



# QUARTERLY ACTIVITIES REPORT

For Period Ended 31 March 2016

ASX: AUZ

29 April 2016

## HIGHLIGHTS

### Doolgunna - Marymia Project

#### Dixon gold prospect

- Drilling confirms main northeast-trending sulphidic corridor is gold-bearing
- Key drilling intersections from mineralisation corridor include:
  - 11 metres @ 1.10 g/t gold from 136.0 metres down hole (DXRC003)
    - Including 1 metre @ 5.76 g/t gold from 139 metres down hole
  - 1 metre @ 8.99 g/t gold from 65.0 metres down hole (DXRC004)
  - 1.1 metres @ 5.07 g/t gold from 186.9 metres down hole (DXDD001)
- Diamond drilling indicates high-grade gold at Dixon is structurally controlled
  - recent holes drilled at sub-optimal orientation for piercing high-grade gold lenses
- Detailed modelling of key controlling structures is currently in progress
  - will enable accurate testing of priority gold zones in upcoming drill program
- Targeted RC and diamond drill program scheduled to commence in May 2016

### Cash position

- Cash reserves of \$0.6 million and no debt as at 31 March 2016
- Post quarter end, \$1.5 million raised (before costs) through Placement to sophisticated and professional investors
- \$1.4 million Entitlement Offer extended to 2 June 2016
  - enables shareholders to review upcoming drilling results prior to Closing Date



Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to provide shareholders with its Quarterly Activities Report for the period ended 31 March 2016.

## **Doolgunna - Marymia Project**

The Doolgunna - Marymia Project is situated approximately 900 kilometres north of Perth and within 50 kilometres of Northern Star’s Plutonic Gold Mine.

The Project is being explored under a Joint Venture Agreement with Riedel Resources Ltd (ASX: RIE) under which Australian Mines has the right to earn an 80% interest by spending \$3 million on exploration by May 2018. To date, Australian Mines has spent an unaudited \$2.15 million on exploration and in May 2015 the Company announced that it had earned a majority interest in the project<sup>1</sup>.

### Dixon gold prospect

During this quarter, Australian Mines completed a reconnaissance drill program over the Dixon gold prospect.

This drill program, which included five RC drill holes (for a total of 1,159 metres) and a single 285 metre diamond core hole, was designed to confirm that the source of a chargeability anomaly outlined by an induced polarisation (IP) survey over the Dixon prospect area was a sulphidic (pyrite-pyrrhotite-arsenopyrite) body associated with the gold mineralisation intersected by the Company’s 2015 RC drill hole MMRC016.

As announced on 18 April 2016, this drilling program intersected a thick corridor of disseminated iron sulphides that occurred within the prospective dolerite geology<sup>2</sup>.

In addition, the Company’s March 2016 drill program successfully demonstrated that the extensive sulphidic corridor was gold-bearing as well as indicating that the high-grade gold lenses within the prospect area appear to occur near the junction of cross-cutting secondary (east-west trending) structures and the northeast oriented sulphidic corridor<sup>3</sup>.

