



1 April 2016

Dear Shareholder

I refer to Australian Mines Limited's (or the Company) announcements to the ASX dated 1 April 2016 concerning a placement of 75 million shares to raise \$1.5 million (Placement) and a proposed non-renounceable rights issue (Rights Issue) to raise a further \$1.46 million.

The Rights Issue has been undertaken to give eligible shareholders the opportunity to apply for shares in the Company with no brokerage fees at a price of \$0.02 per ordinary share. The Record Date for shareholders is 7pm (Melbourne time) 8 April 2016.

Because of complications in extending the offer to overseas jurisdictions, eligible shareholders will only be those shareholders on the Australian Mines' register on the Record Date that are located in Australia or New Zealand.

Eligible shareholders will be entitled to participate on a 1 for 14 basis, being 1 new ordinary share for every 14 existing ordinary shares held. Fractional entitlements will be rounded up. This means that, subject to rounding, and based on the number of shares held by eligible shareholders at the date of this announcement, the number of new shares offered will be approximately 72.9 million to raise approximately \$1.46 million.

If there is any shortfall after the offer closes, Australian Mines intends to place that shortfall within 3 months of the close of the Rights Issue.

The purpose of the Rights Issue is to fund an expanded drilling program referred to in the Company's announcement to ASX dated 29 March 2016 (Announcement). You should read that Announcement in full.

Australian Mines will carry out the Rights Issue without a prospectus or other disclosure document, but will issue an Offer Document and personalised Application Form to eligible shareholders. A copy of the Offer Document will be available on the ASX website – asx.com.au, and on the Company's website – <http://www.australianmines.com.au/>.

Directors of Australian Mines recommend to shareholders that they should take up their entitlements under the Rights Issue given the content of the Announcement.

The timetable for the Rights Issue is set out in the announcement to ASX dated 1 April 2016.

Key dates are as follows:

- The Record Date for determining entitlements is 7pm (Melbourne time) 8 April 2016;
- The Rights Issue will open on 13 April 2016;
- The closing date for receipt of applications is 5pm (Melbourne time) 4 May 2016;
- Shares are expected to be allotted and issued on 11 May 2016.

Shares issued under the Rights Issue will rank equally in all respects with other ordinary shares on issue.

The effect of the Rights Issue on issued capital of Australian Mines (assuming all offered shares are issued, and including shares issued under the Placement) is as follows:

Current issued capital	1,026,986,521
Placement shares	75,000,000
No of shares to be issued	72,908,596
Issued capital on completion of the rights issue	<u>1,174,895,117</u>

No shareholder approval is required to carry out the Rights Issue. The Company does not anticipate paying dividends in the short to medium term.

You should read the Offer Document in full before making any decision concerning participation in the Rights Issue.

Yours faithfully

Michael Ramsden
Chairman