna - Marymia Project.

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.

On 6 November 2015, the Company announced that a single reverse circulation (RC) hole drilled at its Dixon prospect within tenement E52/2394 successfully intersected high-grade primary gold (10 metres @ 8.79 g/t gold from 130 metres down hole) within a similar greenstone sequence to that which hosts the nearby Plutonic gold deposits².

Australian Mines' ongoing exploration program is, therefore, aimed at confirming the depth and strike potential of the gold mineralisation at Dixon as well as identify possible repetitions of this gold mineralisation within the Company's project area.

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)³.

² Australian Mines Limited, High-grade gold zone extended at Dixon prospect, released 6 November 2015

³ Australian Mines Limited, Annual Report for the year ended 30 June 2015, released 17 September 2015