



QUARTERLY ACTIVITIES REPORT

For Period Ended 30 June 2016

ASX: AUZ

25 July 2016

HIGHLIGHTS

Doolgunna – Marymia Project

- Drilling confirmed lithological control (dolerite - basalt contact) of primary gold mineralisation
- Dolerite - basalt contact can be traced for 6 kilometres in JV tenement area
- New improved geological model completed during quarter
- WA Government co-funded diamond drill program scheduled for current quarter

Arunta West Project

- Completed a Joint Venture Agreement in large tenement holding in emerging copper-gold province in Western Australia
- Region considered highly prospective for Ernest Henry-style copper-gold deposits
- Walk-up copper-gold drill target already identified within JV project area

Cash Position

- Cash reserves of \$1.5 million and no debt as at 30 June 2016



Australian Mines Limited (“Australian Mines” or “the Company”) is pleased to provide shareholders with its Quarterly Activities Report for the period ended 30 June 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 (Figure 1).

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 up to an 80% interest by spending \$3 million on exploration by May 2018.

As at 30 June 2016, Australian Mines had spent \$2.5 million on exploration under this joint venture and the Company anticipates satisfying its expenditure obligations to obtain its 80% interest during the second half of this year.

Dixon gold prospect

Australian Mines focused on building its understanding of the main controls of mineralisation at its Dixon gold prospect during the quarter.

Reconnaissance drilling completed by the Company in March 2016 confirmed that the extensive sulphidic corridor at Dixon as mapped by a detailed induced polarisation (IP) geophysical survey, is gold-bearing and that this mineralised corridor extends for more than half a kilometre¹, and which remains open along strike (Figure 2).

This strike length appears consistent with the gold lodes present within the neighbouring Plutonic Well Greenstone Belt, which are usually several hundred metres long².

Motivated by its greater understanding of controls on gold mineralisation at Dixon, Australian Mines completed a detailed, three-dimensional geological and geophysical model of the prospect area, which informed its follow-up drill program undertaken in May 2016.

This six-hole reverse circulation (RC) drill campaign returned intersections that included 4 metres @ 1.31 g/t gold from 170 metres down hole (DXRC011) and 3 metres @ 1.13 g/t gold from 140 metres down hole (DXRC011)³, indicating that the typical gold grades and widths of the mineralisation at Dixon appears to be approaching the tenor observed in many of the open pits across the Plutonic and Marymia operations^{4,5}.

¹ Australian Mines Limited, Quarterly Activities Report for the period ended 31 March 2016, released 29 April 2016

² Dampier Gold Limited, Prospectus, released 19 July 2010

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

⁴ Dampier Gold Limited, Prospectus, released 19 July 2010

⁵ Dampier Gold Limited considered mineralised material between 1.7 g/t Au and 2.4 g/t Au as having open pit mining potential



More importantly, this drilling pointed to the gold mineralisation at Dixon primarily occurring 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 at least 6 kilometres within Australian Mines Doolgunna-Marymia tenement area.

Modelling of this prospective lithological contact zone immediately around the Dixon discovery hole of MMRC016, which returned 10 metres @ 8.79 g/t gold from 130 metres down hole in late 2015⁶, clearly indicates that neither drill program completed by Australian Mines to date has tested the depth continuity of the gold mineralisation at Dixon (Figure 3).

As the gold mineralisation at the Plutonic and Marymia ore bodies reportedly increase at depth⁷, the Company has therefore planned an 1,800 metre RC and 760 metre diamond core drill program that is scheduled to commence in the current quarter.

This program, which is part-funded by a grant recently secured from the Government of Western Australia under its competitive Exploration Incentive Scheme⁸, will seek to test the plunge component of the mineralisation in addition to its lateral continuity as indicated in Figure 4 of this report.

Australian Mines welcomes the State Government's support of its exploration program at Dixon through directly injecting funds into this next phase of drilling and the Company will provide further information regarding this drilling, including its anticipated commencement date, in the coming weeks.

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

⁷ Dampier Gold Limited, Prospectus, released 19 July 2010

⁸ Australian Mines Limited, RC drilling results reveal controls of mineralisation at Dixon ahead of Government co-funded diamond drilling, released June 28

