

Australian Mines Limited

ABN 68 073 914 191



**AUSTRALIAN MINES LIMITED
ABN 68 073 914 191**

**CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2014**

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AUSTRALIAN MINES LIMITED

DIRECTORS' REPORT

The Directors present their report together with the Consolidated Interim Financial Report of Australian Mines Limited ("the Company" or "Australian Mines") and its controlled entities ("the Group" or "AUZ") for the six months ended 31 December 2014.

DIRECTORS

The Directors of the Company at any time during or since the end of the interim period are:

Michael Ramsden – Chairman, Non-Executive Director and Company Secretary

Benjamin Bell – Managing Director

Mick Elias – Non-Executive Director

Dominic Marinelli – Non-Executive Director

Neil Warburton – Non-Executive Director

REVIEW OF OPERATIONS

Marymia Nickel-Copper-Gold Project

Australian Mines' Marymia Project is located 55 kilometres northeast, and along strike of, Sandfire Resources' DeGrussa Copper-Gold Mine in Western Australia. The Marymia Project is similarly located 40 kilometres east of Northern Star's Plutonic Gold Mine – a mine that has been in continuous production for over 20 years, producing over 5 million ounces of gold to date.

One of the key attributes of the Company's Marymia Project is its strong multi-commodity potential, with the project area potentially hosting Kambalda-style nickel sulphide, DeGrussa-style copper-gold and Plutonic-style gold mineralisation.

AUSTRALIAN MINES LIMITED

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Figure 1: The Marymia Project is located approximately 900 kilometres northeast of Perth and within 55 kilometres of Sandfire Resources' DeGrussa Copper-Gold Mine.

Nickel exploration

The Marymia Project hosts a sequence of folded komatiitic (ultramafic) rock with a combined strike length of 20 kilometres. The ultramafic sequence at Marymia is thought to represent the northern continuation of the Norseman-Wiluna nickel belt, which is reportedly the richest komatiite-hosted nickel sulphide belt in the world.

Burton Nickel Prospect

As announced in November 2014, a high-resolution electromagnetic survey undertaken by Australian Mines over selected nickel targets within the Marymia Project successfully identified a strong late-time conductor directly beneath a thick layer of nickel oxide mineralisation (22 metres @ 0.58% nickel from 22 metres).

Modelling of the newly identified target, named the Burton prospect, indicates that the top of the conductive body occurs at a depth of 140 metres from the surface. Drill testing of this high priority nickel sulphide target is anticipated to commence in March 2015.

