



ASX ANNOUNCEMENT

ASX : AUZ

28 June 2016

RC drilling results reveal controls of mineralisation at Dixon ahead of Government co-funded diamond drilling

- Drill program confirms lithological control of primary gold mineralisation at Dixon
- Improves Australian Mines' ability to target higher-grade gold zones in upcoming programs
- Follow-up diamond drilling being co-funded by Western Australian government

Australian Mines Limited ("Australian Mines" or "the Company") advises it has received the assay results from the latest round of reverse circulation (RC) drilling at its Dixon gold prospect – part of its joint venture with Riedel Resources Limited (ASX: RIE).

The Dixon gold prospect is located within 50 kilometres of Northern Star's Plutonic Gold Mine (Figure 1) and hosted by a similar greenstone belt as that containing the Plutonic and Marymia deposits¹ where the mineralisation often occurs as thin (2 – 4 metre) lodes that grade from 1 g/t gold².

Previous drilling by Australian Mines delineated a mineralised corridor at Dixon that extends for more than half a kilometre and which remains open along strike in both directions³ (Figure 2). This strike length appears consistent with the gold lodes present within the neighbouring Plutonic Well Greenstone Belt⁴, which are usually several hundred metres long.

In May 2016, Australian Mines commenced a six-hole RC drill campaign at Dixon that was primarily designed to target an interpreted high-grade gold zone along strike of the Company's 2015 discovery hole⁵.

This recent drilling returned intersections that included 4 metres @ 1.31 g/t gold from 170 metres (DXRC011) and 3 metres @ 1.13 g/t gold from 140 metres (DXRC011), indicating that the gold grades

¹ Northern Star Resources Limited, Plutonic Operations Fact Sheet, <http://www.nsr ltd.com/wp-content/uploads/2015/06/NSR-Plutonic-Operations-Fact-Sheet-May-2015.pdf>, 27 June 2016

² Dampier Gold Limited, Prospectus, released 19 July 2010

³ Australian Mines Limited, RC drill results received from Dixon gold prospect, released 18 April 2016

⁴ Dampier Gold Limited, Prospectus, released 19 July 2010

⁵ Two RC holes (MMRC019 and MMRC020) were also drilled at the Baumgarten prospect, located about 15 kilometres north of Dixon, to confirm an historic gold intersection



and widths of the mineralisation at Dixon appear to be approaching the tenor observed in many of the open pits across the Plutonic and Marymia operations^{6, 7}.

More importantly, the results from Australian Mines recent drilling campaign confirmed that the gold mineralisation at Dixon primarily occurs along the contact of a magnetic dolerite and a basalt unit. This significantly increases the prospective corridor within the Company's project area as it suggests that multiple zones of mineralisation may exist along the length of the dolerite – basalt contact at Dixon, which can be traced for 6 kilometres.

Should the trend of increasing gold grades with depth as reported across the Plutonic Well Greenstone Belt⁸ be replicated at Dixon, than the Company could expect to encounter higher gold grades at depth whilst retaining consistent gold grades along strike.

Australian Mines therefore plans to drill test the interpreted depth extension of the Dixon mineralisation as part of its upcoming diamond core drill program, which is being co-funded by the Government of Western Australia as part of a \$105,000 grant awarded to the Company under the State Government's Exploration Incentive Scheme⁹.

Managing Director, Benjamin Bell commented: "The most telling aspect of the mineralisation revealed by the recently received results is that its thickness, grade and strike continuity appears to approach of a typical open pit gold deposits at the nearby Plutonic and Marymia mining operations.

Having identified the main control of the gold mineralisation at Dixon via the latest drilling and having secured funding from the Western Australian Government, Australian Mines is moving to drill test the interpreted higher-grade zone present beneath the current drilling".

*****ENDS*****

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⁶ Dampier Gold Limited, Prospectus, released 19 July 2010

⁷ Dampier Gold Limited considered mineralised material between 1.7 g/t Au and 2.4 g/t Au as having open pit mining potential

⁸ Dampier Gold Limited, Prospectus, released 19 July 2010

⁹ Australian Mines Limited, WA Government co-funding diamond drilling at Dixon, released 10 June 2016