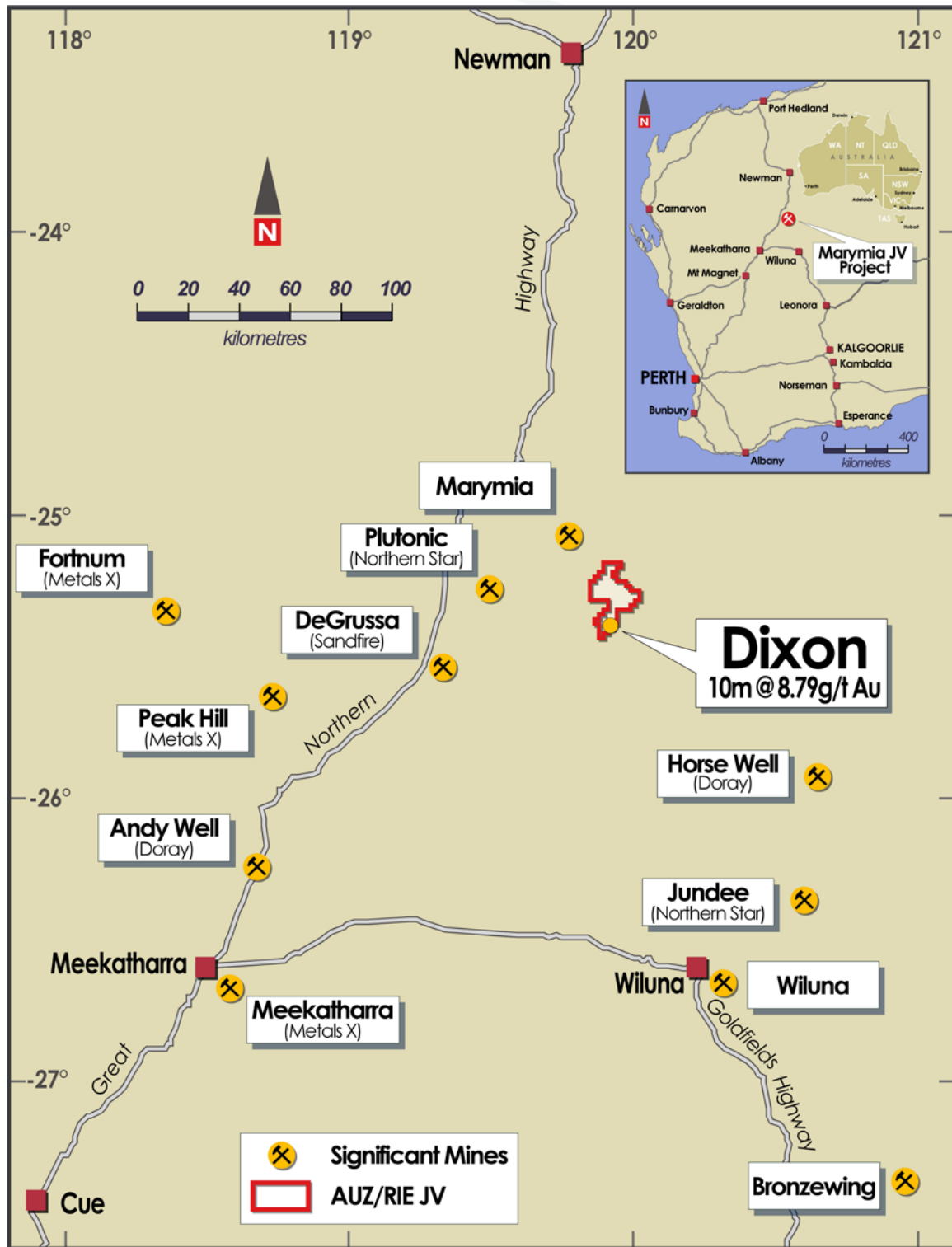


Figure 1: The Dixon gold prospect is situated within 50 kilometres of Northern Star's Plutonic Gold Mine, and is located within Australian Mines (AUZ) and Riedel Resources (RIE) joint venture tenement E52/2394 where Australian Mines is currently earning an 80% interest.