AUSTRALIAN MINES LIMITED

DIRECTORS' REPORT

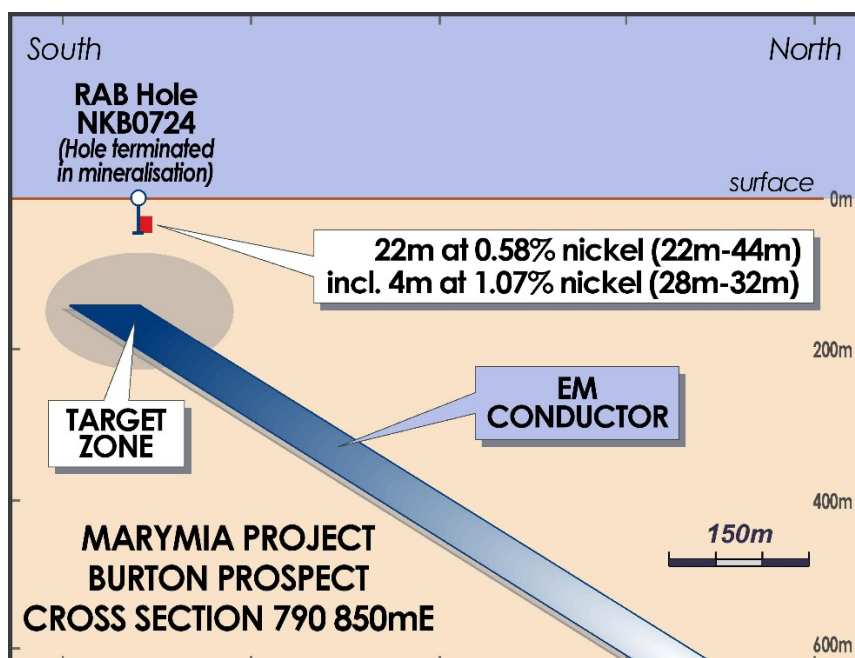


Figure 2: Position of the modelled electromagnetic conductor (in blue) immediately below historic drill hole NKB0724. Rotary air blast drill hole NKB0724 intersected a thick layer of nickel oxide mineralisation (shaded red) close to surface. This drill hole terminated in nickel oxide mineralisation (0.6% nickel) indicating that the layer of oxide mineralisation may be thicker than that reported by this drill hole. Australian Mines proposes to drill test the target zone near the top of the modelled conductor (shaded grey) in March 2015.

Wyman Nickel Prospect

In addition to the discovery of the Burton prospect, Australian Mines also reported that the ground-based electromagnet survey had identified another discrete bedrock conductor below a large nickel-copper surface geochemical anomaly.

Named the Wyman prospect, its bedrock conductor is located on the northern extension of the high-magnesium ultramafic sequence intersected by Australian Mines during its August 2014 drill campaign at the Simmons prospect. High-magnesium ultramafic rocks are the prerequisite geology for Kambalda-style nickel deposits

Initial modelling has indicated that the conductive body at Wyman has a strike length of 400 metres and is approximately 160 metres below surface. Australian Mines will seek to test this prospective target during its upcoming drilling campaign at Marymia.

