



Your Ref:
Our Ref:

By Post

4 April 2016

Mr Dale Allen
Senior Advisor, Listings Compliance
ASX Compliance Pty Ltd
Level 40, Central Park
152-159 St Georges Terrace
PERTH WA 6000

Dear Mr Allen

AUSTRALIAN MINES LIMITED ("ENTITY"): RESPONSE ASX AWARE LETTER

I refer to your aware letter dated 30 March 2016 (**Letter**) and respond to your questions as follows:

1. **Does the Entity consider the Information contained in the Dixon RC Drill Result Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

The entity notes that the "Information" for the purpose of this query and referred to in the Letter is defined in the Letter as follows:

"(the Entity) is pleased to advise shareholders that its recently completed reverse circulation drilling (RC) and diamond core drill program has successfully intersected a thick corridor of disseminated iron sulphides (pyrite +/- pyrrhotite) within the targeted dolerite geology at its Dixon gold prospect' and 'small flecks of visible gold were observed by the entity's geologists within the diamond drill core within one such sulphidic-quartz zone",

and in this regard comprises two components: identification of a sulphidic corridor at Dixon, and visual observation of gold flecks in the diamond core by the Entity's geological team.

The Entity considers that the two components of the Information in aggregate and in the context of the Dixon drill results as a whole (that is, the identification of a sulphidic corridor of the particular characteristics disclosed in the Dixon RC Drill Result Announcement together with the observation of gold flecks in the diamond core) may be information that a reasonable person would expect to have a material effect on the price or value of the Entity's securities (noting that the Information is based on visual inspections and geological logging of the RC chips obtained from the RC Drilling Program, and not assay results which remain outstanding as at the date of this letter).

2. **If the answer to question 1 is "no", please advise the basis for that view.**

N/A

3. **If the answer to question 1 is "yes", when did the Entity first become aware of the Information, commenting specifically on the RC Drilling Completion Date?**

As noted in the response to query 1 (above), the Information as defined in the Letter comprises two parts: identification of a sulphidic corridor at Dixon, and visual observation of gold flecks in the diamond core by the Entity's geological team.

Information on the sulphidic corridor at Dixon as disclosed in the Dixon RC Drill Result Announcement was based on geological logging of the RC chips obtained from the RC Drilling Program. Senior management became aware of some iron sulphides in the drilling during the

course of the RC drill program (which occurred between 10-15 March), however the specific characteristics of the sulphides including width, continuity and amount and type was not known at that time. In this regard, the sulphidic corridor component of the Information was insufficiently definite to warrant disclosure at that time. I was personally in the field during the drilling program, and was responsible for uploading and interpreting the data from the program's geology logs upon my return from the field. I imported the RC geology logs into the relevant database when I returned from the field on Friday 25 March, and interpreted the data over the Easter break to determine the characteristics of the sulphidic corridor.

With respect to the visual observation of gold in the diamond drill core, senior management became aware of the visible gold on 20 March (prior to the identification of the details of the sulphidic corridor). At that time we did not consider the information material as the drilling had been within 30 metres of the Company's RC drill hole MMRC016, which had previously returned high-grade gold (up to 29 g/t gold over individual metres) (and which had been disclosed to the market previously on 26 October 2015 by the Entity and on 6 November 2015 also by the Entity), and it would be reasonable to expect this diamond core hole to contain minor visible gold.

It was not until Friday, 25 March when I returned from the field when I first had the opportunity to commence reviewing the diamond core geology logs in more detail and incorporate this information with the sulphide observation recorded in the RC drill logs that the significance of the visible gold in conjunction with the sulphidic corridor became apparent, which occurred over the days from 25 March to approximately 27 March. At that time a determination was made that the Information collectively warranted disclosure.

The information was released to the market in the Dixon RC Drill Result Announcement before the opening of the market on the first trading day after the Easter break.

4. **If the answer to question 1 is "yes" and the Entity first became aware of the Information before the Entity released the Dixon RC Drill Result Announcement, did the Entity make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Information was released promptly and without delay.**

As set out in the response to query 3 above, the Entity became aware of both components of the Information in sufficient detail to conclude that the Information may have a material effect on the price or value of the Entity's securities over the period from 25 March to approximately 27 March. None of these were trading days given the Easter break. The Entity promptly prepared (and the Board approved) the Dixon RC Drill Result Announcement following the conclusions drawn from the geological logging results and released it to the market without delay, taking into account the closure of the market on Monday, 28 March.

