



19 December 2016

Sale of less than marketable parcels

Australian Mines Limited ("Australian Mines" or "the Company") wishes to inform shareholders that it has commenced a sale process of less than marketable parcels of the Company's shares (defined in the ASX Listing Rules as a parcel of securities of less than \$500 in value) (Less Than Marketable Parcels).

The Company has commenced this process in response to shareholder requests as it enables investors with Less than Marketable Parcels, who may find it difficult or expensive to dispose of those shares through normal means, to sell their holdings without incurring broking fees or other costs. These fees can often render the sale of small parcels unattractive or uneconomical. However, as Australian Mines will pay all costs incurred in the sale of Less than Marketable Parcels, including brokerage, affected shareholders will receive the full proceeds of the sale of their Shares.

The record date for determining the number of holders with Less Than Marketable Parcels (defined as Minority Members) is 16 December 2016.

As at the record date there were 3,251 holders holding a combined total of 49,546,784 Shares.

The Constitution requires the Company to give an Elimination Notice to Minority Members. Minority Members who wish to retain their Shares must give a Notice of Retention before the Retention Date, being 42 days after the giving of the Elimination Notice. In those circumstances, Australian Mines will not sell their Shares.

Full details of the process and timetable are set out in the attached Elimination Notice to be sent to Minority Members on 23 December 2016.

*****ENDS*****

For further information:

Shareholders contact:

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23 December 2016

Dear Shareholder

Elimination Notice - Sale of less than marketable parcels

Australian Mines Limited ("Australian Mines" or "the Company") has commenced a sale of less than marketable parcels of Australian Mines shares (Shares). Less than marketable parcels are defined in our Constitution (Constitution) and the ASX Listing Rules as parcels worth less than \$500.

The Constitution allows Australian Mines to carry out this sale once every 12-month period by giving an Elimination Notice to Minority Members, who are defined as members holding less than a marketable parcel.

At the record date of 16 December 2016, you hold less than a marketable parcel of Shares and are therefore a Minority Member. Australian Mines therefore gives you this Elimination Notice that, 42 days from the date of this letter (being the Retention Date set out in the below timetable) it intends to sell your less than marketable parcel unless you:

- Advise Australian Mines that you do not wish for this to occur on or before the Retention Date by giving us the enclosed Notice of Retention; or
- Sell your Shares in the meantime.

Reasons for commencing process

Australian Mines has commenced this process to reduce costs and to give shareholders the opportunity to sell less than marketable parcels with no brokerage or other fees. As Australian Mines will pay all costs incurred in the sale of less than marketable parcels, including brokerage, Minority Members will receive the full proceeds of the sale of their Shares.

Australian Mines incurs ASX, share registry, printing and postage costs for each shareholder on its share register, and reducing that number therefore significantly reduces annual costs.

Sale process

Australian Mines is in the process of appointing a broker or brokers (Brokers) to sell the less than marketable parcels. The Constitution gives Australian Mines' Board discretion to sell those Shares in any way they think fit, and therefore the Brokers may sell the Shares on or off market, and may aggregate less than marketable parcels.



The Brokers will attempt to obtain the best price available for the sale, however ultimately price is at the discretion of the Australian Mines Board.

Holders whose Shares are sold will appoint Australian Mines as their attorney to transfer the Shares to be sold, and to execute other relevant documentation, therefore no further documentation need be signed by you should you wish for your Shares to be sold.

What you should do

If you wish for your Shares to be sold you need do nothing. Australian Mines will sell your Shares and remit the proceeds of the sale to you on the date referred to below.

If you do not wish your Shares to be sold, you **must** return the enclosed Notice of Retention to Australian Mines' share registry before the Retention Date instructing Australian Mines not to sell the Shares.

Further details are contained in the enclosed form. If you do not return the form by the Retention Date, Australian Mines will sell your Shares.

You may also sell your Shares before the Retention Date, in which case you will be liable for costs associated with that sale.

Timetable

A timetable for the sale of Shares is as follows:

Action	Date
Record date	16 December 2016
Notice to Minority Members of intention to sell	23 December 2016
Retention Date	3 February 2017 5.00pm Melbourne Time
Sales process ends	24 February 2017
Remittance of funds to holders	8 March 2017



Should you have any queries concerning this letter, please contact our share registry, Advanced Share Registry, on +61 8 9389 8033.

Yours sincerely,

A handwritten signature in black ink, appearing to read "jbell", is positioned above the printed name and title.

Benjamin Bell
Managing Director