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DIRECTORS' REPORT

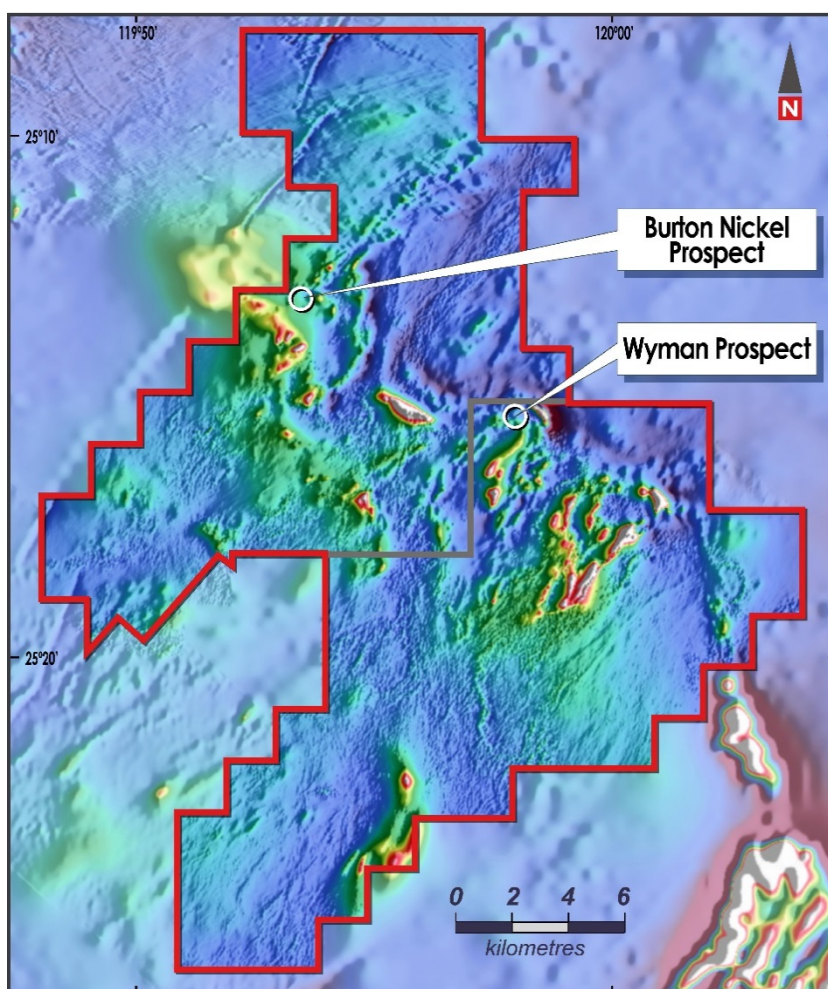


Figure 3: Indicative location of the newly detected conductive body (Burton prospect) superimposed over a coloured image of the high resolution aeromagnetic data. A second priority bedrock conductor (Wyman prospect) was also detected during the high-resolution electromagnetic survey completed by the Company during the December quarter. Both conductors represent priority nickel sulphide targets and are scheduled to be drill tested by Australian Mines in March 2015.

Copper exploration

Since the discovery of the DeGrussa deposit in 2009, Sandfire Resources has defined a total Mineral Resource of 13.4 million tonnes @ 4.7% copper and 1.9 g/t gold for a total of 634,000 tonnes of copper and 795,000 ounces of gold.

The DeGrussa copper-gold deposit is interpreted to be a volcanogenic massive sulphide (VMS) style ore body, with the key structure controlling the DeGrussa mineralisation being the major northeast-trending Jenkin Fault. VMS-style ore bodies typically occur in clusters around multiple centres of mineralisation. The 20-kilometre strike length of the Jenkin Fault present within Australian Mines' Marymia Project, therefore, has the potential to host possible repetitions of DeGrussa-style mineralisation.

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DIRECTORS' REPORT

A recent review of historic exploration activity undertaken revealed that a wide-spaced reconnaissance rotary air blast drill program had previously identified an area of extensive base metal anomalism along a section of the Jenkin Fault now included within Australian Mines' Marymia Project.

A subsequent ground-based electromagnetic survey conducted in 1996 successfully identified a cluster of four moderately conductive bodies beneath this base metal anomalism. The source of these geophysical anomalies remains untested by drilling to date. Australian Mines has, therefore, designed a first-pass reverse circulation drill program over these coincident electromagnetic and base metal anomalies, with drilling anticipated to commence from March 2015.