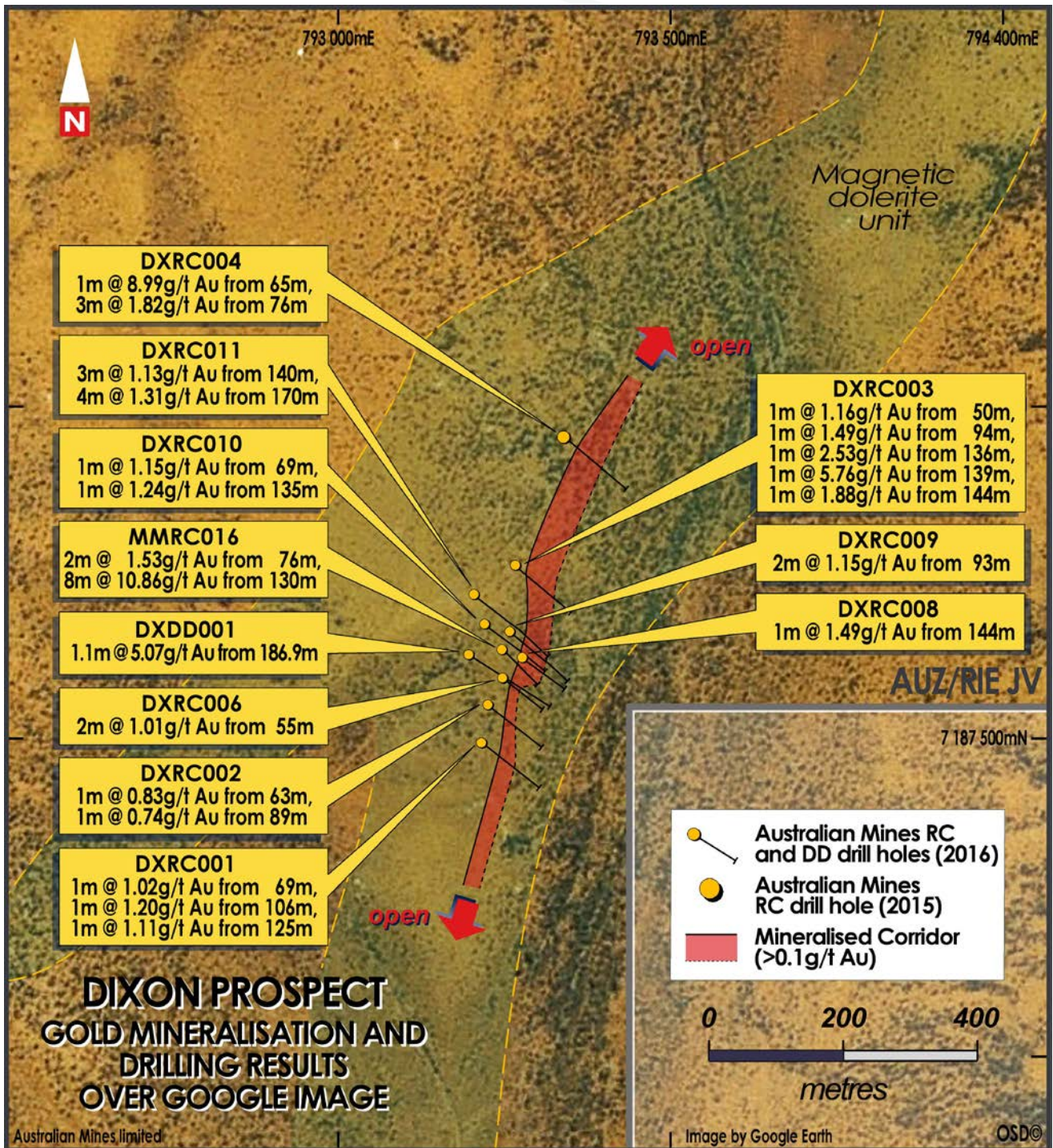


Figure 2: Schematic image showing the interpreted gold mineralised corridor (>0.1 g/t Au) at Dixon as based on Australian Mines' reverse circulation (RC) and diamond core drill programs^{9,10}. The list of the intersections returned from these 2016 drill programs are outlined in Appendix 1 of this report.

⁹ Australian Mines Limited, RC drill results received from Dixon gold prospect, released 18 April 2016

¹⁰ Australian Mines Limited, RC drill results reveal controls of mineralisation at Dixon ahead of Government co-funded diamond drilling, released 28 June 2016

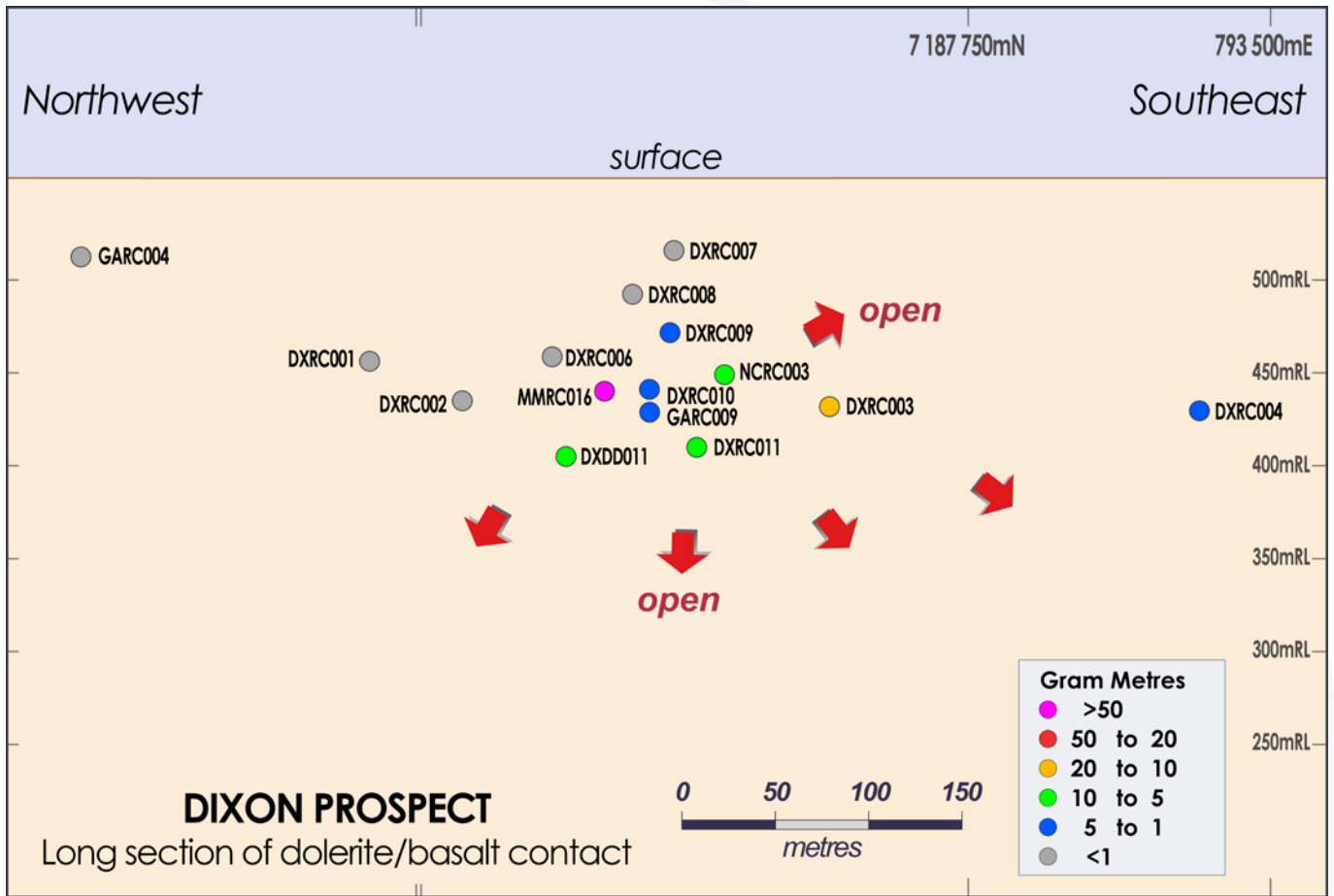


Figure 3: A schematic long section of the gold mineralisation intersected along the dolerite-basalt contact at the Company's Dixon gold prospect. As evident from this section, the mineralisation at Dixon appears to remain open both at depth and along strike to the south.

