



18 January 2011

ASX Announcement

Acquisition Update – Nigeria Gold Pty Ltd

Completion of Due Diligence

Australian Mines (ASX: AUZ) is pleased to announce the completion of due diligence by Nigeria Gold Pty Ltd on AUZ. This is an important condition precedent to the proposed acquisition of Nigeria Gold Pty Ltd announced to the ASX on 15 November 2010.

A binding Share Sale Agreement has not yet been signed, but is close to completion.

A Notice of Meeting has been drafted that will be lodged with the ASX for approval this week in expectation of the General Meeting of Shareholders to be held late February 2011 to vote on the Nigeria Gold Pty Ltd acquisition.

NGL Leases

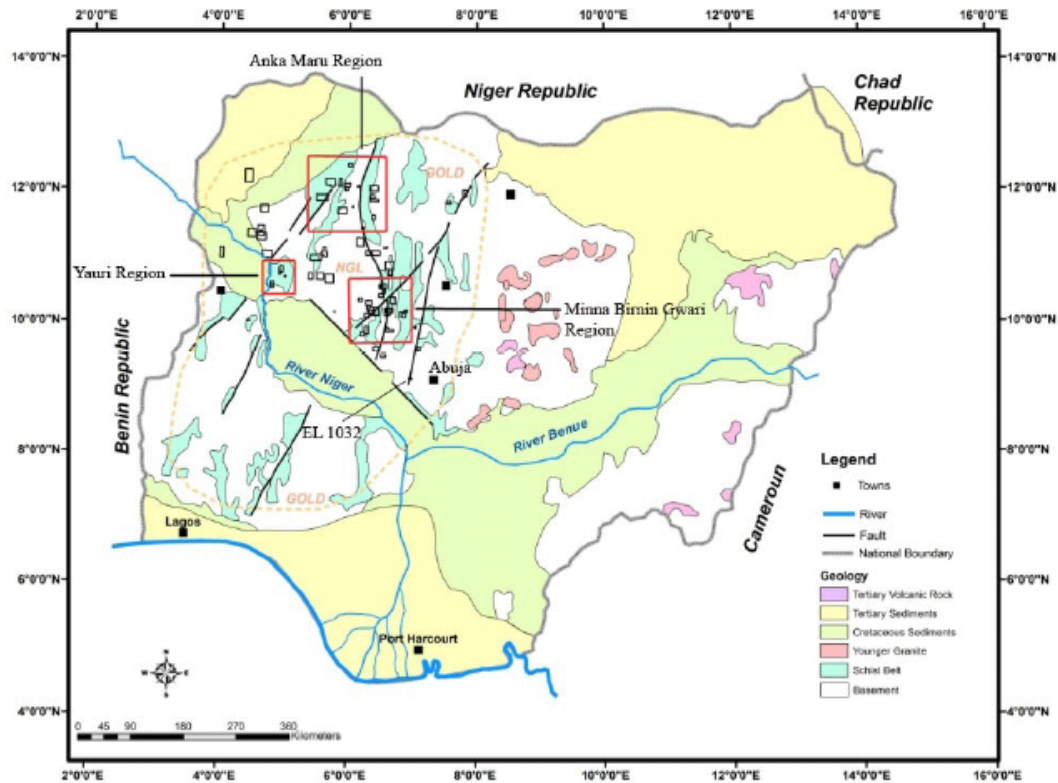
The Nigerian gold project is owned by Mines Geotechniques Ltd (a Nigerian registered Company and a wholly owned subsidiary of Nigeria Gold Pty Ltd) and includes 46 granted exploration leases and 18 exploration licence applications awaiting grant. These granted leases and applications are considered to be highly prospective and cover an area of 4,347 Km².

The northern area of Nigeria is largely underexplored using modern exploration techniques. It is expected that preliminary work will identify drill-ready targets for gold through ongoing soil sampling and geological mapping programs.

The Nigerian gold project acquisition is an exciting opportunity for AUZ to acquire a large holding in an area which is considered highly prospective for gold as well as other minerals.

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Location Map of the Nigeria Gold Pty Ltd tenements