



QUARTERLY ACTIVITIES REPORT

For Period Ended 31 March 2015

ASX: AUZ

24 April 2015

HIGHLIGHTS

- Drilling commenced at Marymia Project
- Priority targets identified and being tested by current 1,800 metre drill program include:
 - Bedrock conductor beneath nickel oxide mineralisation (Burton nickel prospect)
 - Conductive zone proximal to supergene base metal mineralisation along Jenkin Fault (DeGrussa VMS-style target)
 - Extensions to known gold mineralisation (Baumgarten gold prospect)
 - Coincident geophysical and surface geochemical anomalism over Kambalda-equivalent ultramafic rocks (Wyman nickel prospect)
- \$1 million cash-in-bank and no debt as at end of quarter

Australian Mines Limited ("Australian Mines" or "the Company") is pleased to provide shareholders its Quarterly Activities Report for the period ended 31 March 2015.

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 and 40 kilometres east of Northern Star's Plutonic Gold Mine – a mine that has been in continuous operation for 25 years, producing 5.3 million ounces of gold to date¹.

¹ Northern Star Resources Limited, Plutonic Acquisition Presentation, released 23 December 2013



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.

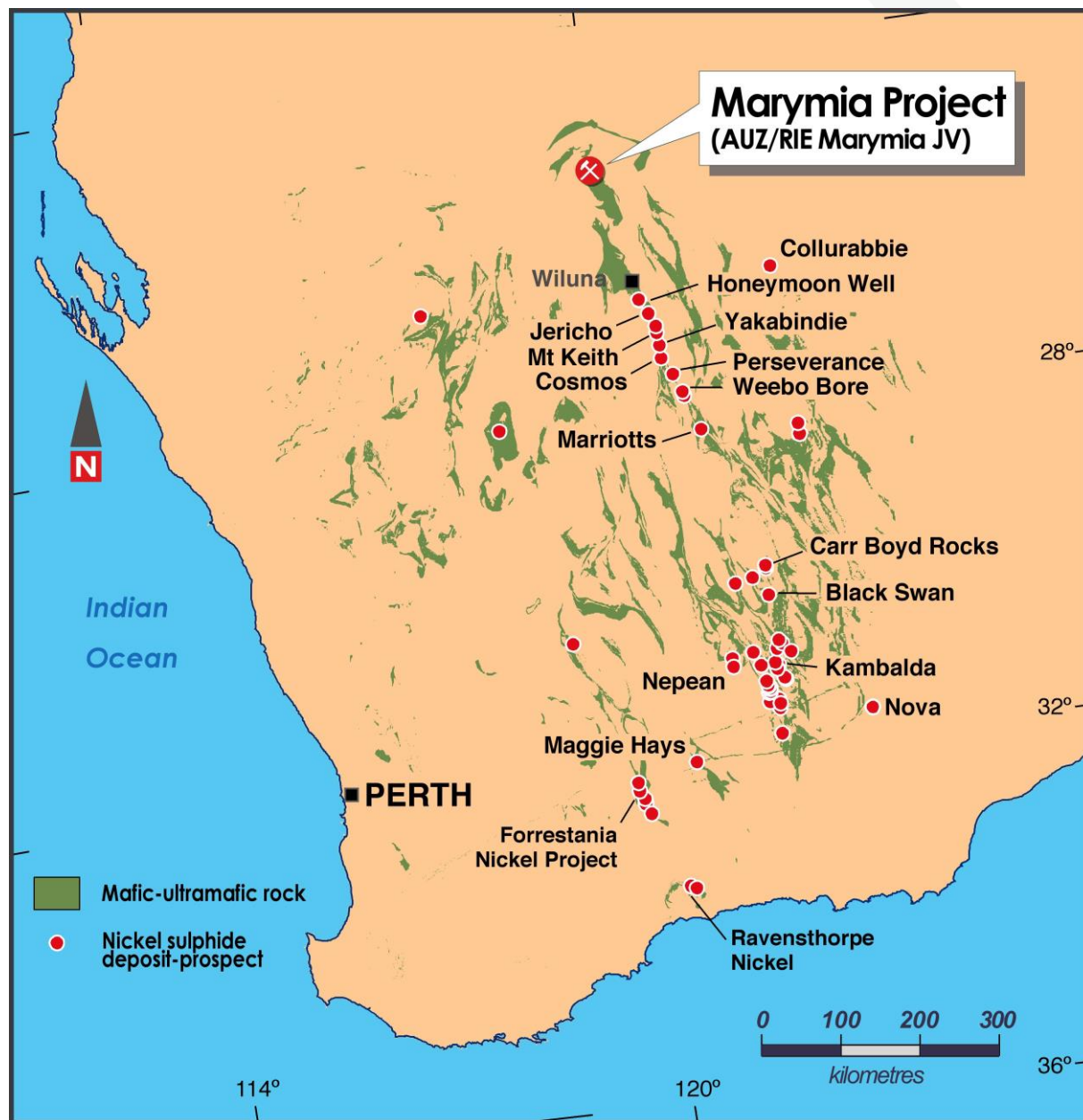


Figure 1: Australian Mines' Marymia Project is located approximately 900 kilometres northeast of Perth. Considered the northern continuation of the Norseman-Wiluna nickel belt, the rocks at Marymia are understood to be similar to those hosting the world-class Kambalda nickel sulphide deposits. This Norseman-Wiluna greenstone belt, which extends through the Company's Marymia Project, similarly hosts the majority of Australia's Archaean lode gold deposits including the famous Kalgoorlie Golden Mile (containing the Super Pit).



Nickel sulphide exploration

The Company's Marymia Project covers 425 square kilometres of Archaean geology that represents the northern continuation of the prospective Norseman-Wiluna nickel belt.

