

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

**NOTICE OF GENERAL MEETING
AND
EXPLANATORY STATEMENT**

**For a General Meeting to be held on
29 June 2012 at 11.15am (WST) at
The Celtic Club, 48 Ord Street, West Perth, Western Australia**

*This is an important document. Please read it carefully and in its entirety.
If you do not understand it please consult with your professional advisers.*

*If you are unable to attend the Meeting, please complete the form of proxy enclosed
and return it in accordance with the instructions set out on that form.*

TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE

This General Meeting of the shareholders of Australian Mines Limited will be held at:

**The Celtic Club,
48 Ord Street, West Perth
Western Australia**

**Commencing
at 11.15am (WST)
on Friday 29 June 2012**

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person you need to attend the meeting on the date and at the place set out above. The meeting will commence at 11.15am (WST).

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- return the proxy form to the Company's office at Level 1, 83 Havelock Street, West Perth, Western Australia,
- post the proxy addressed Australian Mines Limited, PO Box 883, West Perth, WA 6872, or
- send the proxy by facsimile to facsimile number (08) 9481 5611,

so that it is received not later than 11.15am (WST) on Wednesday 27 June 2012.

Your proxy form is enclosed.

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191
NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of the Shareholders of Australian Mines Limited will be held on Friday 29 June 2012 at The Celtic Club, 48 Ord Street, West Perth, Western Australia at 11.15am (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

SPECIAL BUSINESS

1. RESOLUTION 1 - RATIFICATION OF ISSUE OF SHARES TO UNRELATED PARTIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes the issue, by the Company, of 24,670,104 Shares to unrelated parties on the terms set out in the Explanatory Statement accompanying this Notice be and is hereby approved and ratified."

Short Explanation:

The Company has issued 24,670,104 Shares to the unrelated shareholders of Nigeria Gold as full and final settlement of the Tranche 2 Shares due to be issued under the Nigeria Gold Transaction approved by Shareholders on 9 March 2011. The Company seeks Shareholder approval to ratify the issue of the Shares.

The Company will disregard any votes cast on this Resolution by a person who participated in the issue the subject of this Resolution and any associates of such persons. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

2. RESOLUTION 2 - APPROVAL TO ISSUE SHARES TO THE DOMINIC MARINELLI ENTITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue 2,677,173 Shares to the Dominic Marinelli Entities on the terms set out in the Explanatory Statement accompanying this Notice."

Short Explanation:

The Company seeks Shareholder approval to issue 2,677,173 Shares to entities associated with Dominic Marinelli, who are shareholders of Nigeria Gold. The Company is required to issue the Shares by way of full and final settlement of the Tranche 2 Shares due to be issued under the Nigeria Gold Transaction approved by Shareholders on 9 March 2011. The Dominic Marinelli Entities are related parties of the Company because they are controlled by Dominic Marinelli, a Director of the Company.

The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the Company and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the Resolution is passed and any associates of such persons. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

3. **RESOLUTION 3 - APPROVAL TO ISSUE SHARES TO THE MICHAEL RAMSDEN ENTITIES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue 2,652,721 Shares to the Michael Ramsden Entities on the terms set out in the Explanatory Statement accompanying this Notice."

Short Explanation:

The Company seeks Shareholder approval to issue 2,652,721 Shares to entities associated with Michael Ramsden who are shareholders of Nigeria Gold. The Company is required to issue the Shares by way of full and final settlement of the Tranche 2 Shares due to be issued under the Nigeria Gold Transaction approved by Shareholders on 9 March 2011. The Michael Ramsden Entities are related parties of the Company because they are controlled by Michael Ramsden, who is a Director of the Company.

The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the Company and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the Resolution is passed and any associates of such persons. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 4.00pm (WST) on Wednesday 27 June 2012.
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

By order of the Board



Benjamin Bell
Director
Dated: 23 May 2012

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191
EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of Resolutions 1 to 3 contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. BACKGROUND

On 9 March 2011 Shareholders approved the acquisition of gold and base metals exploration tenements located in North West Nigeria via the acquisition of Nigeria Gold Pty Ltd ("**Nigeria Gold**") (the "**Nigeria Gold Transaction**"). Under the terms of the Nigeria Gold Transaction the Company was required to issue Shares to the shareholders of Nigeria Gold (the "**Vendors**") in three tranches:

- Tranche 1 Shares (180 million Shares) were issued to the Vendors on 9 March 2011 in accordance with Shareholder approval and the Company obtained an 81% interest in Nigeria Gold.
- Tranche 2 Shares (maximum of 120 million Shares) were required to be issued to the Vendors by way of deferred settlement on about 31 July 2011. The number of Shares to be issued was dependent on performance milestones being met relating to the grant of higher priority exploration licences. On 2 August 2011 the Company issued 60 million Shares to the Vendors to seek to satisfy its obligation to issue the Tranche 2 Shares. These Shares were issued in accordance with Shareholder approval obtained on 9 March 2011.
- Tranche 3 Shares (36 million) are to be issued to the Vendors on satisfaction of further performance milestones within 2 years of completion of the Nigeria Gold Transaction. None of these Shares have been issued.

