



QUARTERLY REPORT ON ACTIVITIES FOR PERIOD ENDED 31st MARCH 2010

HIGHLIGHTS FOR THE QUARTER

MT MARTIN PROJECT

- AUZ regained control of Mt Martin gold mine on 25 January 2010 and has made significant steps towards increasing gold resources from the Mt Martin region which is located 40 km from Kalgoorlie and is ideally located near to toll milling treatment facilities.
- Prior to their departure and to the end of March 2010, Dioro Exploration NL treated 743,223 tonnes of ore grading 1.5 g/t to recover 31,231 ozs of fine gold from Mt Martin by steepening the ramp and deepening the bottom of the open pit.
- AUZ has drilled six diamond holes during the quarter at Mt Martin with the best intersections being:-
 - East Lode
10 metres at 7.6 g/t at 289 metres below surface.
 - Main Lodes
7 metres at 3.6 g/t at 181 metres below surface; and
6.1 metres at 5.5 g/t at 176 metres below surface;
 - An intercept of 1 metre at 114 g/t was recorded down dip from an airleg stope at 94 metres below surface.
 - All intercepts are approximately true width.
- A resource model was constructed for the Mt Martin gold orebody which has a total Indicated and Inferred Mineral Resource of **2,736,000 @ 2.3g/t for 198,600 ozs of gold.**

WOOLIBAR FAULT FLEXURE

- A large gold-in-soils anomaly is being infill-sampled on a favourable structural trend at the Woollibar Fault Project.

WOODLINE NORTH

- Gold-in-soils anomaly is being followed up at Woodline North within a known mineralised corridor.

NICKEL EXPLORATION – GRJV (ASX: Pioneer Resources PIO 56%, AUZ 44% contributing)

- The JV's opinion is that the Golden Ridge project remains very prospective for the discovery of nickel sulphides. The JV will commence a series of moving loop and fixed loop EM surveys with a SQUID receiver that will cover areas near the Blair Mine, at anomalies 11 and 20SW (where disseminated nickel sulphides occur) and new targets along the Central Ultramafic Unit.