The Norseman-Wiluna belt of Western Australia hosts numerous world-class nickel deposits including Mount Keith (3.4 million tonnes of nickel), Perseverance (2.5 million tonnes of nickel) and Yakabindie (1.7 million tonnes of nickel). These deposits, in addition to those in the Kambalda region of this belt remain the largest nickel sulphide deposits discovered in Australia to date².

Recognising the Marymia Project's potential for komatiite-hosted (Kambalda-style) nickel sulphide mineralisation, a comprehensive soil-sampling program was undertaken across the Company's project area. This close-spaced geochemical survey successfully delineated four large-scale, high amplitude nickel-copper geochemical anomalies over a mapped ultramafic (komatiitic) sequence³.

Reconnaissance drilling program of these surface geochemical anomalies subsequently returned a number of significant nickel oxide intersections, including **8 metres @ 1.05% nickel** from 16 metres (drill hole K5-6), **4 metres @ 1.07% nickel** from 28 metres (drill hole NKB0724) and **13 metres @ 0.74% nickel** from 28 metres (drill hole K5-7)⁴.

Encouraged by these initial exploration results, Australian Mines recently completed a detailed ground electromagnetic (EM) survey over these high priority nickel targets and, as previously reported by the Company, modelling of this high-resolution geophysical data successfully identified two bedrock conductors that potentially relate to buried nickel sulphide mineralisation^{5,6}.

These conductive bodies have subsequently been named the Burton and Wyman prospects.

The bedrock conductor detected at the Burton prospect is situated directly beneath a thick layer of nickel oxide mineralisation (**22 metres @ 0.58% nickel from 22 metres**)⁷, which was intersected during a previous scout drilling program.

In contrast, no previous drilling has been reported across the Wyman prospect area where a 400-metre long bedrock conductor is situated below a 1,200-metre long coincident nickel and copper-in soil anomaly⁸.

Following a short delay arising from the unseasonably high rainfall experienced across the Marymia project area in March, Australian Mines has now commenced the anticipated reverse circulation (RC) drill program.