A problem arose concerning the extent of the achievement by the Vendors of performance milestones and therefore the number of Shares that should have been issued as Tranche 2 Shares. The issue was whether a partly granted exploration licence satisfied the contractual obligation for an exploration licence application to be granted. The Company has entered into deeds of settlement with the Vendors regarding the number of Shares to be issued as full and final settlement of the Tranche 2 Shares. Under the deeds of settlement, the Company is required to issue a total of 29,999,998 Shares to the Vendors in place of the 60 million Shares being claimed.

On 30 April 2012, the Company issued 24,670,104 Shares to the Vendors who are not related parties of the Company. These Shares were issued using the Company's 15% placement capacity under ASX Listing Rule 7.1. Shareholder approval to ratify the issue of these Shares is the subject of Resolution 1.

Two of the Nigeria Gold shareholders are entities associated with Dominic Marinelli. The Company is required to issue a total of 2,677,173 Shares to the Dominic Marinelli Entities under the deeds of settlement. Dominic Marinelli is a Director of the Company, and as such, the Company must obtain Shareholder approval before it can issue Shares to the Dominic Marinelli Entities. Shareholder approval to the issue of these Shares is the subject of Resolution 2.

Three of the Nigeria Gold shareholders are entities associated with Michael Ramsden. The Company is required to issue a total of 2,652,721 Shares to the Michael Ramsden Entities under the deeds of settlement. Michael Ramsden is a Director of the Company, and as such, the Company must obtain Shareholder approval before it can issue Shares to the Michael Ramsden Entities. Shareholder approval to the issue of these Shares is the subject of Resolution 3.

2. RESOLUTION 1 - RATIFICATION OF ISSUE OF SHARES TO UNRELATED PARTIES

Resolution 1 seeks Shareholder approval to ratify the issue of 24,670,104 Shares to the Vendors who are not related parties. These Shares comprise Tranche 2 Shares payable to the Vendors following settlement with the vendors regarding the number of Shares to be issued as full and final settlement of the Tranche 2 Shares.

Under ASX Listing Rule 7.1, a company may only issue equity securities up to that number equal to 15% of the company's shares then on issue without shareholder approval, unless an exception applies. ASX Listing Rule 7.4 provides that an issue of securities made without the approval under ASX Listing Rule 7.1 is treated as having been made with approval if the issue of securities did not breach ASX Listing Rule 7.1 (that is, the issue was within the Company's 15% capacity) and Shareholders subsequently approve it.

The following information is provided to Shareholders in accordance with ASX Listing Rule 7.5:

- (a) The number of securities issued and allotted is 24,670,104 Shares.
- (b) The deemed issue price of the Shares is 1.7 cents per Share.
- (c) The Shares issued are fully paid ordinary shares and rank equally with the Company's current issued Shares.
- (d) The allottees are the shareholders of Nigeria Gold Pty Ltd, excluding the Dominic Marinelli Entities and the Michael Ramsden Entities, none of whom are related parties of the Company.
- (e) No funds have been raised by the issue of these Shares. The Shares are issued as part of the Tranche 2 Shares under the Nigeria Gold Transaction.

3. RESOLUTIONS 2 AND 3 - APPROVAL TO ISSUE SHARES TO THE DOMINIC MARINELLI ENTITIES AND THE MICHAEL RAMSDEN ENTITIES

Resolutions 2 and 3 seek Shareholder approval to issue 2,677,173 Shares to the Dominic Marinelli Entities and 2,652,721 Shares to the Michael Ramsden Entities who are shareholders of Nigeria Gold. Shareholder approval to issue the Shares is required because these entities are related parties of the Company. They are related parties because they are controlled by either Dominic Marinelli or Michael Ramsden, two of the Directors.

ASX Listing Rule 10.11 provides that an entity must not issue or agree to issue equity securities to a related party without Shareholder approval. Approval under ASX Listing Rule 7.1 is not required in order to issue the Shares as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Shares to the Dominic Marinelli Entities and the Michael Ramsden Entities will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The following information is provided to Shareholders in accordance with ASX Listing Rule 10.13:

- (a) The Shares will be issued to the Dominic Marinelli Entities (Resolution 2) and the Michael Ramsden Entities (Resolution 3).

- (b) The names of the entities and the maximum number of securities to be issued is:

Resolution 2 – Dominic Marinelli Entities

Dominic Marinelli and Vicki Marinelli as trustee for Monte Amaro Super Fund	732,112	Shares
Dominic Orlando Marinelli as trustee for The Monte Acquaviva Trust	1,945,061	Shares
Total	2,677,173	Shares

Resolution 3 – Michael Ramsden Entities

Terrain Capital Ltd	856,199	Shares
Pacrim Investment Consultants Pty Ltd as trustee for Pacrim Superannuation Fund	281,533	Shares
Whitehaven Investments Pty Ltd	1,514,989	Shares
Total	2,652,721	Shares

- (c) The Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Dominic Marinelli Entities are related parties of the Company because they are controlled by Dominic Marinelli, a Director of the Company. The Michael Ramsden Entities are related parties of the Company because they are controlled by Michael Ramsden, a Director of the Company.
- (e) The deemed issue price of the Shares is 1.7 cents each. The Shares are fully paid ordinary shares and will rank equally with the Company's current issued Shares.
- (f) No funds have been raised by the issue of these Shares. The Shares are issued as part of the Tranche 2 Shares under the Nigeria Gold Transaction.

