

5 July 2016

Entitlement Offer closed, diamond drilling planned for August

- **Entitlement Offer closed with funds to progress Dixon gold prospect**
- **Government co-funded diamond drill program to commence in August at Dixon**

Australian Mines Limited (“Australian Mines” or “the Company”) advises it closed its Entitlement Offer at 5pm (AEST) on Thursday 30 June 2016 in accordance with the extended timeline announced on May 30¹.

The Entitlement Offer raised \$106,258 with the majority of these funds proposed to be allocated to the upcoming diamond core drill program at the Dixon gold prospect.

This funding will match dollar-for-dollar the co-funding grant of \$105,000 awarded to the Company for the program by the Government of Western Australia under the Exploration Incentive Scheme².

The diamond drill program is scheduled to commence in the second half of August and will test the interpreted depth extension of the Dixon mineralisation, supported by the assay results from the latest RC drill program³.

Dixon is part of the Doolgunna-Marymia project joint venture with Riedel Resources (ASX: RIE) and is located within 50 kilometres of Northern Star’s Plutonic gold mine and hosted by a similar greenstone belt as that containing the Plutonic and Marymia deposits⁴.

*****ENDS*****

¹ Australian Mines Limited, Entitlement Offer closing date extended, released 30 May 2016

² Australian Mines Limited, WA Government co-funded diamond drilling at Dixon, released 10 June 2016

³ Australian Mines Limited, RC drilling results reveal controls of mineralisation at Dixon ahead of Government co-funded diamond drilling, released June 28

⁴ Northern Star Resources Limited, Plutonic Operations Fact Sheet, <http://www.nsrld.com/wp-content/uploads/2015/06/NSR-Plutonic-Operations-Fact-Sheet-May-2015.pdf>, 29 June 2016



For further information, shareholders and media please contact:

Benjamin Bell

Managing Director

Ph: +61 8 9481 5811

E: bbell@australianmines.com.au

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.

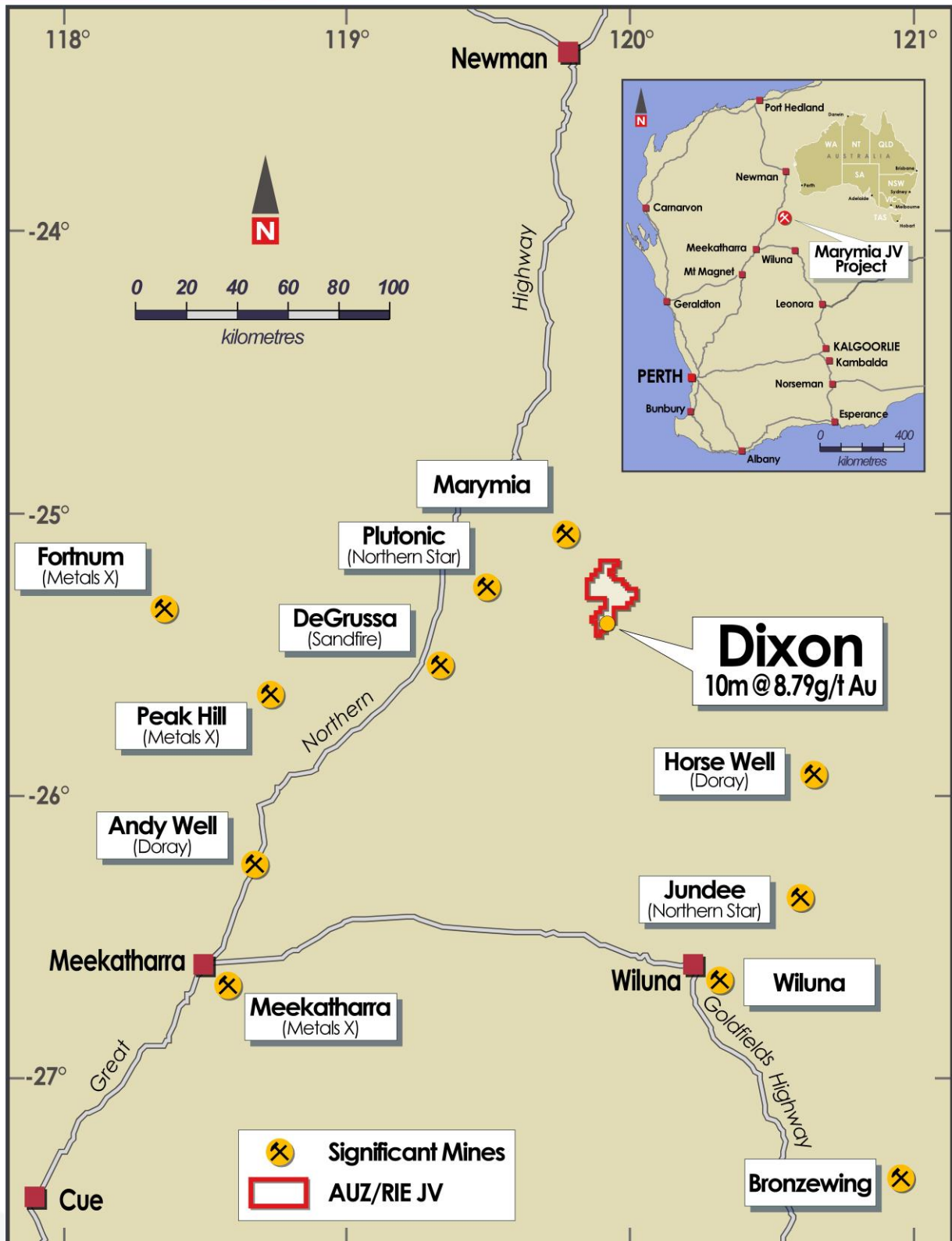


Figure 1: The Dixon gold prospect is situated within 50 kilometres of Northern Star’s Plutonic Gold Mine, and is located within Australian Mines (AUZ) and Riedel Resources (RIE) joint venture tenement E52/2394 where Australian Mines is currently earning an 80% interest.