² Hoatson et al., 2006, Nickel sulphide deposits in Australia, *Ore Geology Reviews*, 29, 177-241

³ Falcon Minerals Limited, AGM Presentation, released 9 November 2009

⁴ Riedel Resources Limited, 2013 Annual Report, released 12 September 2013

⁵ Australian Mines Limited, Conductive body detected below nickel oxide mineralisation at Marymia, released 18 November 2014

⁶ Australian Mines Limited, Coincident bedrock conductor with nickel-copper soil anomaly identified at Marymia, released 25 November 2014

⁷ Riedel Resources Limited, 2013 Annual Report, released 12 September 2013

⁸ Falcon Minerals Limited, AGM Presentation, released 9 November 2009



The current drill campaign comprising 11 RC holes for an estimated total of 1,800 metres, and is designed to test the six discrete geophysical and/or geochemical anomalies including the Company's priority Burton and Wyman nickel sulphide prospects. This program is anticipated to take approximately five weeks to complete.



Figure 2: Reverse circulation (RC) drilling of Australian Mines' priority nickel, copper and gold targets has recently commenced at Marymia. This drill campaign, which initially comprises 11 RC holes, is scheduled to take five weeks to complete.



DeGrussa-style VMS copper-gold exploration

Australian Mines' Marymia Project abuts Sandfire Resource's Doolgunna project area – home to Sandfire's DeGrussa Copper-Gold Mine in mid-west, Western Australia.

The discovery of the DeGrussa ore bodies in 2009 fundamentally changed Sandfire Resources.

Pre-discovery, Sandfire was a junior explorer having a number of potential targets⁹ and a market capitalisation of around \$5 million. Today, the company is considered a premier Australian copper-gold producer and is currently valued at approximately \$700 million¹⁰. Copper and gold sales from the DeGrussa mining operation exceed \$500 million per year and Sandfire anticipates the mine will continue to operate into the next decade¹¹.

Sandfire's DeGrussa deposit is a volcanogenic massive sulphide (VMS)-style ore body, whose composition primarily comprises of chalcopyrite (copper) and pyrite (iron sulphide) with lesser amounts of galena (lead), sphalerite (zinc), pyrrohotite (iron sulphide) and magnetite also present within the deposit¹².

The key feature appearing to control the copper-gold mineralisation at DeGrussa is the major northeast-trending Jenkin Fault structure¹³.

Australian Mines' Marymia Project covers more than 20 kilometres of this prospective Jenkin Fault and previous reconnaissance drilling within the Company's Marymia project area successfully delineated an area of extensive base metal anomalism along the Jenkin Fault structure^{14,15}.

A ground-based EM survey over these supergene base metal anomalies subsequently identified a cluster of four moderately conductive bodies proximal to the Jenkin Fault¹⁶.

During the March quarter, Australian Mines commissioned an independent review of the EM data acquired over this prospective region of the Company's Marymia project area. This review confirmed the previous interpretation of a moderately to strongly conductive zone in close proximity to several anomalous base metal occurrences and possible relict sulphides proximal to the Jenkin Fault.

As the bedrock conductors along the Jenkin Fault are currently untested by drilling, Australian Mines is completing a fence of drill holes over the stronger section of EM conductor as part of the current RC drilling program.

These RC holes are anticipated to be drilled in mid-May.

⁹ Sandfire Resources NL, Sandfire Sydney Presentations, released 19 September 2008

¹⁰ As at 2 April, 2015

¹¹ Sandfire Resources NL, Global Investor Presentation, released 19 February 2015

¹² Sandfire Resources NL, <http://new.aig.org.au/wp-content/uploads/2012/12/Shannan-Bamfire-Sandfire-Resources-Abstract.pdf>

¹³ Thundelarra Limited, Presentation at Noosa Mining and Exploration Conference, released 17 July 2014

¹⁴ Plutonic Operations Limited, Annual Technical Report for tenement E52/533, period 03/07/1995 to 02/07/1996

¹⁵ Australian Mines Limited, Quarterly Activities Report, released 27 January 2015

¹⁶ Plutonic Operations Limited, Annual Technical Report for tenement E52/533, period 03/07/1996 to 02/07/1997



In addition to testing the source of geophysical anomaly, the assay results and geological logs returned from these drill holes will also enable the Company to assess the prospectivity of the broader Jenkin Fault structure within the Marymia project area.