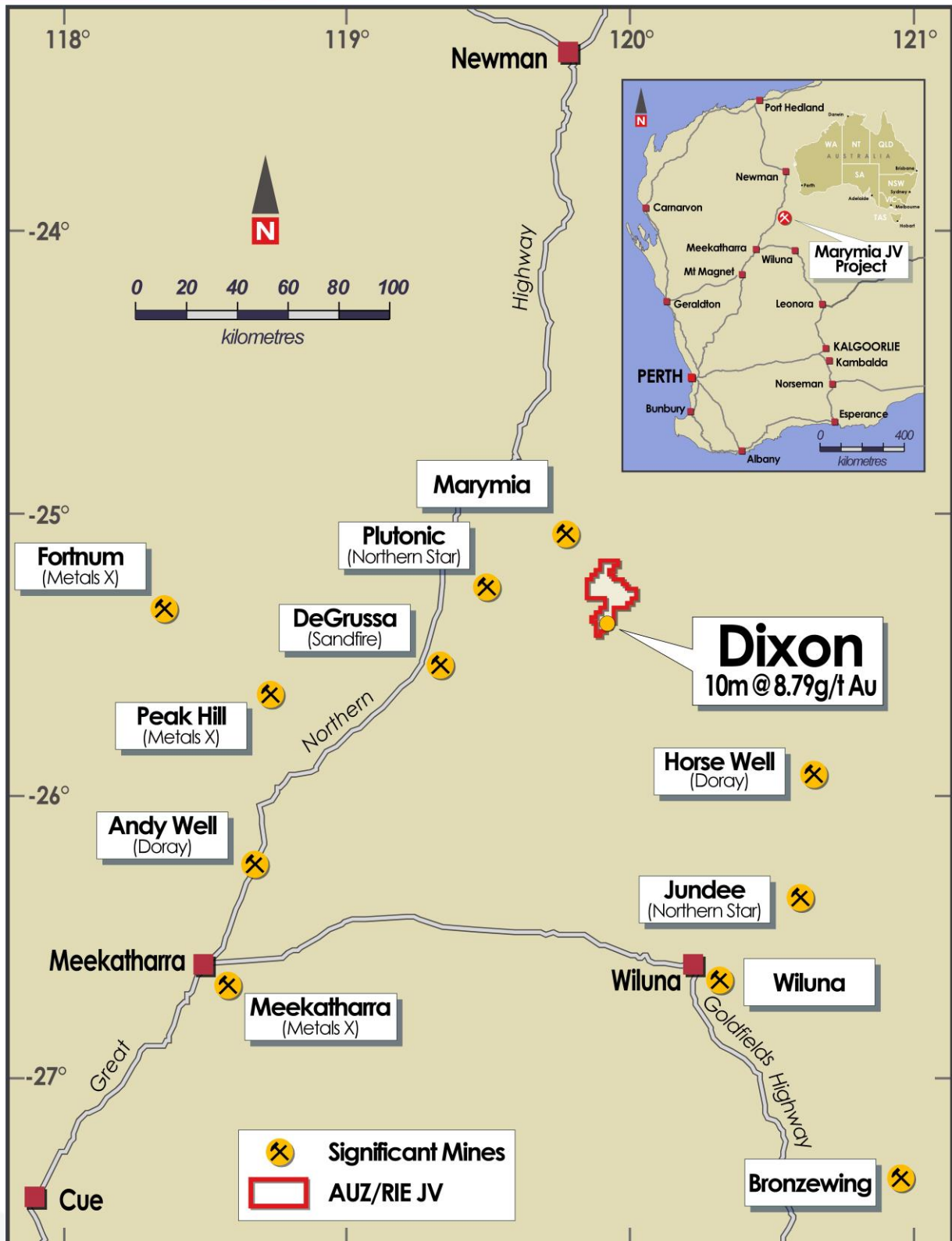


Figure 1: The Dixon gold prospect is situated within 50 kilometres of Northern Star’s Plutonic Gold Mine, and is located within Australian Mines (AUZ) and Riedel Resources (RIE) joint venture tenement E52/2394 where Australian Mines is currently earning an 80% interest.