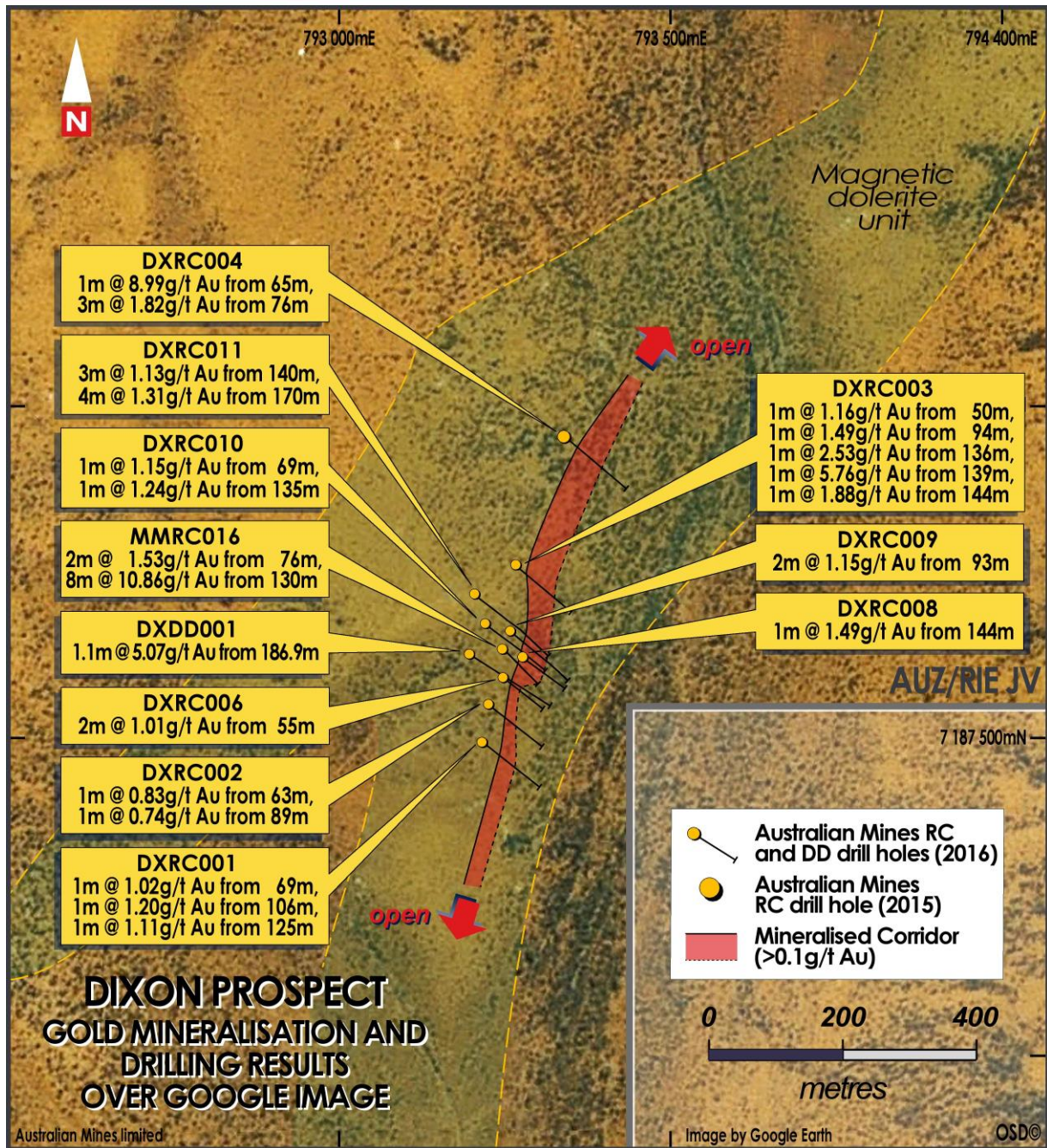


Figure 2: Schematic image showing the interpreted gold mineralised corridor (>0.1 g/t Au) at Dixon as based on Australian Mines' recent reverse circulation (RC) and diamond core drill campaigns^{5, 6}.

⁵ Australian Mines Limited, RC drill results received from Dixon gold prospect, released 18 April 2016

⁶ Australian Mines Limited, RC drill results reveal controls of mineralisation at Dixon, released 28 June 2016.



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 \$500,000 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 deposits⁷.

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 mineralisation⁸ 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 comes with 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)⁹.

⁷ Australian Mines Limited, High-grade gold zone extended at Dixon prospect, released 6 November 2015

⁸ ABM Resources, Announcing the Bumblebee gold-copper-silver-lead-zinc-cobalt discovery, released 6 October 2015

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