REGIONAL EXPLORATION

Gold Exploration at Golden Ridge and Location 45

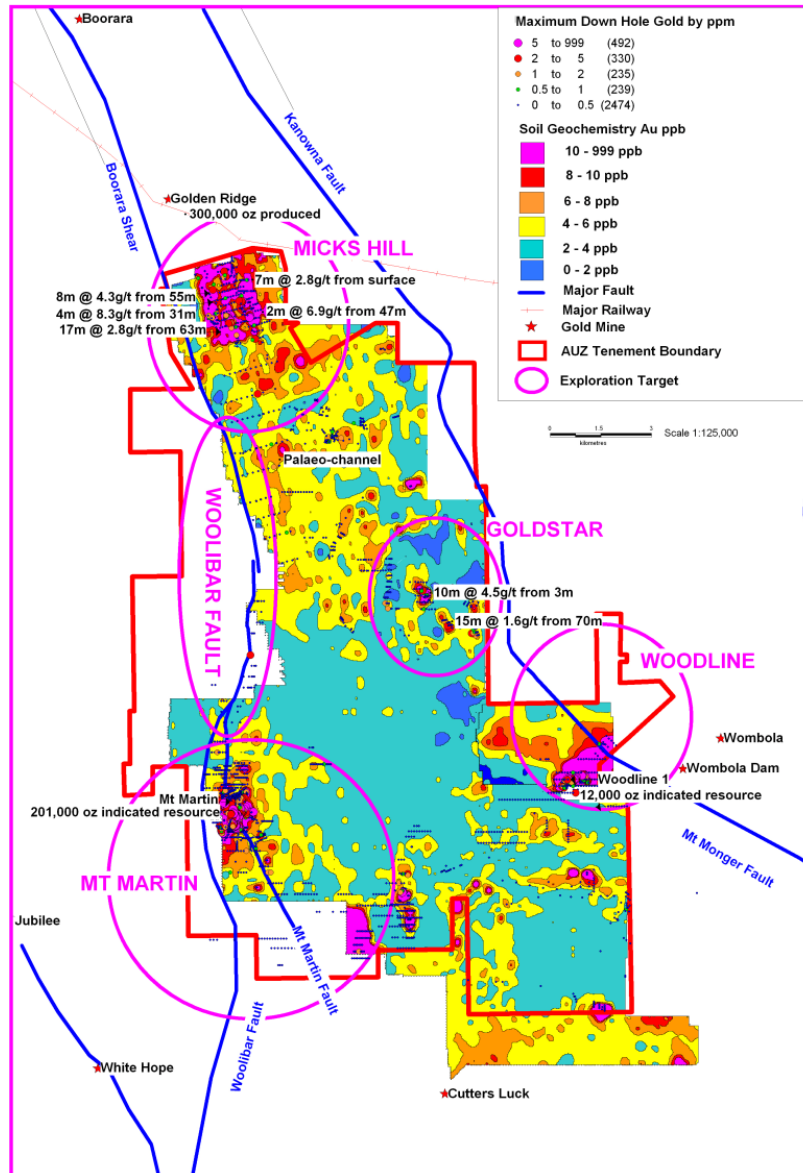


Figure 1: AUZ tenement outline with gold in soils overlain by regional faults and gold target areas.



1. Mt Martin Project

Introduction

The Mt Martin mine operated intermittently between 1923 and 1997, producing in excess of 200,000 ounces of gold from 2.7 million tonnes of ore from a combination of bulk open pit mining and air leg stoping from three underground levels.

Considerable exploration effort was expended on the Mt Martin area in the period 1967 to 1971 by Great Boulder Mines, including extensive diamond drilling, shaft sinking and ore development driving at Mt Martin itself.

Gold mineralisation is associated with a series of stacked, northwest-plunging, strongly sulphidic quartz-carbonate lodes in altered mafics, within a package of variably sheared and altered ultramafics.

The underground mining conducted in the past was at a time of low gold price, and the narrow vein hand-held mining methods employed have only extracted a small portion of the available resource. This explains why there is a very significant tonnage of remnant resource above the 6 level workings which will require additional infill drilling.

To the end of March 2010 Dioro Exploration NL treated 743,223 tonnes of ore grading 1.5 g/t to recover 31,231 ozs of fine gold in by steepening the ramp and deepening the bottom of the open pit.

Progress during the quarter

The company commenced exploration at Mt Martin as the Dioro sublease expired on 25 January 2010, and to date the following work has been completed:

- (a) Historical surface drilling and underground workings at Mt Martin were interpreted and modelled using Surpac mining software;
- (b) A drill programme to test the resource model was undertaken:-
 - The company is completing a series of surface drilling programmes designed to confirm and extend the existing resource prior to completing mining prefeasibility studies.
 - The first 6 surface drill holes targeted the resource model below the deepest workings on the 6 level, which is at 160 metres depth below the natural ground surface.
 - The best intersection on the East Lode was:
 - **10 metres at 7.6 g/t** at 289 metres below surface.
 - The best two intersections on the Main Lodes were:
 - **7 metres at 3.6 g/t** at 181 metres below surface; and
 - **6.1 metres at 5.5 g/t** at from 176 metres below surface;
 - An intercept of 1 metre at 114 g/t was recorded down dip from an airleg stope at 94 metres below surface.
 - All intercepts are approximately true width.