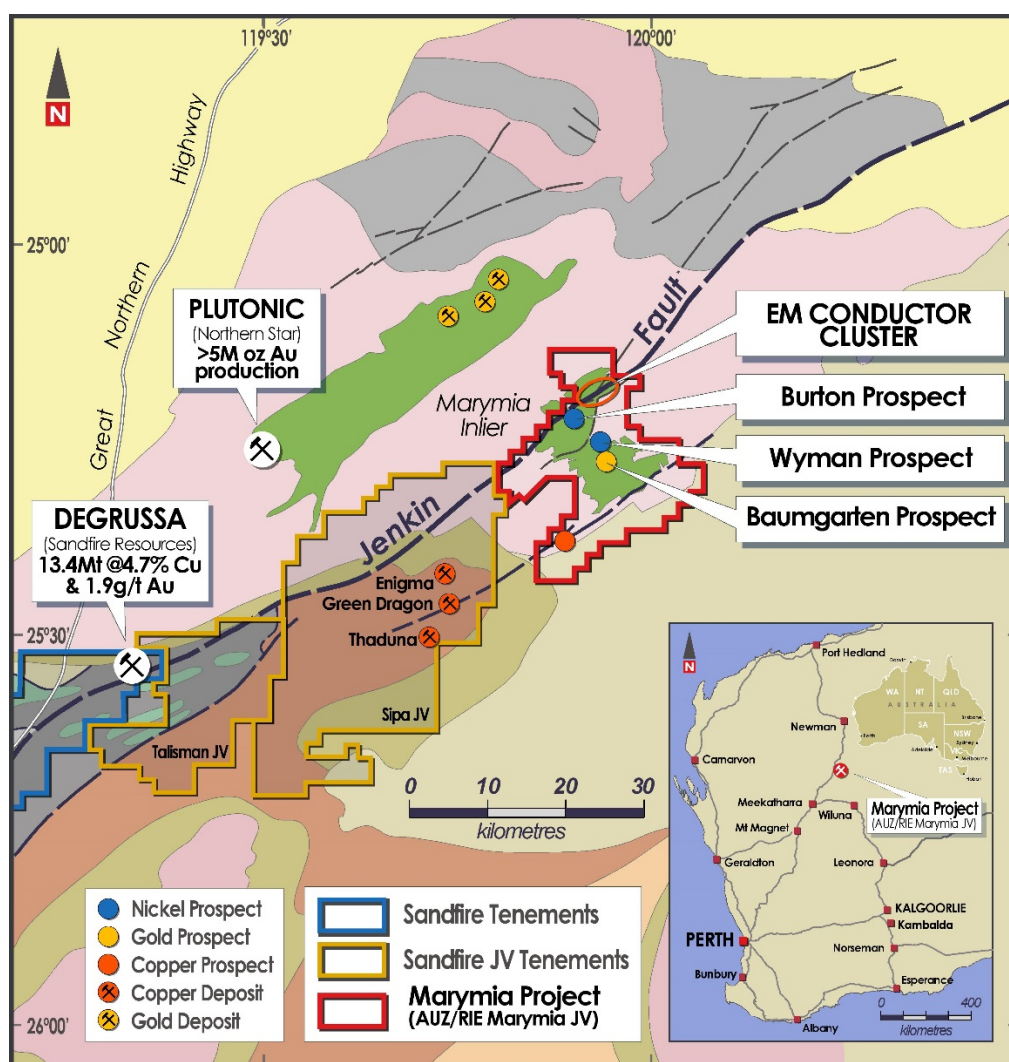


Figure 4: Schematic geological map of the Marymia region of Western Australia. The Jenkin Fault, the primary controlling structure of Sandfire Resources' DeGrussa copper-gold deposit, is known to continue through Australian Mines' Marymia project area to the east. An electromagnetic survey conducted over a broad base metal anomaly within the Company's Marymia Project previously identified a cluster of four conductors along the Jenkin Fault structure. These conductors currently remain untested by drilling.

AUSTRALIAN MINES LIMITED

DIRECTORS' REPORT

Gold exploration

The Plutonic Gold Mine, which has produced over 5 million ounces of gold, is located 40 kilometres west of the Company's Marymia Project.

Previous explorers have recognised that the geology within Australian Mines' Marymia Project is a repetition of the auriferous greenstone belt that hosts the nearby Plutonic gold deposits. Yet despite the favourable geology and the presence of historic gold workings, only limited exploration has previously been undertaken across the Marymia project area.

Exploration work recently undertaken by Australian Mines has identified a northeast-trending vein set within the Baumgarten gold prospect at Marymia. These steeply-dipping veins can be traced for at least 600 metres and appear to be overlain by a broad oxide gold blanket.

The Company believes the Baumgarten prospect has the potential to host high-grade primary gold mineralisation below the supergene gold layer and will undertake a shallow drilling program of this target as part of its upcoming drill campaign.

Marriotts Nickel Project

The Marriotts Project consists of a shallow nickel sulphide deposit and is situated approximately 70 kilometres south of BHP Billiton's nickel mining centre at Leinster in Western Australia.

Limited activity was undertaken across this project during the past year. Australian Mines will retain the project with a view to updating the resource should nickel prices improve during 2015.

Jumbulyer Gold and Copper Project

In December 2014, Australian Mines advised shareholders that the Company had withdrawn from the Jumbulyer / Foothills Farm-in and Joint Venture Agreement with Mount Magnet South NL. The decision to withdraw from this joint venture enables Australian Mines to focus the Company's resources on its emerging Marymia nickel-copper-gold project in Western Australia.

Nigerian Gold Project

Following a detailed technical review of the Company's Nigerian assets, it was determined that the thickness and continuity of the mineralisation within the tenements were insufficient to support a commercially viable gold mining operation. Australian Mines has therefore relinquished its rights to these tenements.

CORPORATE OVERVIEW

In September 2014, Australian Mines completed a pro-rata Entitlement Offer to existing shareholders raising \$1.48 million before costs. The funds received from the Entitlement Offer were allocated towards the completion of the diamond drilling program at the Simmons Prospect and for advancing targeted exploration activities across the broader Marymia project area.

