

AUSTRALIAN MINES LIMITED

ABN 68 073 914 191

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

For the Annual General Meeting to be held on
19 November 2013 at 1.00pm (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 ANNUAL GENERAL MEETING AND HOW TO VOTE

This Annual 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 1.00pm (WST)
On Tuesday 19 November 2013**

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 1.00pm (WST).

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Annual 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 +61 8 9481 5611,

so that it is received not later than 4.00pm (WST) on Friday, 15 November 2013.

Your proxy form is enclosed.

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

Notice is hereby given that the Annual General Meeting of the Shareholders of AUSTRALIAN MINES LIMITED will be held on 19 November 2013 at The Celtic Club, 48 Ord Street, West Perth, Western Australia at 1.00pm (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

GENERAL BUSINESS

Accounts and Reports

To receive and consider the Financial Reports of the Company and the reports of the Directors and Auditors for the financial year ended 30 June 2013.

1. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass with or without amendment, the following as a non-binding resolution in accordance with section 250R(2) of the Corporations Act:

"That the Remuneration Report in the 2013 Annual Report of the Company be adopted."

Short Explanation: The Remuneration Report is in the Directors Report section of the Company's Annual Report. Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors or the Company.

A vote in respect of Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons (the "voter"):

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, the voter may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (d) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the entity.

2. Resolution 2 - Re-election of Director - Mr Neil Warburton

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

"That, Mr Neil Warburton, who retires by rotation in accordance with rule 7.3 of the Constitution of the Company, and being eligible offers himself for election, is hereby re-elected as a Director of the Company."

Short Explanation: Mr Neil Warburton is currently a non-executive Director and is presented for re-election in accordance with the rotation requirements of the Company's Constitution.

3. Resolution 3 – Appointment of Auditor

Resolution 3 will be put to the Meeting if ASIC has consented to the resignation of KPMG as the Company's auditor. Please see Section 3 of the enclosed Explanatory Statement for details regarding the resignation of KPMG.

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

"That, for the purposes of section 327B(1) of the Corporations Act and for all other purposes, BDO Audit (WA) Pty Ltd be appointed as auditor of the Company having consented in writing to act as the auditor of the Company."

Short Explanation: KPMG have been engaged as the Company's auditor since 2001. The Directors believe this is an appropriate length of time to retain an auditor and consider a review of who audits the Company appropriate. With this in mind the Company conducted a tender process to select the auditor and following this the Board has recommended that BDO Audit (WA) Pty Ltd be appointed as auditor. As required by Section 328B(3) Corporations Act, a copy of the nomination of BDO Audit (WA) Pty Ltd as the Company's auditor is attached as Annexure 1.

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 Friday 15 November 2013.
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.
5. The Chairman of the Meeting will vote undirected proxies on, and in favour of, all of the proposed Resolutions including for Resolution 1 (Remuneration Report). In relation to Resolution 1, the proxy form expressly authorises the Chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel. Any undirected proxies held by a Director, any member of the key management personnel or any of their closely related parties (who are not the Chairman of the Meeting) will not be voted on Resolution 1. Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year 30 June 2013. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

By order of the Board



Michael Ramsden
Company Secretary
Dated: 1 October 2013

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. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is in the Directors Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2013.

The Directors recommend that Shareholders vote in favour of Resolution 1. Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the remuneration report be adopted. The vote on this resolution is advisory only and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Directors (other than the managing director) must go up for re-election.

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year 30 June 2013. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on this Resolution by marking either "For", "Against" or "Abstain" on the proxy form for this item of business.

If you appoint a member of the key management personnel (other than the Chairman) whose remuneration details are included in the Remuneration Report or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution 1.

The Chairman intends to vote all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR NEIL WARBURTON

By rule 7.3 of the Company's Constitution, one third of the current Directors (rounded down to the nearest whole number) must retire from office by rotation at each Annual General Meeting.

In accordance with clause 7.3, Mr Neil Warburton is presented for re-election by Resolution 2. Mr Warburton has been a non-executive Director of the Company since 22 April 2003 and was last re-elected on 15 November 2010.