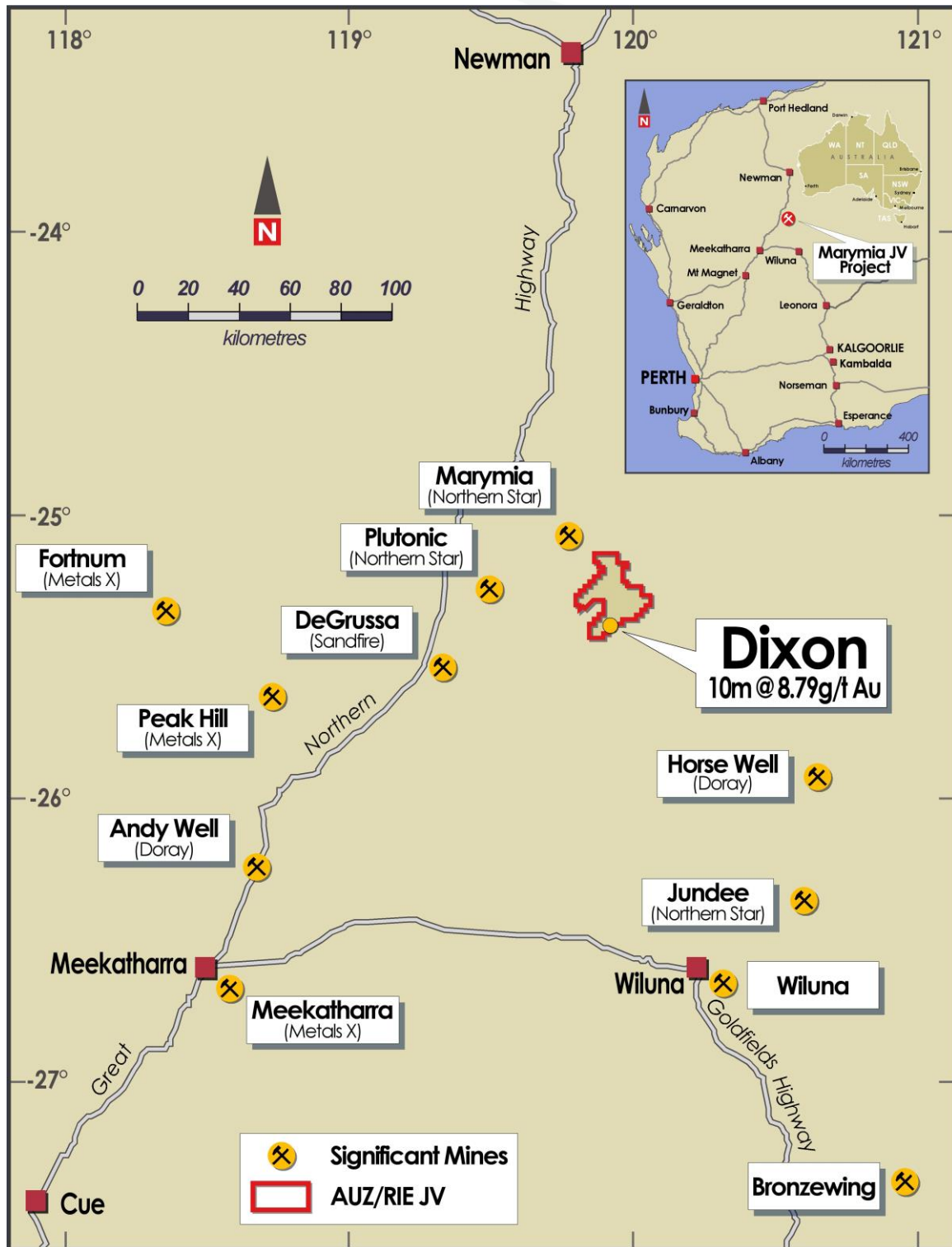
Given the Company’s greater understanding of possible control on gold mineralisation at Dixon resulting from its March 2016 drill program, Australian Mines is presently completing a detailed three-dimensional geological and geophysical model of the Dixon prospect area. This modelling work is expected to be completed by early May, and the Company will drill test the resulting priority target horizon from May.

Details of this upcoming drill program will be announced closer to its commencement date but it is anticipated that the program will comprise up to 2,500 metres of RC drilling and 500 metres of diamond core.

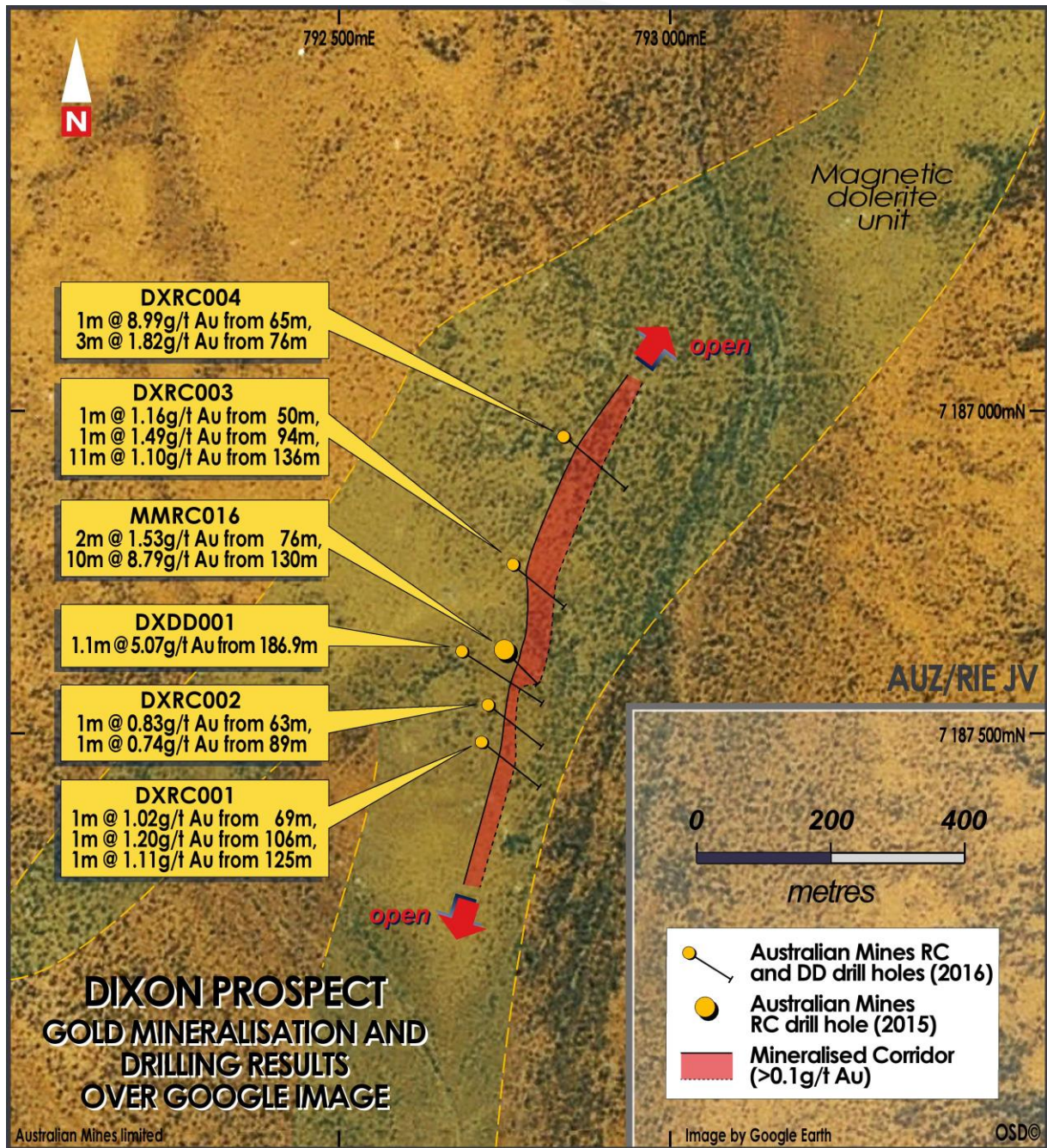
<sup>1</sup> Australian Mines Limited, Australian Mines secures majority ownership of Marymia Project, released 29 May 2015

