Australian Mines Limited
ABN 68 073 914 191

15 November 2010

By Facsimile 02 9227 0808

Information Centre
Australian Stock Exchange
Exchange Centre
Level 5, 20 Bridge St
SYDNEY NSW 2000

Dear Sir

Consolidation of Capital

Please be advised that at the 2010 AGM of the Company a resolution was passed by the shareholders to consolidate the securities on issue on a one (1) for twenty basis (20).

After the consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders and Option holders.

It is the responsibility of each Shareholder and Option holder to check the number of Shares or Options held prior to any disposal.

The timetable for the consolidation of capital will be as follows: -

Inform ASX of Shareholder approval of reorganisation	15 November 2010
Trading in reorganised securities on a deferred settlement basis	17 November 2010
Record Date and register securities on a post-reorganisation basis and issue holding statements	23 November 2010
Despatch date and deferred settlement market ends	30 November 2010

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The new issued securities are set out in the following table:-

AUZ SECURITIES at 15 Nov 2010	**Pre-consolidation Number**	**Exercise price**	**Post-consolidation Number**	**Exercise price**
QUOTED SHARES	**6,981,662,168**		**349,083,108**	
QUOTED OPTIONS				
30 June 2013 Options	**1,191,288,839**	**$0.002**	**59,564,442**	**$0.04**
UNQUOTED OPTIONS				
31 December 2011 Director Options	1,500,000	$0.050	75,000	$1.00
31 December 2011 Director Options	3,250,000	$0.075	162,500	$1.50
31 December 2011 Director Options	3,250,000	$0.100	162,500	$2.00
31 December 2011 Director Options	3,250,000	$0.125	162,500	$2.50
31 December 2011 Executive Options	500,000	$0.075	25,000	$1.50
31 December 2012 Executive Options	250,000	$0.075	12,500	$1.50
31 December 2014 Director Options	65,000,000	$0.003	3,250,000	$0.06
31 December 2014 Director Options	65,000,000	$0.004	3,250,000	$0.08
31 December 2014 Director Options	65,000,000	$0.005	3,250,000	$0.10
31 December 2014 Director Options	65,000,000	$0.006	3,250,000	$0.12
Total Unquoted Options	**272,000,000**		**13,600,000**	

Not all Shareholders and Option holders will hold Shares or Options which can be evenly divided by twenty (20). Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share or Option.

Shareholders and Option holders are advised to seek their own tax advice on the effect of the consolidation. Neither the Company, nor the Directors (or the Company's advisors) accept responsibility for the individual taxation consequences arising from the consolidation.

Brett Young
Chief Operating Officer