Details of the qualifications and experience of Mr Warburton are set out in the 2013 Annual Report for the Company.

3. RESOLUTION 3 – APPOINTMENT OF AUDITOR

KPMG has been the auditor of the Company since the Company's registration in 2001.

The Board has been satisfied with the services of KPMG as Company auditor and thanks KPMG for their services provided as auditor of the Company. However, given the amount of time KPMG have acted as the Company's auditor, the Audit and Risk Committee, the Company and KPMG have reviewed the role of auditor and considered that for corporate governance reasons, it is appropriate for the firm appointed as the Company's auditor to change at this time. As a consequence, KPMG has sought consent from ASIC to resign as auditor of the Company with effect from the end of the Annual General meeting. Once ASIC notifies KPMG and the Company that it consents to KPMG's resignation, KPMG will give its notice of resignation to the Company with effect from the end of the Annual General Meeting.

The Company has received a notice from Benjamin Bell, being a Member, nominating BDO Audit (WA) Pty Ltd as the new auditor of the Company. A copy of this notice is attached as Annexure 1.

The Audit and Risk Committee noted that BDO Audit (WA) Pty Ltd is a well-established firm with necessary expertise and resources to meet the Company's requirements. It is further noted that fees quoted by BDO Audit (WA) Pty Ltd for performing the auditor role are very competitive.

BDO Audit (WA) Pty Ltd has consented in writing to act as the Company's auditor.

The Corporations Act requires Shareholders to approve the appointment of the new auditor.

If ASIC consents to KPMG's resignation as the Company's auditor, the Board recommends that Shareholders vote in favour of the appointment of BDO Audit (WA) Pty Ltd as the Company's auditor. If ASIC does not consent to KPMG's resignation as Company auditor, or such consent is not received as at the date of this Meeting, KPMG will continue as the Company's auditor and Resolution 3 will not be put to the Meeting.

GLOSSARY

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

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

"ASIC" means the Australian Securities and Investments Commission.

"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.

"Explanatory Statement" means this explanatory statement.

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

"Proxy Form" means the proxy form accompanying the Notice.

"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.

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

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

ANNEXURE 1

26 September 2013

Company Secretary
Australian Mines Limited
Level 1
83 Havelock Street
WEST PERTH WA 6005

Dear Sir

Nomination of auditor of Australian Mines Limited ABN 68 073 914 191

I, Mr Benjamin Bell, as member of Australian Mines Limited, hereby nominates, pursuant to section 328B(3) of the *Corporations Act 2001* (Cth), BDO Audit (WA) Pty Ltd to be appointed as the auditor of Australian Mines Limited.

I consent to the distribution of a copy of this notice of nomination as an annexure to the notice of meeting for the 2013 annual general meeting of Australian Mines Limited.



Signed by Benjamin Bell

Signature of Benjamin Bell

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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 Annual General Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Annual 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 Annual General Meeting of Shareholders to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 19 November 2013 at 1.00pm (WST) and at any adjournment thereof.

Important for Resolution 1

If you appoint a member of the Company's key management personnel (other than the Chairman of the Meeting) or a closely related party of a member of the Company's key management personnel as your proxy, and you do not direct your proxy how to vote in respect of Resolution 1 your proxy will NOT cast your vote on this Resolution and your votes will not be counted.

If you appoint the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default) and you do not direct your proxy how to vote in respect of Resolution 1 your vote will be cast FOR this Resolution, and you hereby expressly authorise the Chairman of the Meeting to exercise your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of the members of the Company's key management personnel.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Director - Mr Neil Warburton	☐	☐	☐
Resolution 3	Appointment of Auditor	☐	☐	☐

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, or post to the Company at PO Box 883, West Perth, WA 6872, or fax to +61 8 9481 5611 by 4.00pm (WST) on Friday, 15 November 2013.

Signed this day of 2013

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

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: +61 8 9481 5611

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

by no later than: 4.00pm (WST) on Friday, 15 November 2013.