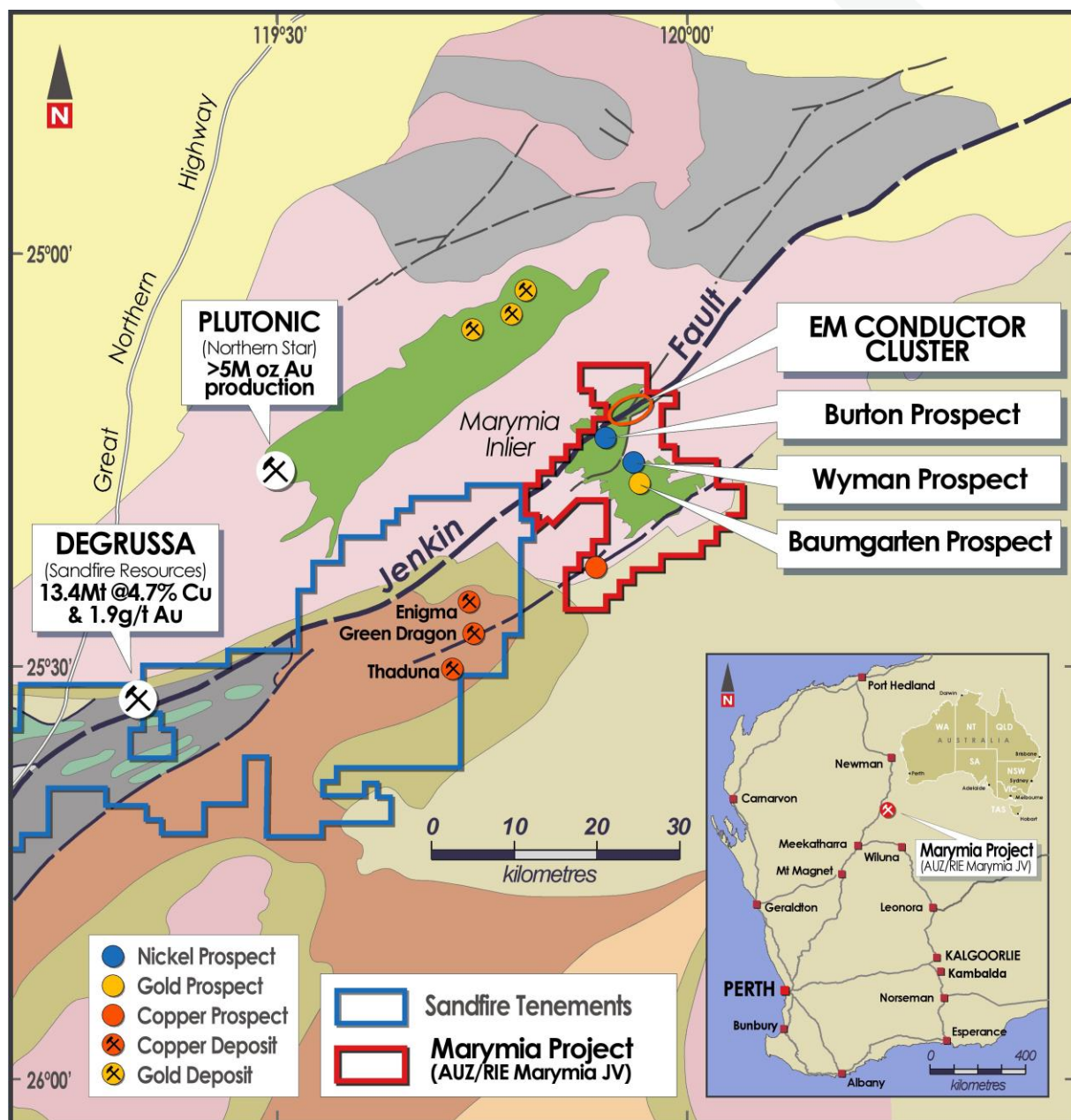


Figure 3: Schematic geological map of the Marymia region of Western Australia. The Jenkin Fault, being the primary controlling structure of Sandfire Resources' DeGrussa copper-gold deposit is known to continue through Australian Mines' Marymia project area to the east. An electromagnetic survey conducted over a broad base metal anomaly within the Company's Marymia Project has previously identified a cluster of four EM conductors along the Jenkin Fault structure. These conductors will be tested during Australian Mines' current RC drill program.