The Directors (excluding Dominic Marinelli and Michael Ramsden) are of the view that the Shares to be issued to the related parties under Resolutions 2 and 3 is on reasonable arm's length terms. This is because at all times during the legal dispute regarding the number of Tranche 2 Shares under the Nigeria Gold Transaction, Mr Marinelli and Mr Ramsden absented themselves from discussion and took no part in the decision of the Company to offer the 29,999,998 Shares to the Vendors as full and final settlement of the dispute. Further, the terms of settlement with the related parties is on the same terms as the unrelated parties. As such separate shareholder approval under the related party provisions of the Corporations Act is not being sought.

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191
GLOSSARY

In this Explanatory Statement the following expressions have the following meanings:

"**ASX**" means the ASX Limited (ABN 98 008 624 691).

"**ASX Listing Rules**" or "**Listing Rules**" means the Listing Rules of the ASX.

"**Board**" means the board of directors of the Company.

"**Chairman**" means the chairman of the Company.

"**Company**" or "**Australian Mines**" means Australian Mines Limited (ABN 68 073 914 191).

"**Constitution**" means the Constitution of the Company.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Directors**" mean the directors of the Company from time to time.

"**Dominic Marinelli Entities**" mean Dominic Marinelli and Vicki Marinelli as trustee for Monte Amaro Super Fund, and Dominic Marinelli as trustee for The Monte Acquaviva Trust.

"**Explanatory Statement**" means this explanatory statement.

"**General Meeting**" and "**Meeting**" means the meeting convened by this Notice.

"**Michael Ramsden Entities**" mean Terrain Capital Ltd (ACN 092 070 472), Pacrim Investment Consultants Pty Ltd (ACN 052 852 852) as trustee for Pacrim Superannuation Fund, and Whitehaven Investments Pty Ltd (ACN 108 392 392).

"**Nigeria Gold**" means Nigeria Gold Pty Ltd (ACN 140 601 305).

"**Nigeria Gold Transaction**" means the transaction between the shareholders of Nigeria Gold and the Company whereby the Company acquires all of the issued share capital of Nigeria Gold.

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

"**Resolution**" means a resolution contained in this Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company and "**Shares**" has a corresponding meaning.

"**Shareholder**" means a holder of Shares.

"**Tranche 2 Shares**" means the issue of Shares to the shareholders of Nigeria Gold to acquire the remaining 19% interest in Nigeria Gold pursuant to the Nigeria Gold Transaction.

"**Vendors**" means the shareholders of Nigeria Gold.

"**WST**" means Western Standard Time, Perth, Western Australia.

"**\$**" or "**A\$**" means Australian dollars.

AUSTRALIAN MINES LIMITED
(ABN 68 073 914 191)
PROXY FORM

I/We (name and address)

being a Member of Australian Mines Limited entitled to attend and vote at the General Meeting,
hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the General Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting of Shareholders to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday 29 June 2012 at 11.15am (WST) and at any adjournment thereof.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Approval to ratify the issue of Shares to unrelated parties	☐	☐	☐
Resolution 2	Approval to issue Shares to the Dominic Marinelli Entities	☐	☐	☐
Resolution 3	Approval to issue Shares to the Michael Ramsden Entities	☐	☐	☐

If the chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the Resolutions and that the votes cast by the Chair of the meeting for those Resolutions other than as proxy holder will be disregarded because of that interest. **The Chair intends to vote any such undirected proxies in favour of all Resolutions.** If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the Resolutions and your votes will not be counted in calculating the required majority if a poll is called on a Resolution.

☐

If you mark the abstain box for a particular item, you are directing your proxy not vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority of a poll

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%.

Please return this Proxy Form to the Company Secretary, Australian Mines Limited Level 1, 83 Havelock Street, West Perth, Western Australia, post to Australian Mines Limited at PO Box 883, West Perth, WA 6872 or fax to (08) 9481 5611 by 11.15am (WST) on Wednesday 27 June 2012.

Signed this _____ day of _____ 2012

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Company Secretary

Signature

Sole Director and Sole Company Secretary

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

Instructions for Completing Proxy Form

1. A member of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.

In accordance with section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments:

Registered Office: Level 1, 83 Havelock Street, West Perth, Western Australia, 6005

Fax Number: (08) 9481 5611

Postal Address: PO Box 883, West Perth, WA, 6872

by no later than 48 hours prior to the time of commencement of the Meeting.