The Entity notes the trading activity on or around 18 March 2016 as queried in the ASX's Price Query Letter (**Trading Activity**), and reiterates its response contained in the Price Query Letter to the effect that the Entity's view is that the Trading Activity is explained by the favourable (and unsolicited) review of the Dixon gold prospect in the issue of the investment online magazine, the Resource Spectator, on 17 March 2016. In any event, the Entity notes that the components of the Information were either not known prior to 18 March or had not been analysed in sufficient detail prior to 18 March so as to have any connection with the Trading Activity.

5. **Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

The Entity confirms that it is in compliance with Listing Rule 3.1.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'jbell', written in a cursive style.

Benjamin Bell
Managing Director
Direct: (08) 9481 5811
E-mail: bbell@australianmines.com.au



30 March 2016

Mr Michael Ramsden
Company Secretary
Australian Mines Limited
Level 1, 83 Havelock Street
West Perth WA 6009

By email: Benjamin Bell <BBell@australianmines.com.au>

Dear Mr Ramsden

AUSTRALIAN MINES LIMITED ("ENTITY"): ASX AWARE LETTER

ASX Limited ("ASX") refers to the following.

1. The Entity's announcement entitled "Drilling commenced at Dixon gold prospect" released to the ASX Market Announcements Platform ("Platform") on Thursday, 10 March 2016 at 8:23am AEDT which disclosed that *'the Company has commenced its reverse circulation (RC) drilling program of the emerging Dixon gold prospect' and 'the RC drill program, totalling 1,100 metres, is expected to take two weeks to complete and the Company anticipates receiving the assay results for this program by mid-April.'* ("Drilling Commencement Announcement").
2. The price query letter issued to the Entity by ASX on Friday, 18 March 2016 ("Price Query Letter") and the Entity's response to the Price Query Letter that was released to the Platform at 1:14pm AEDT on Friday, 18 March 2016 (the "Price Query Response") which stated that the Entity was not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities. The Price Query Response also stated that: *'The Entity announced on Thursday 10 March 2016 that it had commenced a reverse circulation (RC) and diamond core drill program at its Dixon gold prospect in Western Australia. The RC Component of this drill program was completed on Tuesday 15 March 2016, with the samples currently on route to our assay laboratory in Perth'* ("RC Drilling Completion Date").
3. The change in the price of the Entity's securities from a close of \$0.012 on 18 March 2016 to an intra-day high of \$0.015 on 24 March 2016 on higher than usual volumes ("March 19 – 24 Trading").
4. The Entity's announcement entitled "Drilling confirms extensive sulphidic corridor at Dixon" released to the Platform on Tuesday, 29 March 2016 at 8:21am AEDT which disclosed that the Entity *'is pleased to advise shareholders that its recently completed reverse circulation drilling (RC) and diamond core drill program has successfully intersected a thick corridor of disseminated iron sulphides (pyrite +/- pyrrhotite) within the targeted dolerite geology at its Dixon gold prospect' and 'small flecks of visible*



gold were observed by the Entity's geologists within the diamond drill core within one such sulphidic-quartz zone' ("Information") ("Dixon RC Drill Result Announcement").

5. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
6. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

7. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

8. ASX's policy position on the concept of "confidentiality" which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "Listing Rule 3.1A.2 – the requirement for information to be confidential"*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact



disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the Information contained in the Dixon RC Drill Result Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", when did the Entity first become aware of the Information, commenting specifically on the RC Drilling Completion Date?
4. If the answer to question 1 is "yes" and the Entity first became aware of the Information before the Entity released the Dixon RC Drill Result Announcement, did the Entity make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than noon WST on Monday, 4 April 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltsp Perth@asx.com.au. It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.



Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Please contact me if you have any queries or concerns about the above.

Yours sincerely

[sent electronically without signature]

Dale Allen
Senior Adviser, ASX Listings Compliance