Gold exploration

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

The gold mineralisation at Plutonic is characterised by thin (2 to 4 metre wide) lodes, which generally grade 1 to 3 g/t gold¹⁷. There appears to be a strong structural component to this mineralisation with individual gold deposits typically located along northeast-trending faults.

Analysis of the ore subsequently indicated that the primary gold mineralisation at the Plutonic Gold Mine is associated with sulphide minerals including pyrrhotite (iron sulphide) and chalcopyrite (copper)¹⁸.

Australian Mines has previously reported that it had identified a northeast-trending vein set within the Baumgarten gold prospect at Marymia¹⁹. These steeply dipping veins, noted during the Company's recent modelling of the project's drilling database, can be traced for at least 600 metres and appear to be coincide by a broad blanket of oxide gold mineralisation.

Drill intersections returned from this target zone at Baumgarten included **3 metres @ 9.53 g/t gold** from 51 metres (drill hole BRC23) and **2 metres @ 7.15 g/t gold** from 31 metres (drill hole RB620)²⁰.

Recognising that the primary gold mineralisation at the nearby Plutonic Gold Mine is often associated with sulphides, Australian Mines recently completed a close-spaced moving loop EM survey over the promising Baumgarten gold prospect to test for possible repetitions of Northern Star's Plutonic gold deposits.

Modelling of the resulting geophysical dataset during the March quarter did identify a weak to moderate strength, late time conductor immediately adjacent to the Baumgarten gold workings²¹. Encouragingly, the northeast trend of the interpreted conductor is consistent with the orientation of known gold-mineralised structures in the Baumgarten prospect area and is likewise consistent with the expected trend of Plutonic-style gold mineralisation across the district.

Australian Mines has committed to test this newly identified target zone at the Baumgarten gold prospect during the current RC drilling campaign at Marymia.

¹⁷ Dampier Gold Limited, Prospectus, release 19 July 2010

¹⁸ Northern Star Resources Limited, <http://www.nsrld.com/projects/plutonic-operation.html> (23 March 2015)

¹⁹ Australian Mines Limited, Quarterly Activities Report, released 27 January 2015

²⁰ Riedel Resources Limited, 2012 Annual Report, released 6 September 2012

²¹ Southern Geoscience Consultants Pty Ltd, Marymia Project – Phase 2 MLTEM Survey Results and Interpretation, 6 February 2015 (unpublished report)



Marriotts Nickel Project

The Marriotts Project hosts a shallow nickel sulphide deposit²² and is located 70 kilometres south of BHP Billiton's nickel mining centre at Leinster, Western Australia.

No work was undertaken at the Company's Marriotts Nickel Project in the past quarter.

Corporate

In February, Australian Mines exhibited at the RIU Explorers Conference in Perth. As part of this conference, Managing Director Benjamin Bell presented an update on the Company's Marymia exploration program and fielded investor questions at the Australian Mines booth.

A copy of the Company's RIU Explorers Conference presentation is available from the Australian Mines website.

Australian Mines continues to implement cost reduction measures across the business where possible, which has enabled the Company to remain in a sound financial position with \$1.0 million cash in the bank and no debt as at 31 March 2015.

****ENDS****

For further information, shareholders and media please contact:

Benjamin Bell
Managing Director
Ph: +61 8 9481 5811
E: bbell@australianmines.com.au

Competent Person's Statement

Information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell who is a member of the Australian Institute of Geoscientists. Mr Bell is a full-time employee and Managing Director of Australian Mines Limited. Mr Bell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

²² Australian Mines Limited, Addendum to 2014 Annual Report, released 29 December 2014



About Australian Mines:

Australian Mines Limited (ASX: AUZ) is an Australian-listed resource company targeting nickel, copper and gold deposits. The company is currently acquiring an interest in the Marymia Project in Western Australia, which has demonstrated the potential to host gold and base metal mineralisation.