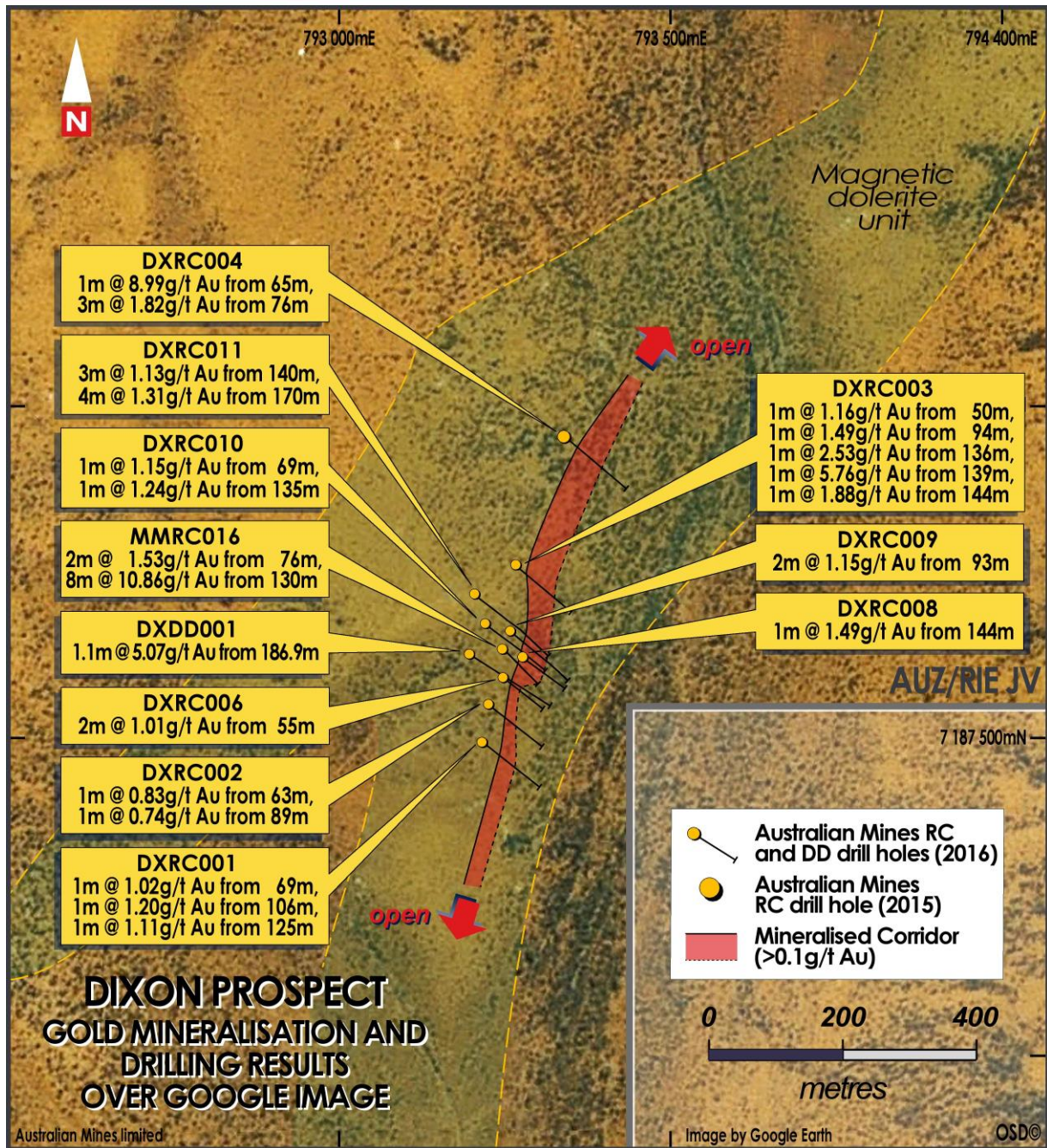


Figure 2: Schematic image showing the interpreted gold mineralised corridor (>0.1 g/t Au) at Dixon as based on Australian Mines' recent reverse circulation (RC) and diamond core drill program¹⁰. A list of drill intersections from the Company's May 2016 is listed in Appendix 1 of this report.

¹⁰ Australian Mines Limited, RC drill results received from Dixon gold prospect, released 18 April 2016