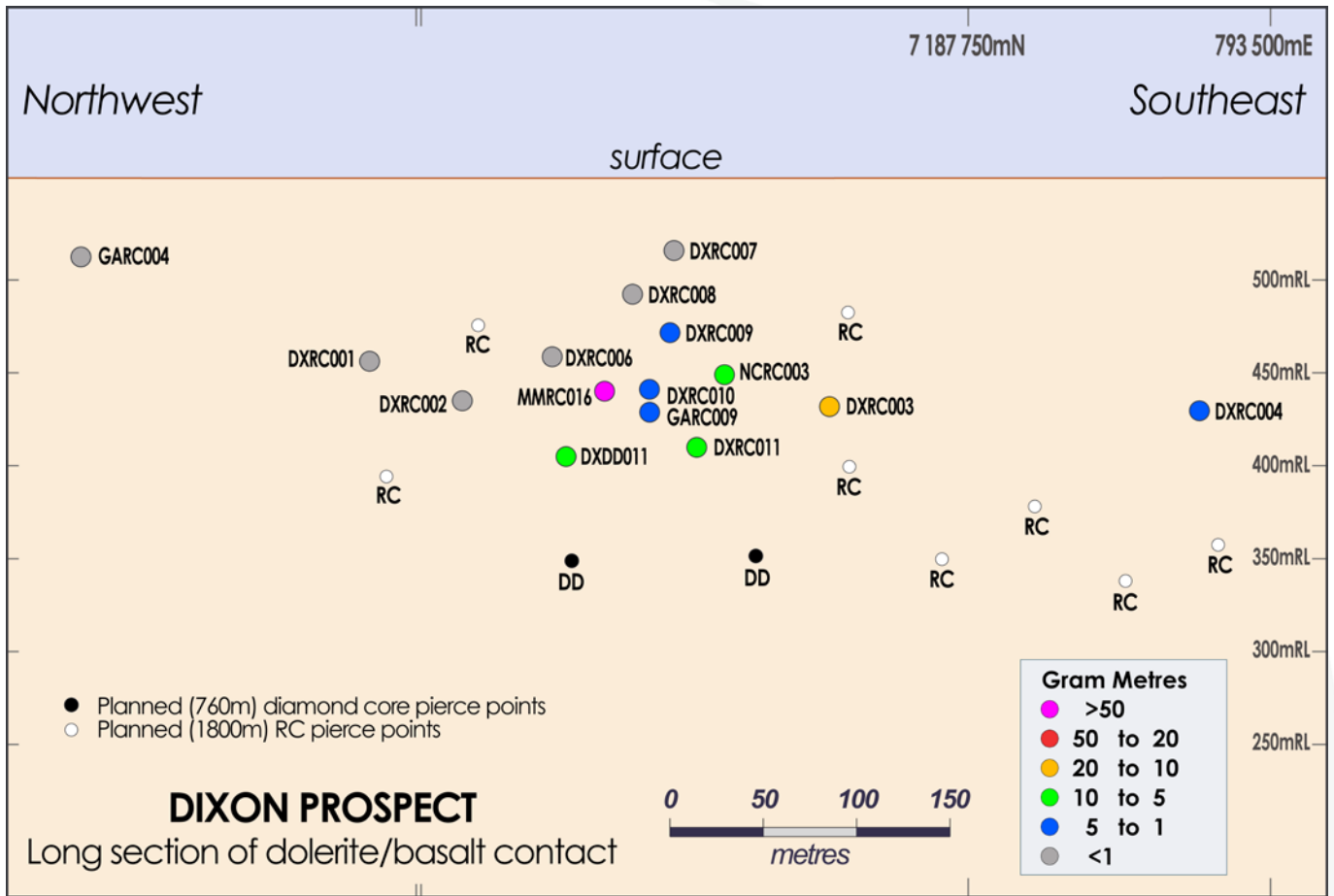


Figure 4: Australian Mines is seeking to test the strike and depth potential of the gold mineralisation at Dixon via an 1,800 metre reverse circulation (RC) + 760 metre diamond core drill program. Intersecting mineralisation at each anticipated pierce point of this planned drilling will serve to increase the Company’s certainty around the geological controls of the Dixon mineralisation as well as building towards a future resource estimate of this prospect. (A pierce point being the location / depth at which a given drill hole is expected to intersect the targeted mineralisation).



Arunta West Project

During the period, Australian Mines announced it had successfully entered into an agreement with Jervois Mining Limited (ASX: JRV) to acquire a majority interest in its promising Arunta West Project in the Lake Mackay district of Western Australia (Figure 5).

Under the Arunta West joint venture agreement, Australian Mines has the right to farm into three exploration licenses – E80/4820 (granted), E80/4896 (under application) and E80/4897 (under application), which cover a total area of approximately 345 square kilometres.

Key terms of this agreement include:

- Australian Mines must spend a minimum of \$350,000 on exploration within 24 months to acquire a 51% interest in the Arunta West Project;
- Following the acquisition of the initial 51%, Australian Mines may elect to acquire an additional 29% (taking the total to 80%) in the Arunta West Project by spending a further \$3.15 million on exploration within a further 24-month period;
- Once Australian Mines has satisfied its earn-in obligations, resulting in an interest of either 51% or 80%, Jervois Mining may elect to contribute on a pro-rata basis or dilute; and
- Australian Mines will be the operator and manager of the project.