<sup>2</sup> Australian Mines Limited, RC drill results received from Dixon gold prospect, released 18 April 2016

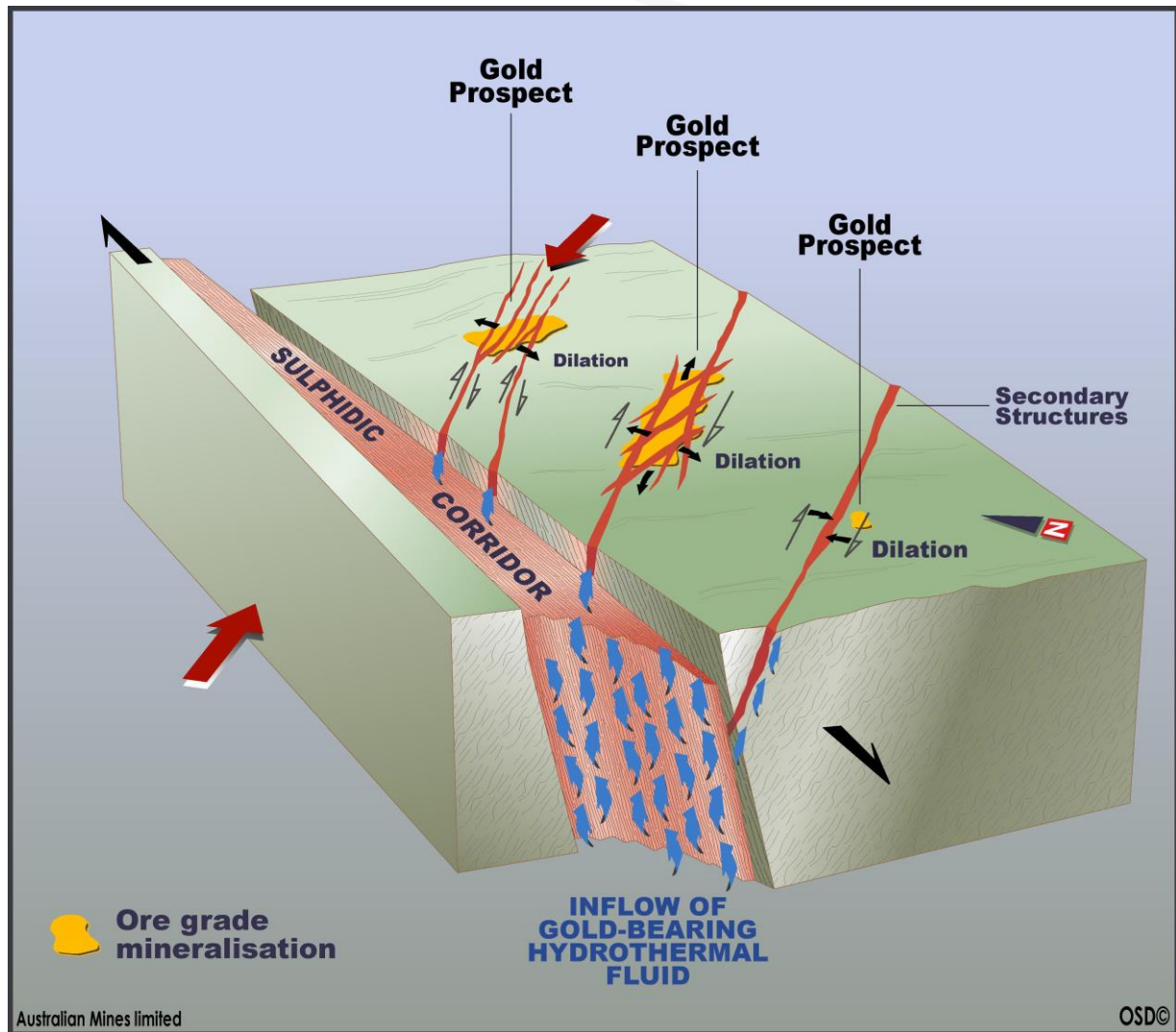
<sup>3</sup> Australian Mines Limited, Australian Mines closes in on high-grade gold zones at its emerging Dixon prospect, released 29 April 2016