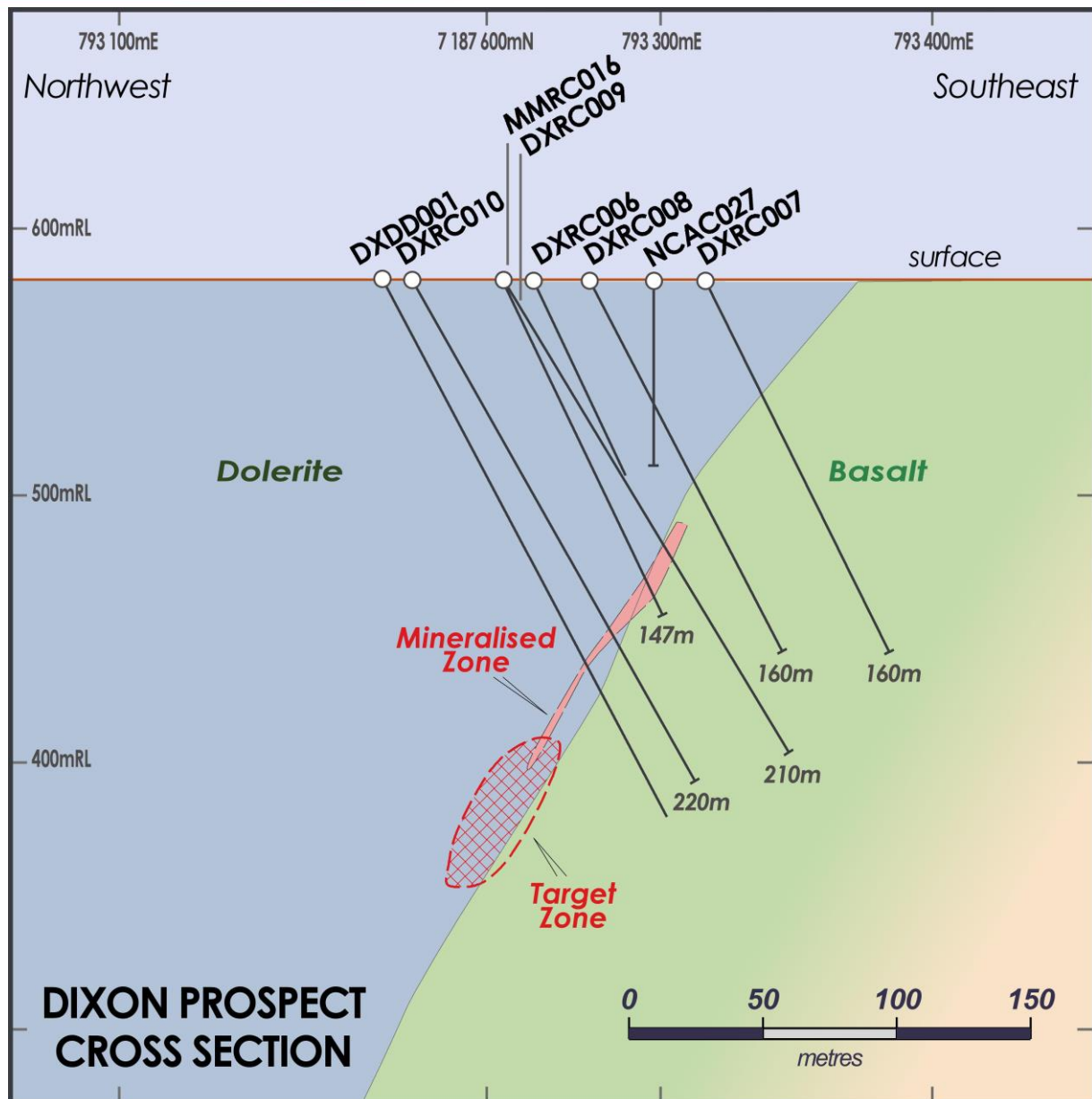


Figure 3: The gold mineralisation at the Company's Dixon prospect is interpreted to occur along the contact of a basalt and dolerite, with the majority of the mineralisation present within the latter unit. Australian Mines has identified a potential extension of the gold mineralisation beneath the current drilling, which the Company intends to test during its next round of drilling.



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.

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 reverse circulation (RC) drilling at its Dixon prospect within tenement E52/2394 had successfully intersected high-grade gold (10 metres @ 8.79 g/t gold from 130 metres down hole; MMRC016) within a similar greenstone sequence to that which hosts the nearby Plutonic gold deposits¹¹.

Australian Mines' ongoing exploration program is, therefore, aimed at determining 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.

Arunta West Project

Agreement to earn up to 80% interest

The Arunta West joint venture area, situated approximately 600 kilometres west of Alice Springs, covers an area of approximately 345 square kilometres in a region that is rapidly becoming known as Australia's next copper province.

Recently, Independence Group announced the discovery of significant copper-gold-silver-lead-zinc-cobalt mineralisation¹² along strike of Australian Mines' Arunta West project area.