Australian Mines also received notification from the Western Australian Department of Mines and Petroleum (DMP) in December 2014 that they had agreed to co-fund the next phase of exploration at Marymia. As a result, the DMP will contribute a total of \$150,000 to Australian Mines' exploration program with funds to be allocated to the Company's upcoming drill program of the Baumgarten gold prospect within Marymia.

AUSTRALIAN MINES LIMITED

DIRECTORS' REPORT

The Company remains acutely aware of the current economic climate and continues to implement cost-reduction measures across the business in order to maintain a healthy cash balance. As of 31 December 2014, Australian Mines remained in a sound financial position with \$1.3 million cash in the bank and no debt.

REVIEW OF OPERATIONS

The Group made a loss for the six months ended 31 December 2014 of \$2,531,990. This compares with a loss of \$614,920 for the six months ended 31 December 2013.

A comparison of the consolidated financial performance is included in the table below.

Financials	Six months ended 31 December 2014	Six months ended 31 December 2013
	\$	\$
Revenue from operating activities	-	-
Net loss	(2,531,990)	(614,920)
Cash and cash equivalents	1,328,429	2,185,942

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration required under Section 307C of the Corporation's Act 2001 is set out on page 5 and forms part of the director's report for the six months ended 31 December 2014.

Signed in accordance with a resolution of Directors



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Benjamin Bell
Managing Director

Perth
Dated: 4 March, 2015

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF AUSTRALIAN MINES LIMITED

As lead auditor for the review of Australian Mines Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Mines Limited and the entities it controlled during the period.



Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 4 March 2015

AUSTRALIAN MINES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Notes	31 December 2014 \$	31 December 2013 \$
Other income		31,226	1,334
Corporate overheads and indirect expenses		(498,355)	(619,543)
Share based payment expense		(18,140)	-
Exploration Expenditure	6	(231,850)	-
Impairment of exploration	6	(1,818,962)	-
Depreciation and amortisation	7	(21,761)	(44,748)
Results from operating activities		(2,557,842)	(662,957)
Finance income		25,852	48,037
Net finance income		25,852	48,037
Loss before income tax		(2,531,990)	(614,920)
Income tax		-	-
Loss after income tax from continuing operations		(2,531,990)	(614,920)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences – foreign operations		122,229	129,337
Total other comprehensive (loss)/income		122,229	129,337
Total comprehensive loss for the period		(2,409,761)	(485,583)
Basic loss per share (cents)		(0.3410)	(0.0922)
Diluted loss per share (cents)		(0.3410)	(0.0922)

The notes on pages 14 to 20 are an integral part of the consolidated interim financial statements.

AUSTRALIAN MINES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Issued Capital \$	Accumulated Losses \$	Share Option Reserve \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Total Equity \$
Opening balance at 1 July 2014	33,122,066	(31,224,665)	168,424	1,220,179	247,517	3,533,521
Total comprehensive income for the period:						
(Loss) for the period	-	(2,531,990)	-	-	122,229	(2,409,761)
Transactions with owners, recorded directly in equity:						
Shares issued during the period	1,333,891	-	-	-	-	1,333,891
Share based payment transactions	-	-	-	18,140	-	18,140
Closing balance at 31 December 2014	34,455,957	(33,756,655)	168,424	1,238,319	369,746	2,475,791
	Issued Capital \$	Accumulated Losses \$	Share Option Reserve \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Total Equity \$
Opening balance at 1 July 2013	33,122,066	(30,231,246)	168,424	1,206,279	411,888	4,677,411
Total comprehensive income for the period:						
(Loss) for the period	-	(614,920)	-	-	129,337	(485,583)
Transactions with owners, recorded directly in equity						
Share based payment transactions	-	-	-	13,900	-	13,900
Closing balance at 31 December 2013	33,122,066	(30,846,166)	168,424	1,220,179	541,225	4,205,728

The notes on pages 14 to 20 are an integral part of the consolidated interim financial statements.