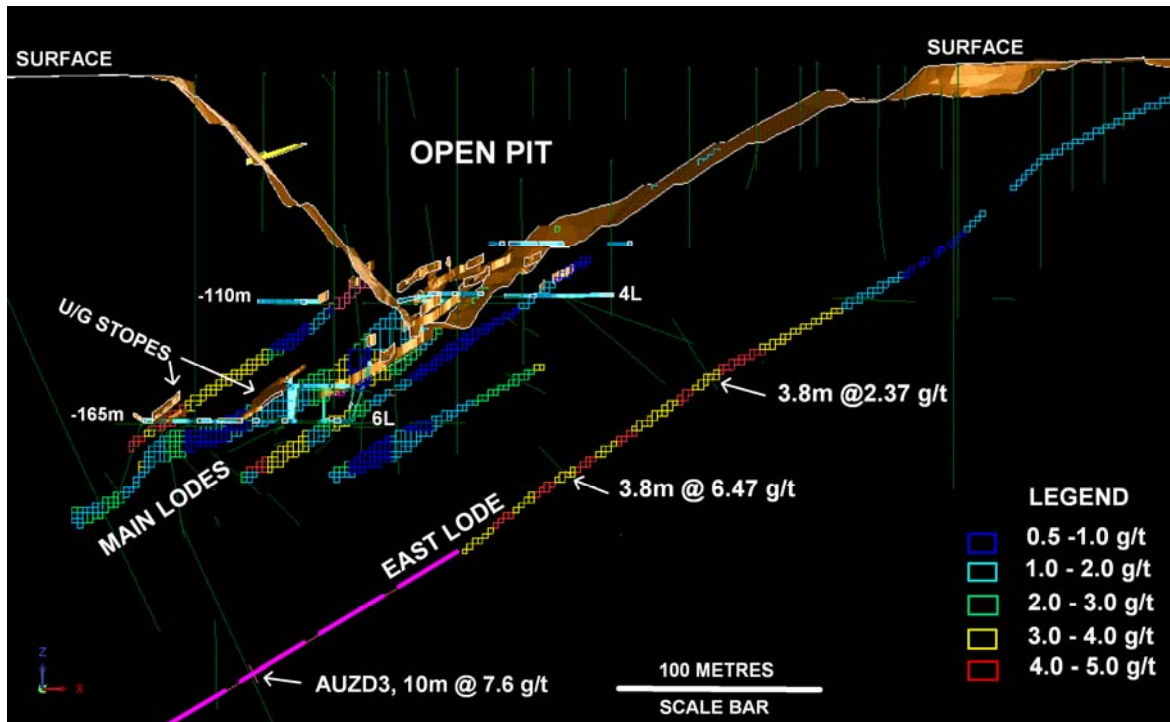


Figure 1: Cross section 6568110 North with pit outline, block model slice and significant drill intercepts on the East Lode.

Additional diamond drill holes are planned to follow up on high grade intercepts returned from the East Lode, and in addition a programme of RC holes will test for near-surface oxide ore on the East Lode.

The resource model will be upgraded incorporating the results of the new drilling and a mining scoping study commenced to determine the feasibility of mining the Main Lodes to below the 6 Level.

Geology

The Mt Martin fault system is interpreted to be a first order splay off the regional 'Woolibar to Boorara Shear', and at the Mt Martin gold mine the host lithology is a series of folded and faulted ultramafic flow units.

Ore has been mined from two north-trending systems, namely the 'Main Shear Lodes' and the 'East Shear Lode' plus ore shoots along the northwest trending splay known as the 'West Shear Lodes'.

Below the base of oxidation the gold shoots are hosted in ultramafic rocks which have been altered and silicified by quartz veining and gold-bearing fluids, such that the ground conditions are judged to be suitable for mechanised mining (see Figure 2).