With BHP Billiton having already identified a similar copper-gold target within the Company's Arunta West tenement package, this project hosts a bona fide walk-up drill target plus a number of priority anomalies, which Australian Mines is proposing to test in the near future.

Under the terms of the joint venture agreement, Australian Mines may acquire a 51% interest in these tenements by spending \$350,000 in exploration by June 2018. The Company may subsequently elect to acquire an additional 29% interest in the project (taking the total to 80%) by spending a further \$3.15 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)¹³.

¹¹ Australian Mines Limited, High-grade gold zone extended at Dixon prospect, released 6 November 2015

¹² ABM Resources, Announcing the Bumblebee gold-copper-silver-lead-zinc-cobalt discovery, released 6 October 2015

¹³ Australian Mines Limited, Annual Report for the year ended 30 June 2015, released 17 September 2015



Appendix 1: Exploration Drilling Results – Dixon and Baumgarten Prospects

Table 1: Drill Hole Information Summary

Hole	Prospect	Type	Elevation (metres)	Depth (metres)	Easting (MGA50)	Northing (MGA50)	Dip	Azimuth
DXRC006	Dixon	RC	560	159	793252	7187590	-62.2	126.9
DXRC007	Dixon	RC	560	160	793322	7187620	-60.3	127.9
DXRC008	Dixon	RC	560	160	793279	7187622	-60.6	125.8
DXRC009	Dixon	RC	560	210	793261	7187659	-59.5	127.2
DXRC010	RC	RC	560	220	793224	7187671	-59.4	128.6
DXDD011	Dixon	RC	560	267	793208	7187715	-59.7	128.8
MMRC019	Baumgarten	RC	595	250	798745	7200852	-61.2	116.1
MMRC020	Baumgarten	RC	595	300	798827	7200926	-58.6	118.1

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

Table 2: Significant intersections >1.0 g/t gold

Hole	Type	From (m)	To (m)	Interval (metres)	Grade (g/t gold)	Significant Intersection
DXRC006	RC Split	55	57	2	1.018	2m @ 1.01 g/t gold from 55m in drill hole DXRC006
DXRC008	RC Split	144	145	1	1.493	1m @ 1.49 g/t gold from 144m in drill hole DXRC008
DXRC009	RC Split	93	95	2	1.151	2m @ 1.15 g/t gold from 93m in drill hole DXRC009
DXRC010	RC Split	69	70	1	1.156	1m @ 1.15 g/t gold from 69m in drill hole DXRC010
DXRC010	RC Split	135	136	1	1.249	1m @ 1.24 g/t gold from 135m in drill hole DXRC010



DXRC011	RC Split	140	143	3	1.137	3m @ 1.13 g/t gold from 140m in drill hole DXRC011
DXRC011	RC Split	170	174	4	1.310	4m @ 1.31 g/t gold from 170m in drill hole DXRC011
MMRC019	RC Split	-	-	-	-	<i>Assays pending</i>
MMRC020	RC Split	236	237	1	1.238	1m @ 1.23 g/t gold from 236m in drill hole MMRC020

Minimum grade of reported intersection: 1.0 g/t gold

Minimum width of intercept: 1 metre

Lower cut: 0.25 g/t gold

Upper cut: None

Maximum internal waste: 4 metres

Intersections included in this table are downhole widths. The true widths of these intersections are not known



Table 3: Drilling intersections >0.25 g/t gold

Hole	Type	From (m)	To (m)	Interval (metres)	Grade (g/t gold)	Significant Intersection
DXRC006	RC Split	54	57	3	0.723	3m @ 0.72 g/t gold from 54m in drill hole DXRC006
DXRC006	RC Split	72	73	1	0.646	1m @ 0.64 g/t gold from 72m in drill hole DXRC006
DXRC007	RC Split	86	87	1	0.401	1m @ 0.40 g/t gold from 86m in drill hole DXRC007
DXRC008	RC Split	37	38	1	0.782	1m @ 0.78 g/t gold from 37m in drill hole DXRC008
DXRC008	RC Split	131	135	4	0.501	4m @ 0.50 g/t gold from 131m in drill hole DXRC008
DXRC008	RC Split	144	145	1	1.493	1m @ 1.49 g/t gold from 144m in drill hole DXRC008
DXRC009	RC Split	46	49	3	0.257	3m @ 0.25 g/t gold from 46m in drill hole DXRC009
DXRC009	RC Split	93	103	10	0.451	10m @ 0.45 g/t gold from 93m in drill hole DXRC009
DXRC009	RC Split	172	178	6	0.345	6m @ 0.34 g/t gold from 172m in drill hole DXRC009
DXRC010	RC Split	69	75	6	0.259	6m @ 0.25 g/t gold from 69m in drill hole DXRC010
DXRC010	RC Split	106	108	2	0.326	2m @ 0.32 g/t gold from 106m in drill hole DXRC010
DXRC010	RC Split	127	130	3	0.285	3m @ 0.28 g/t gold from 127m in drill hole DXRC010
DXRC010	RC Split	131	136	5	0.32	5m @ 0.32 g/t gold from 131m in drill hole DXRC010