Australian Mines subsequently acquired, for no cost, 100% interest in two adjoining tenements¹¹ which expands the Company's tenement holding in emerging copper-gold province to 1,500 square kilometres of highly prospective ground (Figure 5).

The Arunta West region has long been considered prospective for large iron-oxide, copper gold (IOCG)-style mineralisation¹² similar to Glencore's 160 million tonne Ernest Henry copper-gold mine in Queensland.

According to reports¹³, it was the potential for large scale IOCG mineralisation that attracted BHP Billiton to the region in the 1990s.

Following initial reconnaissance exploration across the region, BHP Billiton subsequently concentrated their activities on the North Dovers target which is now located with Australian Mines – Jervois Mining's joint venture area (Figure 6).

¹¹ On 30 June 2016, Australian Mines submitted tenements applications to the Western Australian Department of Mines and Petroleum (DMP) covering an 1,156 square kilometre area recently relinquished by First Quantum Minerals. The tenements, namely E80/5031 and E80/5032 are pending and thus are yet to be granted. As there are no competing applications for this ground, Australian Mines would envisage that these tenements would be granted to the Company in due course.

¹² Jervois Mining Limited, Quarterly Report to 31 March 2016, released 27 April 2016

¹³ Ashburton Minerals Limited, 2007 Annual Report, released 24 October 2007



Their work revealed a coincident gravity-magnetic anomaly suggestive of an IOCG deposit and BHP Billiton subsequently reported a probable electromagnetic (EM) conductor associated with this buried gravity plus magnetic feature¹⁴.

Australian Mines commenced geological and geophysical modelling of the project during the period to identify and rank future drill targets, with this work including modelling of the bedrock conductor identified by BHP Billiton at the North Dovers target.

The base metal potential of the province was reaffirmed in October 2015 when Independence Group, in partnership with ABM Resources, announced a new copper-gold-silver-lead-zinc-cobalt discovery immediately east of Australian Mines' Arunta West project area.

This discovery, known as the Bumblebee Prospect, appears at this early stage to potentially be IOCG-style mineralisation¹⁵ and Independence Group are continuing to advance this discovery via ongoing reverse circulation (RC) and diamond core drilling¹⁶.

With the Arunta West rapidly gaining attention as Australia's next emerging copper province, Australian Mines is aiming to have boots-on-the-ground at North Dovers during the second half of this year.

¹⁴ Exploration and Discovery Services Pty Ltd, Preliminary data review for the West Arunta Project, internal report for Australian Mines Limited, dated May 2016

¹⁵ ABM Resources, Announcing the Bumblebee gold-copper-silver-lead-zinc-cobalt discovery, released 6 October 2015