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



**Figure 2:** Schematic image showing the interpreted gold mineralised corridor (>0.1 g/t Au) at Dixon as based on Australian Mines' recent reverse circulation (RC) and diamond core drill program. Preliminary analysis of the core from diamond hole DXDD001 suggests higher-grade zones at Dixon may occur where north-dipping (east-west trending) structures cross-cut this northeast trending corridor. (A full list of drill intersections are listed in Appendix 1 of this report).



**Figure 3:** Conceptual model of the interpreted gold system at Dixon based on the information acquired through the Company's recent RC and diamond core drill program. The focus of Australian Mines' upcoming drill program is the interpreted dilation zone created where the east-west oriented secondary structures cut the northeast-trending sulphidic corridor.



## Marriotts Nickel Project

Australian Mines' 100%-owned Marriotts Nickel Project hosts a shallow, undeveloped nickel sulphide deposit within the granted Mining Lease of M37/096.

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 Appendix 3).

No field work was undertaken across the Marriotts Project this quarter.

## Cash Position

As at 31 March 2016, Australian Mines had cash reserves of approximately \$0.6 million and no debt.

Post-period, the Company announced that it had successfully raised a further \$1.5 million (before costs) through a strongly supported and over-subscribed Placement of 75 million shares at an issue price of \$0.02 each to professional and sophisticated investors<sup>4</sup>.

Australian Mines is also presently undertaking a pro-rata Entitlement Offer to existing shareholders to raise an additional \$1.4 million.

Information regarding the Entitlement Offer, which is being done at the same issue price as the Placement, is outlined in Australian Mines announcement of 1 April 2016. The Company also mailed personalised letters to all eligible shareholders on 13 April 2016, which outlined their individual entitlement to new shares under this Offer.

Australian Mines subsequently announced that it has extended the closing date of the Entitlement Offer. This four week extension to the closing date will allow eligible shareholders time to review the results from the Company's upcoming drill program, which is targeting the higher-grade gold zones within the mineralised corridor at Dixon.

The closing date of the Entitlement Offer is now 2 June 2016.

Other dates related to the Offer are similarly extended as set out in the below table<sup>5</sup>.

<sup>4</sup> Australian Mines Limited, Australian Mines raises \$1.5 million to accelerate exploration at its Dixon gold prospect, released 1 April 2016.

<sup>5</sup> The stated dates are indicative and subject to the discretion of Australian Mines to make further amendments, including extending the closing date or closing the rights issue early, subject to the ASX Listing Rules and Corporations Act.



Activity	Date
Offer period closes.	5pm (Melbourne time) 2 June 2016
Securities quoted on a deferred settlement basis	3 June 2016
Notification of under subscriptions	7 June 2016
Issue and allot offer shares and announce completion of offer and lodge final Appendix 3B.	9 June 2016
Commencement of normal trading.	10 June 2016
Dispatch of holding statement.	10 June 2016

**\*\*\*ENDS\*\*\***

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## **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 deposits<sup>6</sup>.

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)<sup>7</sup>.