DXRC011	RC Split	31	36	5	0.288	5m @ 0.28 g/t gold from 31m in drill hole DXRC011
DXRC011	RC Split	79	80	1	0.307	1m @ 0.30 g/t gold from 79m in drill hole DXRC011
DXRC011	RC Split	95	96	1	0.494	1m @ 0.49 g/t gold from 95m in drill hole DXRC011
DXRC011	RC Split	131	136	5	0.253	5m @ 0.25 g/t gold from 131m in drill hole DXRC011
DXRC011	RC Split	137	146	9	0.533	9m @ 0.53 g/t gold from 137m in drill hole DXRC011
DXRC011	RC Split	170	174	4	1.31	4m @ 1.31 g/t gold from 170m in drill hole DXRC011
DXRC011	RC Split	250	253	3	0.286	3m @ 0.28 g/t gold from 250m in drill hole DXRC011
DXRC011	RC Split	263	264	1	0.25	1m @ 0.25 g/t gold from 263m in drill hole DXRC011
MMRC020	RC Split	212	233	21	0.278	21m @ 0.27 g/t gold from 212m in drill hole MMRC020

Minimum grade of reported intersection: 0.25 g/t gold

Minimum width of intercept: 1 metre

Lower cut: 0.10 g/t gold

Upper cut: None

Maximum internal waste : 4 metres

Intersections included in this table are downhole widths. The true widths of these intersections are not known



Appendix 2: 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' May 2016 reverse circulation (RC) drill program at Dixon and Baumgarten 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. <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"> 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 Company's May 2016 drill program comprised six RC drill holes at Dixon (namely, DXRC006, DXRC007, DXRC008, DXRC009, DXRC010 & DXRC011) and two RC drill holes at Baumgarten (MMRC019 & MMRC020), which were completed by Ausdrill Northwest Pty Ltd.



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.

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 eight 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.

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 and Baumgarten 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.

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') 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, Expedito.

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, Expedito, 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 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' May 2016 drill program involved six RC holes at Dixon and two RC holes at the Baumgarten prospect.
- 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.

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.
- Data received from the assay laboratories are verified by Expedio in Perth, Australia.



Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<p>Mineral tenement and land tenure status</p>	<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 E52/2394 and E52/2395. <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 and Baumgarten gold prospects) 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 at both Dixon and Baumgarten are 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 and Baumgarten prospects are situated within the Baumgarten Greenstone Belt, which is interpreted northern extension of the Eastern Goldfields' Norseman - Wiluna Greenstone Belt in Western Australia.

The geology of the Dixon and Baumgarten prospects 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 and Baumgarten prospects are based on a regular sample interval of one metre unless otherwise stated.

The quoted gold intersections in Table 2 of Appendix 1 are based on a minimum gold threshold of 1.0 g/t gold.

The quoted gold intersections in Table 3 of Appendix 1 are based on a minimum gold threshold of 0.25 g/t gold.

No upper cuts have been applied and a four metre internal dilution has been used for all intersection calculations in both Tables 1 & 2 of Appendix 1
- 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.
- The results of exploration programs previously undertaken by the Company over the Dixon and Baumgarten prospects are detailed in the Australian Mines' ASX announcements of: 26 October 2015, 6 November 2015, 17 November 2015, 27 January 2016, 29 March 2016 & 29 April 2016.

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).
- Further work at Dixon may include a diamond core drill program, which will be co-funded by the Government of Western Australia via their Exploration Incentive Scheme (EIS).
- Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.

As announcement by Australian Mines on 10 June 2016, the Western Australian Government will contribute to up \$105,000 towards the Company's proposed follow-up diamond drilling program at Dixon.

The specifications of this proposed diamond 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.