¹⁶ ABM Resources, Operational and corporate update, released 6 June 2016

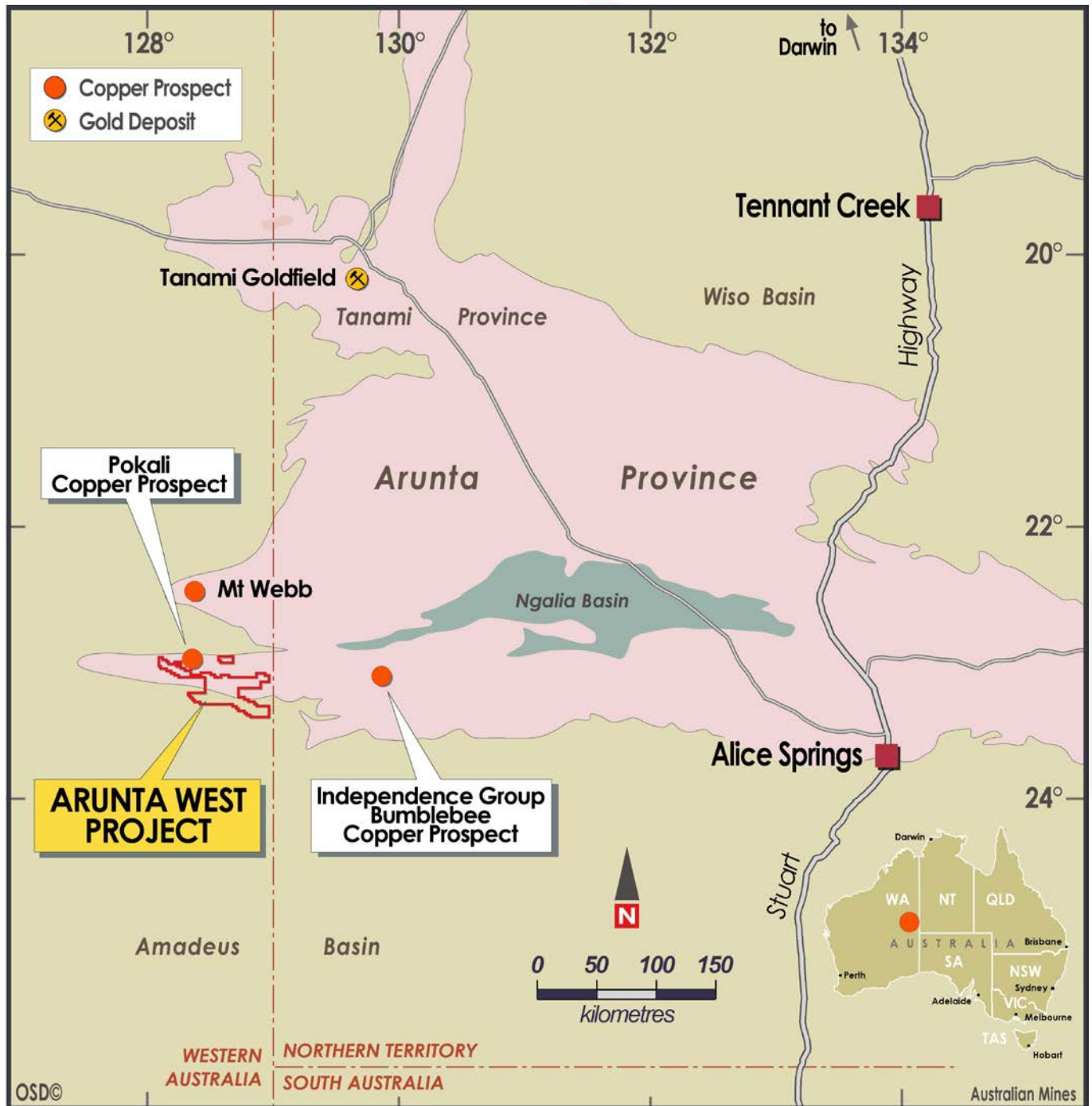


Figure 5: The Arunta West joint venture area, situated approximately 600 kilometres west of Alice Springs, covers an area of approximately 1,500 square kilometres in a region that is rapidly becoming known as Australia's next copper province. Under the joint venture agreement, Australian Mines (AUZ) may acquire a majority interest in the three Arunta West tenements from Jervois Mining (JRV) by spending \$350,000 in exploration by June 2018.