AUSTRALIAN MINES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	31 December 2014 \$	30 June 2014 \$
CURRENT ASSETS			
Cash and cash equivalents	8	1,328,429	1,700,487
Trade and other receivables	8	33,316	27,013
TOTAL CURRENT ASSETS		1,361,745	1,727,500
NON-CURRENT ASSETS			
Exploration and evaluation assets	6	1,212,401	2,003,597
Property, plant and equipment	7	44,028	42,364
TOTAL NON-CURRENT ASSETS		1,256,429	2,045,961
TOTAL ASSETS		2,618,174	3,773,461
CURRENT LIABILITIES			
Trade and other payables	8	116,244	215,861
Employee benefits		26,139	24,079
TOTAL CURRENT LIABILITIES		142,383	239,940
TOTAL LIABILITIES		142,383	239,940
NET ASSETS		2,475,791	3,533,521
EQUITY			
Contributed equity		34,455,957	33,122,066
Reserves		1,776,489	1,636,120
Accumulated losses		(33,756,655)	(31,224,665)
TOTAL EQUITY		2,475,791	3,533,521

The notes on pages 14 to 20 are an integral part of the consolidated interim financial statements.

AUSTRALIAN MINES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Notes	31 December 2014 \$	31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to suppliers and employees		(491,726)	(698,965)
Interest received		25,852	48,037
Net cash used in operating activities		(465,874)	(650,928)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(1,221,615)	(151,563)
Payments for property, plant and equipment		(19,198)	-
Proceeds from sale of property, plant & equipment		-	7,461
Proceeds from sale of assets held for sale		-	2,500,000
Net cash provided by/(used in) investing activities		(1,240,813)	2,355,898
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		1,333,891	-
Net cash (used in)/provided by financing activities		1,333,891	-
Net increase/(decrease) in cash held		(372,796)	1,704,970
Cash at the beginning of the financial period		1,700,487	487,510
Effects of exchange rate changes on cash		738	(6,538)
Cash at the end of the financial period		1,328,429	2,185,942

The notes on pages 14 to 20 are an integral part of the consolidated interim financial statements.

AUSTRALIAN MINES LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

1. Reporting entity

Australian Mines Limited (the “Company”, “AUZ”) is a company domiciled in Australia. The address of the Company’s registered office is 83 Havelock Street West Perth WA 6005 Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the “Group”).

The Group is a for-profit entity and is primarily involved in the exploration for gold and base metals in Australia.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2014 is available upon request from the Company’s registered office or at www.australianmines.com.au

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2014. The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2014.

This consolidated interim financial report was approved by the Board of Directors on 5 March 2015.

3. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2014, except for those discussed in Note 5 below.

4. Changes in accounting policy

New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2014 that have been applied by the Company. The 30 June 2014 annual report disclosed that the Company anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2014.

AUSTRALIAN MINES LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

5. Estimates

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2014.

6. Exploration and evaluation assets

Reconciliations of the carrying amounts for each class of exploration and evaluation expenditure are set out below:

	31 Dec 2014	30 June 2014
	\$	\$
Exploration and evaluation		
Opening balance July	2,003,597	1,786,296
Acquisition of tenements	250,000	50,000
Expenditure incurred	1,009,616	167,301
Expenditure expensed (i)	(231,850)	-
Exploration expenditure impairment (ii)	<u>(1,818,962)</u>	<u>-</u>
Exploration costs carried forward	<u><u>1,212,401</u></u>	<u><u>2,003,597</u></u>

- (i) During the period The Group withdrew from the Jumbulyer Farm-In and Joint Venture Agreement and all expenditure incurred to date has been expensed. The Group has discharged all of its obligations relevant to its withdrawal from the agreement.
- (ii) Following a detailed technical review of the Nigerian assets, the Company concluded that the tenement would not be a commercially viable gold mining operation. The tenements however did contain economic grade manganese mineralisation. Due to a drop in the price of manganese during the period the Nigerian assets have been impaired.