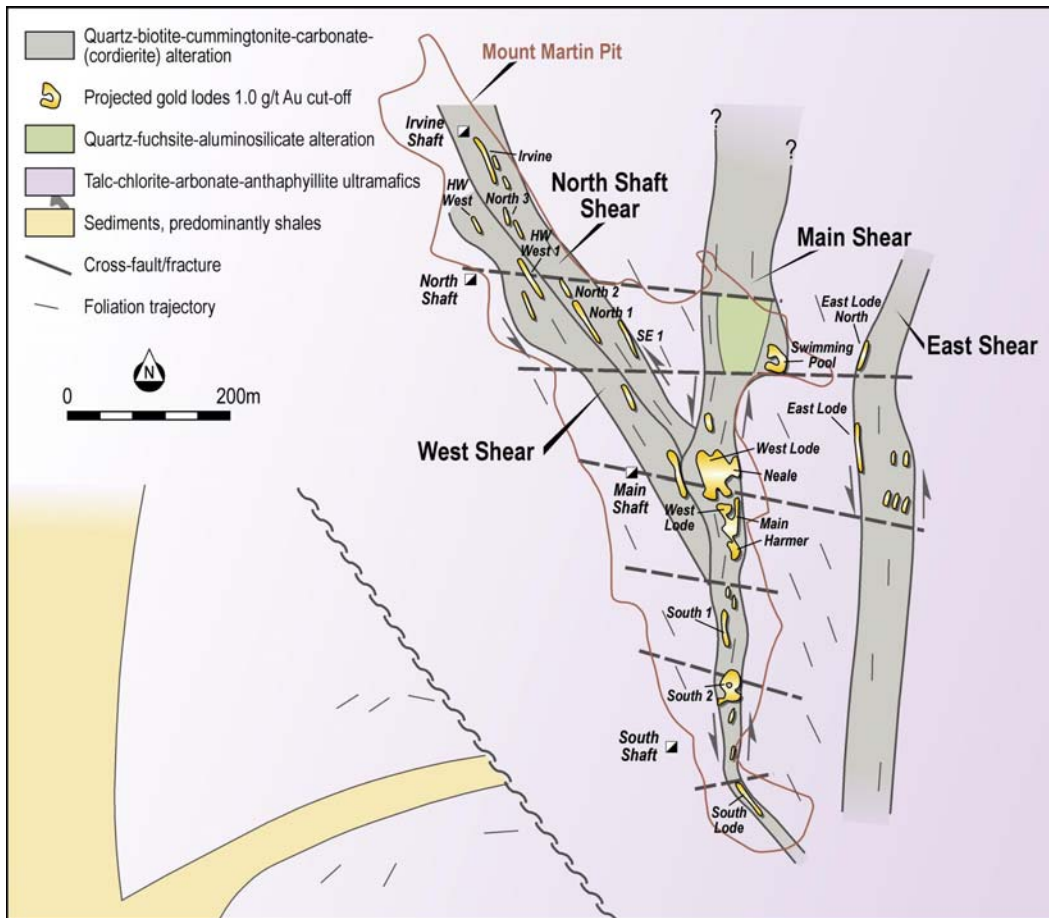


Figure 2: Mt Martin surface geology plan

Historic Gold Production

Mt Martin has produced to date 200,000 ounces of gold. Gold ore was initially produced from a set of 4 shafts with the deepest underground workings at the 6 level which is 165 metres below the surface.

More recent production was from an 800 metre long open cut mine down to a maximum depth of 115 metres in the central portion of the pit.

Main Lode Drill Results and Commentary

The bulk of the current resources are located on the 'Main Shear Lodes', which are interpreted as a series of stacked ore lenses which have been mined selectively from underground airleg stopes.

The current pit has mined the Main Shoot lenses to below the 4 Level, and there is sufficient diamond drilling to suggest that bulk mining of the resource may be feasible. The company's diamond drilling programme has supported the model and geotechnical logging of the holes has demonstrated that the ground conditions are good.

The resource model will be refined to include the recent drilling and a mining optimisation study will commence.

HOLE ID	NORTH (m)	EAST (m)	RL (m)	FROM (m)	TO (m)	LENGTH (m)	GRADE (g/t)	LODE/S
AUZD1	6568090	373735	352	218.9	224.9	6	1.64	MAIN
				232.9	239.8	6.9	1.65	MAIN
			including	237.9	239.8	1.9	2.59	
AUZD2	6568110	373719	352	231.6	234.1	2.5	1.44	MAIN
				252.8	253.8	1	2.42	MAIN
AUZD3	6568130	373350	352	163	165	2	2.85	MAIN HW
				205.4	210.4	5	2.40	MAIN
				214.4	223.5	9.1	1.54	MAIN
AUZD4	6568150	373755	352	174	175	1	4.33	MAIN HW
				207.6	216	8.4	1.03	MAIN
AUZD5	6568170	373724	352	113	114	1	114.0	MAIN HW
				215.4	220	4.6	2.42	MAIN
			including	215.4	217.2	1.8	5.18	
AUZD6	6568190	373778	352	196	207.8	11.8	1.32	MAIN
				214.1	220.2	6.1	5.52	MAIN

Table 1: AUZ diamond drill intercepts on the Main Lodes March 2010.