Marymia Nickel-Copper-Gold Project (Agreement to earn up to 80%)

Australian Mines signed a Heads of Agreement with Riedel Resources in April 2014 covering the Marymia nickel-copper-gold project, located 55 kilometres northeast and along strike of Sandfire Resources' world class DeGrussa Copper-Gold Mine.

In addition to targeting DeGrussa-style VMS copper-gold mineralisation, Australian Mines is also testing for nickel sulphide mineralisation across the Marymia Project as historic drilling of the oxide zone has returned encouraging results including 8m @ 1.05% Ni from 16m, 4m @ 1.07% Ni from 28m, and 13m @ 0.74% Ni from 28m. (AUZ release: 30 April 2014).

Under the terms of the Agreement announced on 30 April 2014, Australian Mines may acquire a 51% interest in the Marymia Project by spending \$1 million on exploration within an initial two-year period. Following the acquisition of the initial 51%, Australian Mines may elect to acquire an additional 29% interest (taking the total to 80%) in the project by spending a further \$2 million on exploration within a further 36-month period.





Appendix 1: Tenement Information

Mining tenements held at end of the quarter

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Western Australia	Marriotts	M37/096	Granted	100%

Mining tenements acquired and disposed of during the quarter

Location	Project	Tenement	Status	Interest
-	-	-	-	-

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

Location	Project	Agreement	Parties	Interest	Comments
AUSTRALIA					
Western Australia	Marymia	Heads of Agreement	AUZ and RIE	0%	Announced 30 April 2014

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Location	Project	Agreement	Parties	Interest	Comments
-	-	-	-	-	-



Appendix 2: JORC Code, 2012 Edition

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	- Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used - Aspects of the determination of mineralisation that are Material to the Public Report. - In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	- Gem Geophysics completed a ground-based moving loop electromagnetic survey over the Marymia Project on behalf of Australian Mines between October and December 2014. The transmitters for this geophysical survey were 200 metre by 200 metre single turn loops (decreasing to 100 metre by 100 metre loops for the in-fill survey) with a SMARTem 24 system used as the receiver. The line spacing for this survey was 100 to 200 metres. The along line station spacing for the initial survey was 100 metres. This station spacing tightened to 50 metres for the in-fill survey lines. At least two readings were acquired at each station in order to ensure data repeatability. Quality assurance and quality control (QA/QC) of the electromagnetic data was independently verified by Southern Geoscience Consultants in Perth. - Assay results related to historic drilling and/or soil sampling were sourced from ASX announcements released by previous tenement holders. Footnotes and references for historic samples or assays are provided in the main body of this report. Australian Mines is unable to comment on the representivity and appropriate calibration of the analytical tools and analysis used during previous drill and soil sampling programs.
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.)	The historic drill data reference in this report is rotary air blast, with the exception of drill hole BRC23 (referred to within <i>Gold exploration</i> under the Marymia Project) which was a shallow reverse circulation drill hole.



Drill sample recovery

- Method of recording and assessing core and chip sample recoveries and results assessed.
- Measures taken to maximise sample recovery and ensure representative nature of the samples.
- Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.

- Australian Mines is unable to comment on the method of recording and assessing drill chips, and sample recoveries from historic drilling at Marymia.

Based on available reports, it is assumed that the historic drill samples referenced in this report were taken at one metre intervals.

No records of sample recoveries were identified in previous reports and it is not possible to determine if a relationship exists between recovery and grade.

Logging

- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
- Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.
- The total length and percentage of the relevant intersections logged.

- Historic drill chips at Marymia were geologically logged at one metre intervals.

Drill chips were not logged to any geotechnical standard and the data is insufficient to support Mineral Resource estimation at this stage.

Logging of rotary air blast drill chips is considered to be semi-quantitative given the nature of rock chip fragments and the inability to obtain detailed geological information.