The ultimate recoupment of costs carried forward for mineral properties in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

7. Property, plant and equipment

	31 Dec 2014	30 June 2014
	\$	\$
Plant & Equipment		
At Cost	202,263	188,026
Accumulated depreciation	<u>(158,235)</u>	<u>(145,662)</u>
Total Property, plant and equipment	<u><u>44,028</u></u>	<u><u>42,364</u></u>

AUSTRALIAN MINES LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

7. Property, plant and equipment (cont.)

Reconciliation	31 Dec 2014	30 June 2014
	\$	\$
Plant & Equipment		
Carrying amount at beginning of year	42,364	154,771
Additions	24,961	524
Disposals	(2,556)	(27,630)
Depreciation	(21,761)	(83,632)
Foreign currency differences	1,020	(1,669)
Total Property, plant and equipment	<u>44,028</u>	<u>42,364</u>

8. Financial instruments

The fair values of the financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position are as follows:

	Carrying Amount	Fair Value
	\$	\$
Financial Assets		
Cash and cash equivalents	1,328,429	1,328,429
Trade and other receivables	<u>33,316</u>	<u>33,316</u>
	<u>1,361,745</u>	<u>1,361,745</u>
Financial Liabilities		
Trade and other payables	<u>116,244</u>	<u>116,244</u>

Recurring fair value measurements

The Company does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short term nature, the carrying amount of current receivables, current trade and other payables and current interest-bearing liabilities is assumed to approximate their fair value.

AUSTRALIAN MINES LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

9. Segment reporting

The Group operates predominantly in two reportable geographical segments being mining and exploration activities in Australia and Nigeria.

Chief operating decision-maker assessments are based upon mineral results from exploration activities by region. Internal reporting to key decision makers shows exploration activities in Western Australia separately from those in Nigeria.

	Australian Exploration \$	Nigerian Exploration \$	Total \$
For the Six Months Ended 31 December 2014			
External income	27,800	3,426	31,226
External expenses	(231,850)	-	(231,850)
Impairment expense	-	(1,818,962)	(1,818,962)
Segment Profit/(Loss)	(204,050)	(1,815,536)	(2,019,586)
Reconciliation of reportable segments:			
- Corporate income			25,852
- Corporate charges			(498,355)
- Depreciation			(21,761)
- Share-based payment expenses			(18,140)
Loss before Income Tax			(2,531,990)
As at 31 December 2014			
Segment assets	1,212,401	-	1,212,401
Reconciliation of reportable segments:			
Unallocated assets:			
- Cash			1,328,429
- Trade and other receivables			33,316
- Plant and equipment			44,028
Total Assets			2,618,174
Segment asset increases for the period:			
- Tenement expenditure	907,296	-	907,296
Segment liabilities	-	-	-
Reconciliation of reportable segments:			
Unallocated liabilities			
- Trade and other payables			116,244
- Employee Benefits			26,139
Total Liabilities			142,383

AUSTRALIAN MINES LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

9. Segment reporting (cont.)

	Australian Exploration \$	Nigerian Exploration \$	Total \$
For the Six Months Ended 31 December 2013			
External income	-	1,334	1,334
External expenses	(479)	-	(479)
Segment Profit/(Loss)	(479)	1,334	855
Reconciliation of reportable segments:			
- Corporate income			48,037
- Corporate charges			(605,164)
- Depreciation			(44,748)
- Share-based payment expenses			(13,900)
Loss before Income Tax			(614,920)
As at 30 June 2014			
Segment assets	305,105	1,698,492	2,003,597
Reconciliation of reportable segments:			
Unallocated assets:			
- Cash			1,700,487
- Trade and other receivables			27,013
- Plant and equipment			42,364
Total Assets			3,773,461
Segment asset increases for the period:			
- Tenement expenditure	303,250	(85,950)	217,300
Segment liabilities	-	-	-
Reconciliation of reportable segments:			
Unallocated liabilities			
- Trade and other payables			215,861
- Employee Benefits			24,079
Total Liabilities			239,940