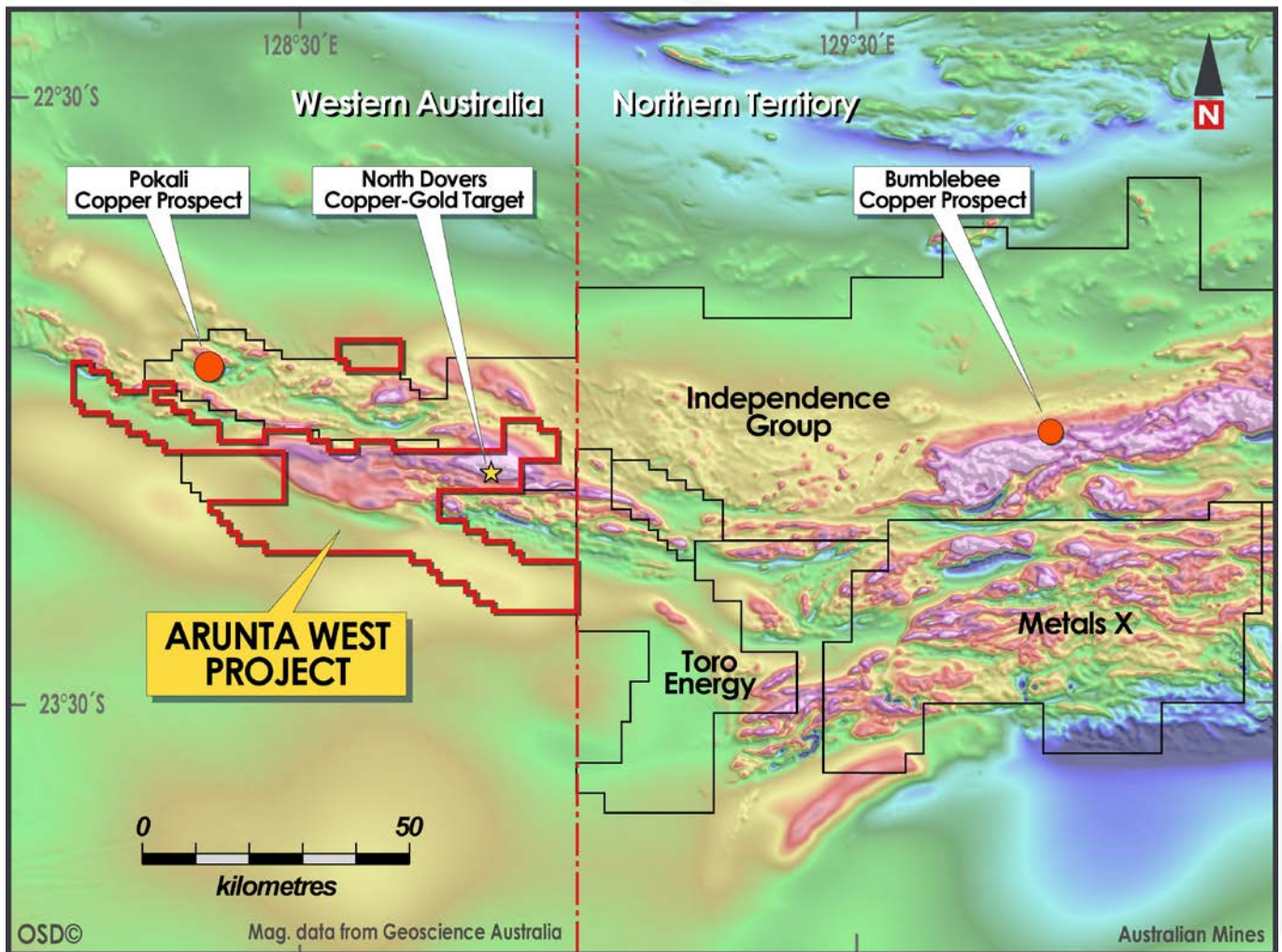


Figure 6: The regional aeromagnetic (reduced-to-pole) image of the western Arunta region. In 1999 – 2000, BHP Billiton identified the North Dovers prospect as a potential Ernest Henry-style copper-gold target¹⁷ within what is now Australian Mines' Arunta West Project. The North Dovers target comprises a coincident gravity-magnetic anomaly, with apparent structural associations and a probable electromagnetic (EM) anomaly associated. Despite the target's geophysical response and structural setting appearing to have potential analogies with known IOCG (iron oxide copper-gold) deposits, no drilling has previously been undertaken across the North Dovers prospect. This copper-gold prospect, therefore, represents a walk-up drill target for Australian Mines.

¹⁷ The Earnest Henry deposit, which was discovered by WMC in 1991, had a total reserve + resource prior to the commencement of mining in 1998 of 167 million tonnes @ 1.1% copper & 0.54 g/t gold, which equates to 1.8 million tonnes of contained copper and 90 tonnes of contained gold (<http://www.cet.edu.au/docs/presentations/1430-tim-craske.pdf?sfvrsn=2>)



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.

The project is located within 20 kilometres of Talisman Mining's Sinclair Nickel Mine and processing plant in Western Australia.

Marriotts currently has a defined Indicated + Inferred Mineral Resource of 0.83 million tonnes at 1.13% nickel for 9,400 tonnes of contained nickel (refer Appendix 3).

No field work was undertaken across the Marriotts Project in the three months to 30 June 2016.

Corporate Activity

As at 30 June 2016, Australian Mines had cash reserves of approximately \$1.5 million and no debt.

During the period, the Company completed a Placement and an Entitlement Offer that raised \$1,470,683 (net of costs).

The Company was also awarded a co-funding grant of \$105,000 by the Government of Western Australia under the competitive Exploration Incentive Scheme last month¹⁸.

*****ENDS*****

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¹⁸ Australian Mines Limited, WA Government co-funded diamond drilling at Dixon, released 10 June 2016



About Australian Mines:

Australian Mines Limited (ASX: AUZ) is an Australian-listed resource company targeting gold, copper and nickel deposits across Australia. 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 as well as evaluating the base metal prospectivity of the Arunta region in Central 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 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 deposits.

On 29 April 2016, the Company announced assay results from a five-hole RC drill program that confirmed the sulphidic corridor at Dixon had gold bearing mineralisation within it. Better intercepts included 11 metres at 1.10 g/t gold from 136 metres down hole, including 1 metre at 5.76 g/t gold from 139 metres down hole (DXRC003). This program also included a diamond core hole, drilled along strike of the discovery hole, which included a hit of 1.1 metres at 5.07 g/t gold from 186.9 metres down hole (DXDD001).

On 28 June 2016, the Company announced results from a six-hole follow-up RC drill campaign, which returned intersections including: 4 metres at 1.31 g/t gold from 170 metres down hole (DXRC011); and 3 metres at 1.13 g/t gold from 140 metres down hole (DXRC011).

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 plus 100% AUZ-owned tenements)

The Company's Arunta West Project, situated approximately 600 kilometres west of Alice Springs, covers an area of approximately 1,500 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 mineralisation 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 at North Dovers 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 three tenements (including that covering the prospective North Dovers copper-gold target) 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)¹⁹.

¹⁹ 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
DXRC001	Dixon	RC	560	230	793219	7187495	-60	123
DXRC002	Dixon	RC	560	225	793230	7187548	-60	123
DXRC003	Dixon	RC	560	243	793267	7187762	-60	123
DXRC004	Dixon	RC	560	261	793339	7187954	-60	123
DXRC005	Dixon	RC	560	200	792259	7187208	-60	123
DXDD001	Dixon	Diamond core	560	285.5	793201	7187625	-60	123
DXRC006	Dixon	RC	560	159	793252	7187590	-62	126
DXRC007	Dixon	RC	560	160	793322	7187620	-60	127
DXRC008	Dixon	RC	560	160	793279	7187622	-60	125
DXRC009	Dixon	RC	560	210	793261	7187659	-59	127
DXRC010	Dixon	RC	560	220	793224	7187671	-59	128
DXDD011	Dixon	RC	560	267	793208	7187715	-59	128
MMRC019	Baumgarten	RC	595	250	798745	7200852	-61	116
MMRC020	Baumgarten	RC	595	300	798827	7200926	-58	118

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
DXRC001	RC Split	69	70	1	1.01	1m @ 1.01 g/t gold from 69m in drill hole DXRC001
DXRC001	RC Split	106	107	1	1.19	1m @ 1.19 g/t gold from 106m in drill hole DXRC001
DXRC001	RC Split	125	126	1	1.10	1m @ 1.10 g/t gold from 125m in drill hole DXRC001
DXRC003	RC Split	50	51	1	1.16	1m @ 1.16 g/t gold from 50m in drill hole DXRC003
DXRC003	RC Split	94	95	1	1.49	1m @ 1.49 g/t gold from 94m in drill hole DXRC003
DXRC003	RC Split	136	137	1	2.53	1m @ 2.53 g/t gold from 136m in drill hole DXRC003
DXRC003	RC Split	139	140	1	5.75	1m @ 5.75 g/t gold from 139m in drill hole DXRC003
DXRC003	RC Split	144	145	1	1.87	1m @ 1.87 g/t gold from 144m in drill hole DXRC003
DXRC004	RC Split	65	66	1	8.99	1m @ 8.99 g/t gold from 65m in drill hole DXRC004
DXRC004	RC Split	76	79	3	1.81	3m @ 1.81 g/t gold from 76m in drill hole DXRC004
DXRC006	RC Split	55	57	2	1.01	2m @ 1.01 g/t gold from 55m in drill hole DXRC006
DXRC008	RC Split	144	145	1	1.49	1m @ 1.49 g/t gold from 144m in drill hole DXRC008