From the available historic reporting, 100% of the rotary air blast drill chips were logged.

Sub-sampling techniques and sample preparation

- If core, whether cut or sawn and whether quarter, half or all core taken.
- If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.
- For all sample types, the nature, quality and appropriateness of the sample preparation technique.
- Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.
- Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.
- Whether sample sizes are appropriate to the grain size of the material being sampled.

- Australian Mines is unable to comment on the manner in which historic drill chips were sampled, or the preparation techniques applied during collection.

Australian Mines is unable to comment on quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.

Australian Mines is unable to comment if field duplicates were collected, or whether sample sizes were appropriate to the grain size of the material being sampled.



Quality of assay data and laboratory tests

- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.
- For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.
- Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.

- The survey parameters and geophysical equipment used by Gem Geophysics for the moving loop electromagnetic survey at Marymia includes:

Survey Parameters

Survey direction: northwest-southeast
Station spacing: 200 metres (first-pass)
50 metres (in-fill lines)

Receiver

Receiver: SMARTem 24
dB/dt sensor: 3-component B-field magnetometer
Component: X,Y,Z

Transmitter

Transmitter: Zonge ZT-3 (modified)
Transmitter loop: 200 metres (first pass)
Transmitter frequency: 1 Hertz
Transmitter current: 28 Amps

At least two readings were acquired at each station in order to ensure data repeatability.

The moving loop system is fully calibrated and daily tests were carried out to ensure data quality.

- Australian Mines is unable to comment on the quality, nature and appropriateness of the assaying and laboratory procedures used by previous explorers during their drill programs.

Verification of sampling and assaying

- The verification of significant intersections by either independent or alternative company personnel.
- The use of twinned holes.
- Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.
- Discuss any adjustment to assay data.

- All primary analytical data acquired by Gem Geophysics during the moving loop electromagnetic survey were recorded digitally and sent in electronic format to Southern Geoscience Consultants in Perth for independent quality control and evaluation.

- Australian Mines is unable to comment on the documentation, data entry procedures and data storage protocols used by the previous explorers during their drilling programs.

No twinned hole drilling is proposed by Australian Mines at this stage.

Only historic assay data released by previous explorers have been used by Australian Mines. No adjustments have been made to historic assay values.



Location of data points

- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.
- Specification of the grid system used.
- Quality and adequacy of topographic control.

- The data points of Gem Geophysics' moving loop electromagnetic survey were located using standard GPS positioning.

Drill hole collar locations were recorded using handheld Garmin GPS.

The expected accuracy is +/- 5 metres for easting and northings and 10 metres for elevation coordinates. Elevation values were in AHD.

The grid system used is Map Grid of Australia (MGA) GDA94 Zone 50.

Data spacing and distribution

- Data spacing for reporting of Exploration Results.
- Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.
- Whether sample compositing has been applied.

- The line spacing for the moving loop electromagnetic survey was 100 to 200 metres. The along line station spacing for the initial survey was 100 metres. This station spacing tightened to 50 metres for the in-fill survey lines.
- Historic drill data is not being used for estimating a Mineral Resource or modelling of grade at this stage in exploration.

Based on the information contained within historic ASX announcements of previous explorers, it is assumed that no sample compositing was applied to the historic drill samples.

Orientation of data in relation to geological structure

- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
- If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.

- Australian Mines is targeting komatiite-hosted nickel sulphide, DeGrussa-style copper-gold and Plutonic-style gold mineralisation at Marymia.

The orientations of any drilling completed by Australian Mines are designed to intersect the proposed target at right angles in an attempt to minimise the risk of biased sampling.

The orientation of the drilling is deemed sufficient at this stage of exploration.

Sample security

- The measures taken to ensure sample security.

- The chain of custody is managed by Australian Mines.

Samples are stored on site and are delivered by Australian Mines personnel directly to the assay laboratory.



Audits or reviews

- The results of any audits or reviews of sampling techniques and data.
- All data acquired from the Marymia moving loop electromagnetic survey was independently reviewed by an experienced geophysicist at Southern Geoscience Consultants.