- (i) All intercepts are approximately true width.
- (ii) At the collar all holes were drilled on approximately azimuth 090 degrees and dip -56 degrees.

East Lode Drill Results and Commentary

The 'East Shear Lode' is interpreted to be a continuous ore surface which has been mined selectively by underground airleg stopping from above the 6 Level.

The recently completed AUZ diamond drilling programme has extended the resource model at depth and geotechnical logging of the holes has demonstrated that the ground conditions are moderate to good.

Additional diamond holes are being drilled in April 2010 to further test the East Lode, which may have the potential to support an underground mining operation.

HOLE ID	NORTH (m)	EAST (m)	RL (m)	FROM (m)	TO (m)	LENGTH (m)	GRADE (g/t)	LODE/S
AUZD1	6568090	373735	352	323.2	340.55	18.3	1.66	EAST
			including	337.2	339.65	2.4	4.32	
AUZD2	6568110	373719	352	332.75	343.1	10.35	2.73	EAST
			including	338.5	343.1	4.6	3.63	
AUZD3	6568130	373750	352	303.7	305.9	2.2	3.22	EAST HW
				320.6	330.6	10	7.58	EAST

Table 2: AUZ diamond drill intercepts on the East Lode March 2010.

- (i) All intercepts are approximately true width.
- (ii) At the collar all holes were drilled on approximately azimuth 090 degrees and dip -56 degrees.

Work Planned

Additional diamond drill holes are pegged to follow up on high grade intercepts returned from the East Lode for mid April 2010, and a programme of RC holes is planned to test for near surface oxide ore on the East Lode.

The resource model will be updated and a mining scoping study commenced to determine the feasibility of mining the Main Lodes to below the 6 Level.

2. CURRENT MT MARTIN GOLD RESOURCES

The lode system at Mt Martin was interpreted on paper drill sections and then wireframed around a >0.5g/t mineralised envelope in Surpac mining software by AUZ. Resource consultants CSA Global were commissioned to construct the block model. Grade in the ore blocks was interpolated from assays derived from 183 diamond and 1,427 RC drillholes utilising ordinary kriging.

Resource Category	Tonnes (kt)	Average Grade Au (g/t)	Gold (oz)
Indicated	1,784	2.1	122,200
Inferred	951	2.5	76,400
Total (Indicated + Inferred)	2,736	2.3	198,600

Table 1: Mt Martin gold deposit 2010 Mineral Resource Estimate for blocks greater than or equal to 1g/t