DXRC009	RC Split	93	95	2	1.15	2m @ 1.15 g/t gold from 93m in drill hole DXRC009
DXRC010	RC Split	69	70	1	1.15	1m @ 1.15 g/t gold from 69m in drill hole DXRC010
DXRC010	RC Split	135	136	1	1.24	1m @ 1.24 g/t gold from 135m in drill hole DXRC010
DXRC011	RC Split	140	143	3	1.13	3m @ 1.13 g/t gold from 140m in drill hole DXRC011
DXRC011	RC Split	170	174	4	1.31	4m @ 1.31 g/t gold from 170m in drill hole DXRC011
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: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Western Australia	Marriotts	M37/096	Granted	100%
Western Australia	Arunta West	E80/5031	Pending	0%
Western Australia	Arunta West	E80/5032	Pending	0%

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest
Western Australia	Arunta West	E80/5031	Pending	0%
Western Australia	Arunta West	E80/5032	Pending	0%

Arunta West

On 30 June 2016, Australian Mines submitted tenements applications to the Western Australian Department of Mines and Petroleum (DMP) covering an area recently relinquished by First Quantum Minerals. The tenements, namely E80/5031 and E80/5032 are pending and thus are yet to be granted. Whilst there is no guarantee that these tenements would be granted, as there are no competing applications for this ground, Australian Mines would envisage that these tenements would be granted to the Company in due course.



Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

Location	Project	Agreement	Parties	Interest	Comments
AUSTRALIA					
Western Australia	Doolgunna-Marymia	Heads of Agreement	Australian Mines and Riedel Resources	51%	Announced 30 April 2014 and 29 May 2015
Western Australia	Arunta West	Joint Venture Agreement	Australian Mines and Jervois Mining	0%	Announced 23 May 2016

Doolgunna – Marymia Joint Venture

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.

Arunta West Joint Venture

Details of the Arunta West joint venture are outlined in the below table.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Location	Project	Agreement	Parties	Interest	Comments
AUSTRALIA					
Western Australia	Arunta West	Joint Venture Agreement	Australian Mines and Jervois Mining	0%	Announced 23 May 2016



Arunta West Joint Venture

During the quarter, Australian Mines entered into a joint venture with Jervois Mining Limited (ASX: JRV) covering the Arunta West Project.

Under this joint venture agreement, Australian Mines has the right to farm into Jervois Mining's three exploration licenses of E80/4820 (granted), E80/4896 (under application) and E80/4897 (under application), which cover a total area of approximately 345 square kilometres.

The key terms of this agreement include:

- Australian Mines must spend a minimum of \$350,000 on exploration within 24 months of the signing of this agreement to acquire a 51% interest in the Arunta West Project.
- Following the acquisition of the initial 51%, Australian Mines may elect to acquire an additional 29% (taking the total to 80%) in the Arunta West Project by spending a further \$3.15 million on exploration within a further 24 month period.
- Once Australian Mines has satisfied its earn-in obligations, with a resulting joint venture interest of either 51% or 80%, Jervois Mining may elect to contribute on a pro-rata basis or dilute their interest according to the standard industry formula.
- Australian Mines will be the operator and manager of the Project.

Further details are available in Australian Mines' announcement dated 23 May 2016 and titled *Australian Mines expands its gold and copper exploration through Central Australian joint venture*



Appendix 3: Mineral Resources

Marriotts Mineral Resource (as at 30 June 2015)²⁰				
Location	Category	Resource Tonnes	Nickel (%)	Nickel Tonnes
Marriotts, Western Australia				
	Measured	-	-	-
	Indicated	460,000	1.12	5,100
	Inferred	370,000	1.15	4,300
	Total	830,000	1.13	9,400

Table 1: Mineral Resources for the Marriotts nickel sulphide deposit (using a lower cut of 0.5% nickel)^{21,22}

²⁰ Australian Mines Limited, 2015 Annual Report, released 23 October 2015

²¹ 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) or through the ASX website at 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.

²² 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"> 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' 2016 reverse circulation (RC) drill programs 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.) 	<p>The Company's March 2016 Dixon drill program comprised five RC drill holes (namely, DXRC001, DXRC002, DXRC003, DXRC004 & DXRC005), which were completed by Challenge Drilling, and one HQ diamond core drill hole (DXDD001) that was completed by Ausdrill Northwest Pty Ltd.</p> <p>Australian Mines' subsequent 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.</p>



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 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 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') 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, Expedio.

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, Expedio, 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' March 2016 drill program at Dixon involved five 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.

The Company's 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.

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.

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 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 Gingirana 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 0.10 g/t gold.

No upper cuts are applied and a four 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 may include an 1,800 metre reverse circulation and/or 760 metre diamond core drill program, which is designed test the interpreted depth extension and strike continuity of the gold mineralisation hosted along the dolerite-basalt lithological contact at Dixon.
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 is 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.