No independent audit of the historic drilling assays has been completed to date.



Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	- Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. - The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Marymia Project is located within the Western Australian exploration licences of E52/2394 and E52/2395. On 30 April 2014, Australian Mines announced it had signed a Heads of Agreement with Riedel Resources Limited (ASX code: RIE) in relation to the Marymia Project. Exploration licences E52/2394 and E52/2395 are within the Marymia and Ned's Creek Pastoral Leases and contained within the Native Title Claim boundaries of the <i>Gingirana</i> (WAD6002/03) and <i>Yugunga-Nya</i> (WAD6132/98) Traditional Owners. Exploration activities on E52/2394 and E52/2395 are permitted under agreements dated; 7 October 2010 between Audax Resources Ltd (a subsidiary of Riedel Resources) and the Yamatji Marlpa Aboriginal Corporation as agent for the <i>Yugunga-Nya</i> people; and 23 October 2010 between Audax Resources and <i>Gingirana</i> Pty Ltd. Australian Mines is permitted to operate under these agreements as the company is joint venturing with Riedel Resources on this project. Exploration licences E52/2394 and E52/2395 are in good standing with no impediments to exploration known to exist at the time of writing.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Limited exploration and drilling programs have previously been undertaken across the Marymia project area by other companies. A summary of the historic anomalous gold and nickel intersections is outlined in the Prospectus released by Riedel Resources Limited on 23 November 2010. Plutonic Operations Limited's technical reports submitted to the WA Department of Mines and Petroleum for tenement E52/533 (which now forms part of Australian Mines' tenement E52/2395) are also referenced in the accompanying report.



Geology

- Deposit type, geological setting and style of mineralisation.
- Australian Mines are targeting three types of mineral deposits at Marymia;
 - (i) Kambalda-style komatiite-hosted nickel sulphide
 - (ii) DeGrussa-style volcanogenic massive sulphide copper-gold, and
 - (iii) Plutonic-style Archaean gold.

The Marymia project overlies the Baumgarten Greenstone Belt, which is interpreted as the northern extension of the Eastern Goldfields Province of the Yilgarn Craton.

The geology of the Marymia Project comprises an Archaean greenstone sequence of basalts and komatiitic ultramafic rocks.

Drill hole Information

- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
 - easting and northing of the drill hole collar
 - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
 - dip and azimuth of the hole
 - down hole length and interception depth
 - hole length.
- If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.
- Summary of historic exploration results, including a tabulation of the Material drill holes for the project are outlined in the ASX announcement released by the previous explorer Riedel Resources on 12 September 2013.

Data aggregation methods

- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.
- Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
- The assumptions used for any reporting of metal equivalent values should be clearly stated.
- Based on the information contained within Riedel Resources' announcement of 12 September 2013, it is assumed that the mean grades of the historic drill results referred to in this report have been calculated using a 0.3% nickel lower cut-off grade, no upper cut-off grade and a maximum internal waste of four metres.

No metal equivalents have been used in this report.



Relationship between mineralisation widths and intercept lengths

- These relationships are particularly important in the reporting of Exploration Results.
- If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.
- If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').
- There is insufficient understanding of the bedrock geology at present to determine the true thickness of any reported drill intersections.

Any intersections included in this report are down hole lengths. The true widths of these intersections are not known.

Diagrams

- Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.
- Appropriate maps and sections are included in the body of this report.

Balanced reporting

- Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.
- The accompanying document is considered to represent a balanced report.

Comprehensive report of the historic Exploration Results relied on by Australian Mines in this report are provided in Riedel Resources' Prospectus released via the ASX on 23 November 2010.

Other substantive exploration data

- Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.
- Other exploration data collected by the Company is not considered material to this report at this stage. Further data collection will be reviewed and reported when considered material.

Historic exploration has been undertaken at this location by previous explorers with the results summarised in Riedel Resources' Prospectus released via the ASX on 23 November 2010.

Further work

- The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).
- Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.
- Future exploration work may include the drill testing of geophysical anomalies and/or structural targets, as well as the interpreted depth and/or strike extensions of known mineralisation.