<sup>6</sup> Australian Mines Limited, High-grade gold zone extended at Dixon prospect, released 6 November 2015

<sup>7</sup> Australian Mines Limited, Annual Report for the year ended 30 June 2015, released 17 September 2015





## Appendix 1: Exploration Drilling Results – Dixon Gold Prospect

**Table 1: Drill Hole Information Summary**

Hole	Type	Company	Elevation (metres)	Depth (metres)	Easting (MGA50)	Northing (MGA50)	Dip	Azimuth
DXRC001	RC	Australian Mines	560	230.0	793219	7187495	-60	123°
DXRC002	RC	Australian Mines	560	225.0	793230	7187548	-60	123°
DXRC003	RC	Australian Mines	560	243.0	793267	7187762	-60	123°
DXRC004	RC	Australian Mines	560	261.0	793339	7187954	-60	123°
DXRC005	RC	Australian Mines	560	200.0	792259	7187208	-60	123°
DXDD001	Diamond core	Australian Mines	560	285.5	793201	7187625	-60	123°
MMRC016	RC	Australian Mines	560	147.0	793250	7187645	-60	140°

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

**Table 2: Significant intersections (using 1.0 g/t gold lower cut-off)**

Hole	Type	From (m)	To (m)	Interval (metres)	Grade (g/t gold)	Significant Intersection
DXDD001	HQ Core	164.4	165.1	0.7	2.35	<b>0.7m @ 2.35g/t gold from 164.4m in drill hole DXDD001</b>
DXDD001	HQ Core	186.9	188.0	1.1	5.07	<b>1.1m @ 5.07 g/t gold from 186.9m in drill hole DXDD001</b>
DXRC001	RC Split	69.0	70.0	1.0	1.02	1m @ 1.02 g/t gold from 69m in drill hole DXRC001
DXRC001	RC Split	106.0	107.0	1.0	1.20	1m @ 1.20 g/t gold from 106m in drill hole DXRC001
DXRC001	RC Split	125.0	126.0	1.0	1.11	1m @ 1.11 g/t gold from 125m in drill hole DXRC001



DXRC003	RC Split	50.0	51.0	1.0	1.16	1m @ 1.16 g/t gold from 50m in drill hole DXRC003
DXRC003	RC Split	94.0	95.0	1.0	1.49	1m @ 1.49 g/t gold from 94m in drill hole DXRC003
DXRC003	RC Split	136.0	137.0	1.0	2.53	<b>1m @ 2.53 g/t gold from 136m in drill hole DXRC003</b>
DXRC003	RC Split	139.0	140.0	1.0	5.76	<b>1m @ 5.76 g/t gold from 139m in drill hole DXRC003</b>
DXRC003	RC Split	144.0	145.0	1.0	1.88	1m @ 1.88 g/t gold from 144m in drill hole DXRC003
DXRC004	RC Split	65.0	66.0	1.0	8.99	<b>1m @ 8.99 g/t gold from 65m in drill hole DXRC004</b>
DXRC004	RC Split	76.0	79.0	3.0	1.82	3m @ 1.82 g/t gold from 76m in drill hole DXRC004
MMRC016	RC Split	76.0	78.0	2.0	1.53	2m @ 1.53 g/t gold from 76m in drill hole MMRC016
MMRC016	RC Split	130.0	138.0	8.0	10.86	<b>8m @ 10.86 g/t gold from 130m in drill hole MMRC016</b>

Intersections included in this table are downhole widths. The true widths of these intersections are not known  
 Assays included in the above table were calculated using a lower cut of 1g/t gold with no more than two metres internal waste  
 Sample preparation and analysis of RC samples were undertaken at Intertek Genalysis in Perth, Western Australia.  
 The quality of the analytical results is monitored using internal laboratory procedures and standards to ensure the results are representative and within acceptable ranges of accuracy and precision.



**Table 3: Significant intersections (using 0.1 g/t gold lower cut-off)**

Hole	Type	From (m)	To (m)	Interval (metres)	Grade (g/t gold)	Significant Intersection
DXDD001	HQ Core	40.0	41.0	1.0	0.21	1m @ 0.21 g/t gold from 40m in drill hole DXDD001
DXDD001	HQ Core	45.0	47.0	2.0	0.29	2m @ 0.29 g/t gold from 45m in drill hole DXDD001
DXDD001	HQ Core	81.8	82.2	0.4	0.41	0.4m @ 0.41 g/t gold from 81.8m in drill hole DXDD001
DXDD001	HQ Core	86.0	87.0	1.0	0.10	1m @ 0.10 g/t gold from 86m in drill hole DXDD001
DXDD001	HQ Core	97.9	100.3	2.4	0.26	2.4m @ 0.26 g/t gold from 97.9m in drill hole DXDD001
DXDD001	HQ Core	164.4	165.1	0.7	2.35	<b>0.7m @ 2.35g/t gold from 164.4m in drill hole DXDD001</b>
DXDD001	HQ Core	186.0	188.0	2.0	2.84	<b>2m @ 2.84 g/t gold from 186m in drill hole DXDD001</b>
DXDD001	HQ Core	278.0	278.8	0.8	0.13	0.8m @ 0.13 g/t gold from 278m in drill hole DXDD001
DXDD001	HQ Core	280.0	280.7	0.7	0.30	0.7m @ 0.30 g/t gold from 280m in drill hole DXDD001
DXRC001	RC Split	68.0	71.0	3.0	0.46	3m @ 0.46 g/t gold from 68m in drill hole DXRC001
DXRC001	RC Split	92.0	93.0	1.0	0.26	1m @ 0.26 g/t gold from 92m in drill hole DXRC001
DXRC001	HQ Core	106.0	107.0	1.0	1.20	1m @ 1.20 g/t gold from 106m in drill hole DXRC001