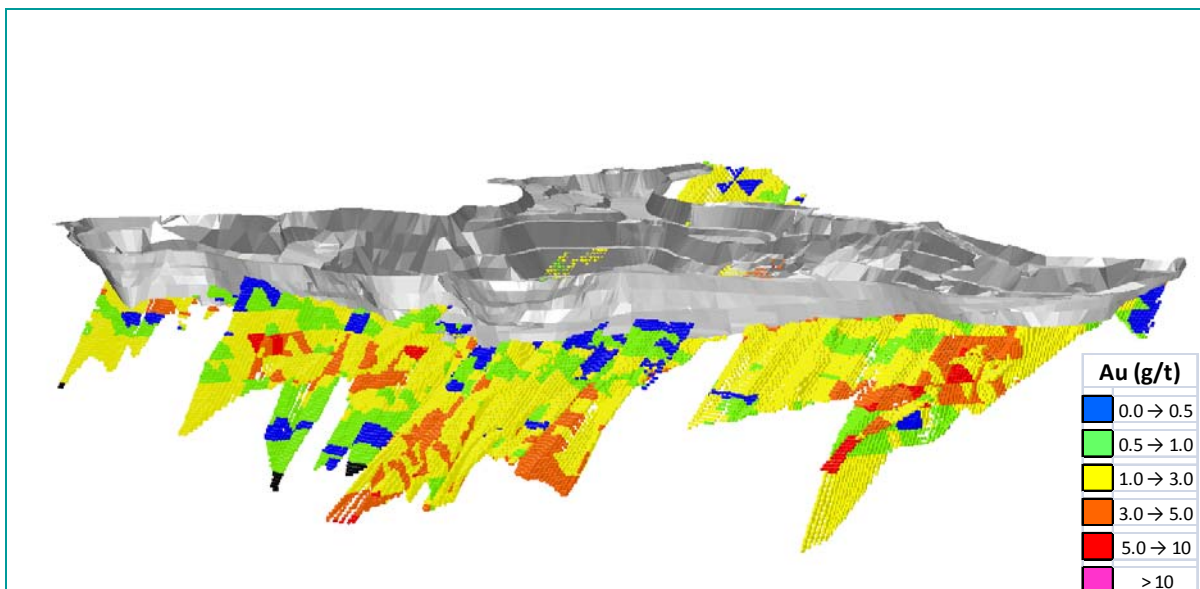


Figure 2: Mt Martin resource model looking east.



Figure 3: Mt Martin resource categories (RESCAT) looking east.

Lower Cut Off Au (g/t)	Tonnes (t)	Average Grade Au (g/t)	Gold (oz)
0.6	3,335,479	2.00	214,021
0.8	3,083,185	2.10	208,343
1	2,735,538	2.26	198,766
2	1,323,050	3.11	132,395
3	599,923	3.90	75,250
4	222,920	4.66	33,395

Table 2: Grade / tonnage table for the Mt Martin gold deposit

3. Woodline Area

Introduction

The Woodline area is proximal to the Wombola Goldfield on the eastern edge of the company's tenement holding. AUZ has successfully explored by extrapolating the known gold corridors into the company's ground. Initial exploration at Woodline was successful in establishing a resource of 12,000 ozs Au. A section of this resource was mined successfully by a Kalgoorlie syndicate producing 4,000 ozs of gold.

Auger Geochemistry

Previously reported infill auger sampling program was successful in defining the peak area of a strong surface gold anomaly extending under cover into the company's tenements.

The gold anomaly is within the structural corridor which includes the resource at Wombola Dam (+50,000 ounces), and the known mineralisation at Wombola North.

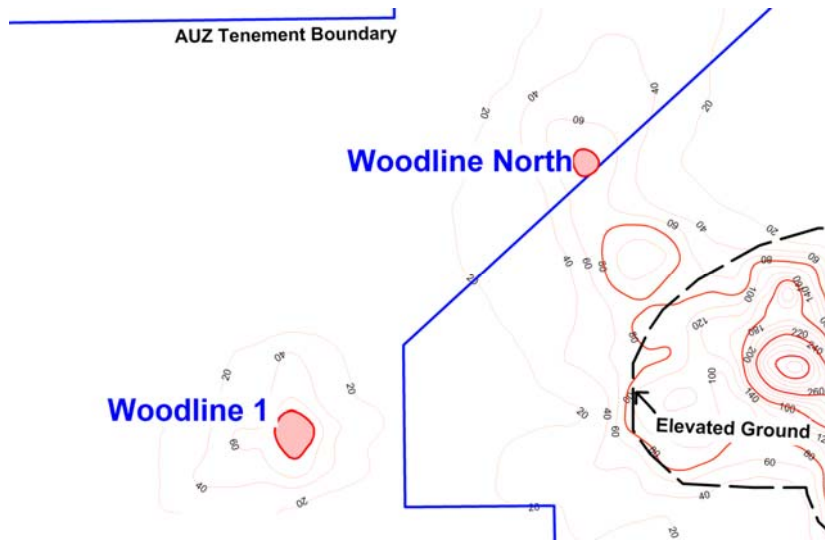


Figure 4: Woodline North prospect with contoured gold in auger assays in 10ppb increments.