AUSTRALIAN MINES LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

10. Share capital

	31 Dec 2014 No.	31 Dec 2014 \$	30 June 2014 No.	30 June 2014 \$
Reconciliation of issued capital				
Balance at 1 July	666,911,575	33,122,066	666,911,575	33,122,066
Costs of capital raising	-	(149,082)	-	-
Rights Issue	114,074,946	1,482,973	-	-
Plan Shares	41,000,000	-	-	-
Balance at end of period	<u>821,986,521</u>	<u>34,455,957</u>	<u>666,911,575</u>	<u>33,122,066</u>

	31 Dec 2014 No.	30 June 2014 No.
Unlisted Options		
Granted 29 Nov 2011, expired 30 Nov 2014	-	13,600,000
Granted 29 Nov 2011, expired 30 Nov 2014	-	27,200,000
Granted 14 Dec 2011, expired 30 Nov 2014	-	6,800,000
Total Options	<u>-</u>	<u>47,600,000</u>

The unlisted options are for various exercise prices, and have been issued to the Directors and Executives of the Company.

	31 Dec 2014 No.	30 June 2014 No.
Plan Shares		
Issued 28 Nov 2014, vest on 1 June 2015	13,666,667	-
Issued 28 Nov 2014, vest on 1 June 2016	13,666,667	-
Issued 28 Nov 2014, vest on 1 June 2017	<u>13,666,666</u>	<u>-</u>
Total Plan Shares	<u>41,000,000</u>	<u>-</u>

During the half year, all existing options expired and Directors were invited to apply for Plan Shares under the loan share plan. A limited recourse loan was provided to allow the Directors' to purchase the Plan Shares for \$0.007 per share. The Plan Shares are divided in 3 tranches and subject to service period vesting conditions.

The fair value of these Plan Shares was determined by using the Black Scholes pricing model.

Tranche	Grant Date	Number Issued	Value Per Right	Probability	Condition	Total Value	Vesting Period (Years)	Value Vested Current Period	Value Not Vested
1	28/11/2014	13,666,667	\$0.0045	100%	Service Period	\$61,357	0.5	\$11,749	\$49,607
2	28/11/2014	13,666,667	\$0.0045	100%	Service Period	\$61,357	1.5	\$3,987	\$54,134
3	28/11/2014	13,666,667	\$0.0045	100%	Service Period	\$61,357	2.5	\$2,404	\$66,845

Details of the vesting conditions of the Plan Shares are detailed below:

Tranche 1: Service to the Company as an eligible person until 1 June 2015

AUSTRALIAN MINES LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Tranche 2: Service to the Company as an eligible person until 1 June 2016

Tranche 3: Service to the Company as an eligible person until 1 June 2017

11. Events occurring after the reporting period

Subsequent to the end of the period, on 22 January 2015, the Company signed a Share Sale Agreement for the sale of its shares in Mines Geotechniques Limited. For further details, please refer to the Directors Report.

There have been no other subsequent events.

12. Contingent liabilities

The Group's mining tenements are subject to native title applications. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Group. There have been no other changes to contingencies in the six months ended 31 December 2014.

13. Commitments

Under the terms of the Heads of Agreement with Riedel Resources Ltd, the Group is required to spend \$1 million on exploration within an initial two-year period. The Group has the right to withdraw and has met the minimum spending requirement of \$200,000. As at 31 December 2014 \$910,000 had been spent on the project.

14. Related parties

Key management personnel receive compensation in the form of short term employee benefits, post employment benefits and share based payments awards. Key management personnel received a total compensation of \$217,640 for the six months ended 31 December 2014. (Prior period six months ended 31 December 2013 \$317,956).

During the period the Directors were offered Plan Shares which were financed through a loan share plan. Refer to note 10 for further details.

AUSTRALIAN MINES LIMITED

DIRECTORS' DECLARATION

In the opinion of the Directors of Australian Mines Limited ("the Company"):

- (a) the financial statements and notes disclosed on pages 6 to 17 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance, for the six months ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

On behalf of the Directors



.....
Benjamin Bell
Managing Director

Perth
Dated: 4 March, 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australian Mines Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Mines Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Mines Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Mines Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Peter Toll', is written over a small, faint blue BDO logo.

Peter Toll

Director

Perth, 4 March 2015