DXRC001	RC Split	124.0	126.0	2.0	0.74	2m @ 0.74 g/t gold from 124m in drill hole DXRC001
DXRC002	RC Split	31.0	32.0	1.0	0.16	1m @ 0.16 g/t gold from 31m in drill hole DXRC002
DXRC002	RC Split	63.0	65.0	2.0	0.51	2m @ 0.51 g/t gold from 63m in drill hole DXRC002
DXRC002	RC Split	89.0	90.0	1.0	0.74	1m @ 0.74 g/t gold from 89m in drill hole DXRC002
DXRC002	RC Split	95.0	96.0	1.0	0.33	1m @ 0.33 g/t gold from 95m in drill hole DXRC002
DXRC003	RC Split	29.0	30.0	1.0	0.15	1m @ 0.15 g/t gold from 29m in drill hole DXRC003
DXRC003	RC Split	50.0	51.0	1.0	1.16	1m @ 1.16 g/t gold from 50m in drill hole DXRC003
DXRC003	RC Split	56.0	57.0	1.0	0.11	1m @ 0.11 g/t gold from 56m in drill hole DXRC003
DXRC003	RC Split	93.0	96.0	3.0	0.72	3m @ 0.72 g/t gold from 93m in drill hole DXRC003
DXRC003	RC Split	122.0	123.0	1.0	0.30	1m @ 0.30 g/t gold from 122m in drill hole DXRC003
DXRC003	RC Split	128.0	129.0	1.0	0.11	1m @ 0.11 g/t gold from 128m in drill hole DXRC003
DXRC003	RC Split	136.0	147.0	11.0	1.10	<b>11m @ 1.10 g/t gold from 136m in drill hole DXRC003</b>
DXRC003	RC Split	203.0	205.0	2.0	0.19	2m @ 0.19 g/t gold from 203m in drill hole DXRC003



DXRC003	RC Split	212.0	213.0	1.0	0.67	1m @ 0.67 g/t gold from 212m in drill hole DXRC003
DXRC004	RC Split	12.0	13.0	1.0	0.23	1m @ 0.23 g/t gold from 12m in drill hole DXRC004
DXRC004	RC Split	55.0	56.0	1.0	0.49	1m @ 0.49 g/t gold from 55m in drill hole DXRC004
DXRC004	RC Split	65.0	71.0	6.0	1.73	6m @ 1.73 g/t gold from 65m in drill hole DXRC004
DXRC004	RC Split	75.0	83.0	8.0	0.87	8m @ 0.87 g/t gold from 75m in drill hole DXRC004
DXRC004	RC Split	85.0	87.0	2.0	0.32	2m @ 0.32 g/t gold from 85m in drill hole DXRC004
DXRC004	RC Split	107.0	108.0	1.0	0.23	1m @ 0.23 g/t gold from 107m in drill hole DXRC004
DXRC004	RC Split	141.0	147.0	6.0	0.35	6m @ 0.35 g/t gold from 141m in drill hole DXRC004
DXRC004	RC Split	150.0	151.0	1.0	0.12	1m @ 0.12 g/t gold from 150m in drill hole DXRC004
DXRC004	RC Split	177.0	178.0	1.0	0.12	1m @ 0.12 g/t gold from 177m in drill hole DXRC004
DXRC004	RC Split	199.0	200.0	1.0	0.75	1m @ 0.75 g/t gold from 199m in drill hole DXRC004
DXRC005	RC Split	41.0	45.0	4.0	0.18	4m @ 0.18 g/t gold from 41m in drill hole DXRC005
MMRC016	RC Split	67.0	70.0	3.0	0.20	3m @ 0.20 g/t gold from 67m in drill hole MMRC016
MMRC016	RC Split	76.0	78.0	2.0	1.53	2m @ 1.53 g/t gold from 76m in drill hole MMRC016



MMRC016	RC Split	130.0	140.0	10.0	8.79	<b>10m @ 8.79 g/t gold from 130m in drill hole MMRC016</b>
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Intersections included in this table are downhole widths. The true widths of these intersections are not known  
Assays included in the above table were calculated using a lower cut of 0.1g/t gold with no more than two metres internal waste  
Sample preparation and analysis of RC samples were undertaken at Intertek Genalysis in Perth, Western Australia.



## Appendix 2: Tenement Information

### Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
<b>AUSTRALIA</b>				
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
<b>AUSTRALIA</b>					
Western Australia	Doolgunna-Marymia	Heads of Agreement	Australian Mines and Riedel Resources	51%	Announced 30 April 2014 and 29 May 2015

Australian Mines currently holds a 51% interest in the Australian Mines – Riedel Resources joint venture 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.

### 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: Mineral Resources

<b>Marriotts Mineral Resource (as at 30 June 2015)<sup>8</sup></b>				
<b>Location</b>	<b>Category</b>	<b>Resource Tonnes</b>	<b>Nickel (%)</b>	<b>Nickel Tonnes</b>
Marriotts, Western Australia				
	Measured	-	-	-
	Indicated	460,000	1.12	5,100
	Inferred	370,000	1.15	4,300
	<b>Total</b>	<b>830,000</b>	<b>1.13</b>	<b>9,400</b>

**Table 1:** Mineral Resources for the Marriotts nickel sulphide deposit (using a lower cut of 0.5% nickel)<sup>9,10</sup>

<sup>8</sup> Australian Mines Limited, 2015 Annual Report, released 23 October 2015

<sup>9</sup> 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](http://www.australianmines.com.au)) or through the ASX website at [www.asx.com.au](http://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.

<sup>10</sup> 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





## Appendix 4: JORC Code, 2012 Edition

### Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>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.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Samples from Australian Mines' March 2016 reverse circulation (RC) drill program at Dixon were collected at one-metre intervals using a cone splitter to produce an approximate three kilogram sample, which is considered representative of the full drill metre.</li> </ul> <p>Samples from Australian Mines' HQ diamond core hole DXDD001, drilled in March 2016, were nominally collected at one-metre intervals. Sub-sampling of one-metre intervals may have occurred where the Company sought to obtain detailed analysis of specific zones of hydrothermal alteration or sulphidic +/- quartz veining.</p> <p>The HQ diamond drilling samples were half-core cut using a diamond saw. This technique produces a sample, which is representative of the full drill metre.</p> <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 are 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"> <li>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.)</li> </ul>	<ul style="list-style-type: none"> <li>The Company's March 2016 Dixon drill program comprised five RC drill holes (namely, DXRC001, DXRC002, DXRC003, DXRC004 &amp; DXRC005), which were completed by Challenge Drilling, and one HQ diamond core drill hole (DXDD001) that was completed by Ausdrill.</li> </ul>



## Drill sample recovery

- Method of recording and assessing core and chip sample recoveries and results assessed.
- 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.

- The RC sampling was very good with minimal wet sampling reported. Overall recoveries were high and no sampling recovery problems encountered.

Insufficient drilling and geochemical data is presently available to evaluate any potential sample bias. Australian Mines protocols, however, were followed, which seek to preclude any issues of sample bias due to material loss or gain.

The HQ diamond core recovery was very good with generally greater than 97% core recovery for hole DXDD001.

The length of each core run was recorded on core blocks by the drill contractor. These lengths were then measured by Australian Mines' geologists to ensure the length of actual core recovered by each drill run reconciled with the length stated by the drill contractor.

Insufficient drilling and geochemical data is available at present to evaluate potential sample bias. Australian Mines protocols, however, 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.
- Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.
- The total length and percentage of the relevant intersections logged.

- Geological logging of the drill chips was recorded for all five RC drill holes, including lithology, mineralogy, grainsize, texture, weathering, oxidation, colour and other features of the samples.

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

Logging of RC 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 holes were logged in full to the end of the hole.

Geological logging of the diamond core was recorded for hole DXDD001, including lithology, mineralogy, alteration, veining, grainsize, texture, weathering, oxidation, colour and other features of the samples.



The drill core from DXDD001 was not logged to any geotechnical standard and the data is insufficient to support Mineral Resource estimation at this stage.

The diamond 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.
- If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.
- For all sample types, the nature, quality and appropriateness of the sample preparation technique.
- 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.
- All one-metre splits from the Dixon RC drill holes 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.

The core returned from Dixon diamond drill hole DXDD001 was cut in half, perpendicular to the hole's orientation line.

Half-core samples were taken at one metre intervals down the full length of the HQ diamond hole. Sub-sampling of one-metre intervals may have occurred where the Company sought to obtain detailed analysis of specific zones of hydrothermal alteration or sulphidic +/- quartz veining.

Samples are dried and pulverised using industry standard methods by Intertek Genalysis at their Perth assay laboratory.

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

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 were submitted to Intertek Genalysis in Perth for analysis via Fire Assay and mixed four acid digest.

The samples were 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 and the insertion of Certificated Reference Material (CRM or 'standards') separately by both Australian Mines and Intertek Genalysis within the sample run to ensure the results are representative and within acceptable ranges of accuracy and precision.

## 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.
- Collar locations of the Company's RC and diamond core drill holes 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 Dixon involved five single RC holes and one diamond core drill hole.
- The spacing between these holes varied as indicated by the drill location imaged included in the body of the accompanying report.
- 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.
- The orientation of the Company's drilling was designed to intersect the target zone 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.
- The RC samples were stored on site and are delivered in tamper-proof/evident bags via Toll IPEC directly to the assay laboratory.
- The diamond core was trucked from site to Perth for cutting under direct supervision of the Company's Managing Director.



The cutting and sampling of the diamond core from hole DXDD001 was performed by Australian Mines' personnel.

The subsequent samples of the diamond core were delivered to the assay laboratory in tamper-proof/evident bags via Toll IPEC.

## 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
<p><b>Mineral tenement and land tenure status</b></p>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The Doolgunna - Marymia Project is located within the Western Australian exploration licences of E52/2394 and E52/2395.</li> </ul> <p>Australian Mines announced on 30 April 2014 that it had signed a Heads of Agreement with Riedel Resources (ASX code: RIE) in relation to licences E52/2394 (which hosts the Dixon gold prospect) and E52/2395.</p> <p>Further, on 29 May 2015, Australian Mines reported that the Company had earned a 51% interest in these tenements and that 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>In August 2015, Australian Mines was notified by the Western Australian Department of Mines and Petroleum (DMP) that the Company's Extension of Term for E52/2394 and E52/2395 was successful, with these tenements now expiring in June 2020 and August 2020 respectively.</p> <p>The Company's Doolgunna - Marymia exploration licences are within the Marymia and Ned's Creek Pastoral Leases and contained within the Native Title Claim boundaries of the <i>Gingirana</i> (WAD6002/03) and <i>Yugunga-Nya</i> (WAD6132/98) Traditional Owners.</p> <p>Exploration activities on E52/2394 and E52/2395 are permitted under agreements dated; 7 October 2010 between Audax Resources Ltd (a subsidiary of Riedel Resources) and the Yamatji Marlpa Aboriginal Corporation as agent for the <i>Yugunga-Nya</i> people; and 23 October 2010 between Audax Resources and <i>Gingirana</i> Pty Ltd. Australian Mines is permitted to operate under these agreements as the Company is joint venturing with Riedel Resources on this project</p> <p>Both tenements are currently in good standing with no impediments to exploration known to exist at the time of writing.</p>



## Exploration done by other parties

- Acknowledgment and appraisal of exploration by other parties.
- Limited exploration and drilling programs have previously been undertaken across the Dixon gold prospect by other companies.

A summary of the historic exploration is outlined in the Prospectus released by Riedel Resources Limited on 23 November 2010.

Cyprus Gold Australia's Annual Report - Combined Reporting Group C153/1996, which was submitted to the Western Australian Department of Mines and Petroleum in December 1997, and covers tenements E52/592 and E52/594 (now tenement E52/2394) similarly summarises the historic exploration undertaken across the greater Doolgunna - Marymia project area.

Galtrad Pty Ltd's Annual Technical Report for tenement E52/594 (now tenement E52/2394), which was received by the Western Australian Department of Mines and Petroleum (DMP) on 16 September 1996, describes five reverse circulation (RC) drilled by Galtrad immediately north of Australian Mines' Dixon gold prospect.

## Geology

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

The Dixon prospect is situated within the Baumgarten Greenstone Belt, which is the interpreted northern extension of the Eastern Goldfields' Norseman – Wiluna Greenstone Belt in Western Australia.

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 from Australian Mines' drilling program at its Dixon gold prospect are based on a regular sample interval of one metre unless otherwise stated.

The quoted gold intersections are based on a minimum gold threshold of 0.1 g/t gold.

No upper cuts are applied and a two metre internal dilution has been 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 downhole 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.

## 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.
- Further work at Dixon may include a tighter spaced drill program around the recently completed MMRC016, DXRC003 and DXDD001 drill holes. Such a drill program would test the interpreted east-west orientated structures that appear to cross-cut the main sulphidic corridor.  
  
The specifications of this proposed drill program, including the location and targeted depth of these holes, will be announced by the Company prior to the commencement of drilling.

## 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.