Future work

The next phase of exploration over the northern soil anomaly will involve an aircore drilling programme to test for regolith anomalism, prior to bedrock testing with RC.

4. Woolibar Fault

The Woolibar fault is considered to be a regional feeder fault for gold mineralisation such as the 390,000 ounce Mt Martin camp, which is localised along the second order Mt Martin fault.

The area north of Mt Martin where the Woolibar fault changes direction was selected as a favourable structural setting with suitable host rocks, and this has been confirmed by the discovery of a large gold-in soil-anomaly.

A geochemical auger sampling programme has been successful in defining a strong northwest trending surface gold anomaly.

Future Work

There is a total absence of historic exploration drilling over the area, and depending on the results of the awaited assays the company will drill aircore holes to search the regolith for evidence of primary bedrock mineralization.

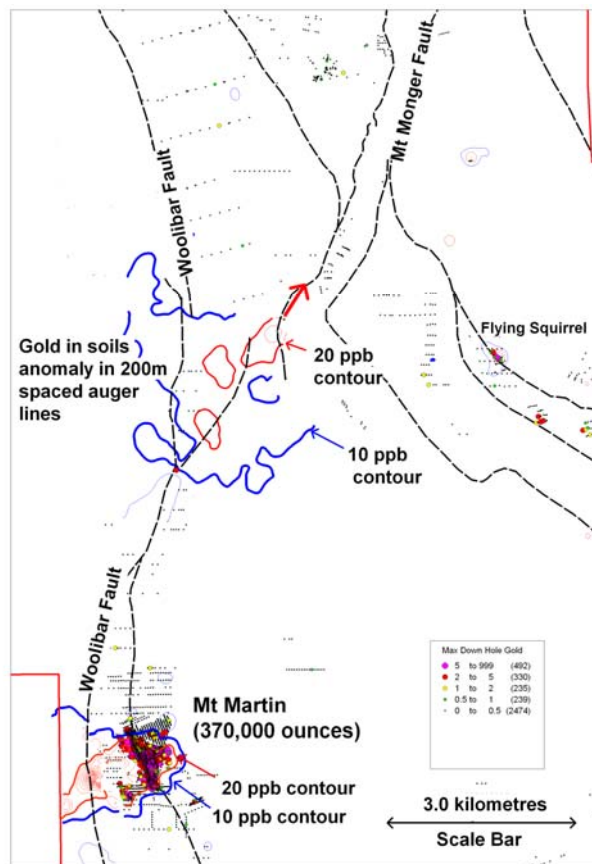


Figure 5: Geochemical auger anomalism at the Woollibar Fault project with 10ppb contour lines and exploration drillholes

5. Golden Ridge Joint Venture (Pioneer Resources NL 56% AUZ 44% contributing)

The joint venture engaged a group of nickel sulphide specialists who completed a brief review of the standing geological model, and geochemical and geophysical datasets for the project. The review reinforced the JV's opinion that the project remains very prospective for the discovery of nickel sulphides.

The assessment suggested minor changes to the geological model, and confirmed as priority areas:

- the Blair Mine contact outside the 300m Blair Mine exclusion zone (including Blair E, Blair NE, Frazer and Marshall S)
- the Blair South - Central Ultramafic Unit contact
- the Anomaly 11-Anomaly 20SW contact.

Attention was drawn to 9 untested geophysical targets and three geochemical targets.

The JV will commence a series of moving loop and fixed loop EM surveys with a SQUID receiver over prioritised areas during the June 2010 quarter when survey crews become available.



The purpose of geophysical surveys is to locate conductive rock units, which may include nickeliferous sulphides. The surveys will cover areas near the Blair Mine, at anomalies 11 and 20SW (where disseminated nickel sulphides occur) and new targets along the Central Ultramafic Unit.

The JV expects that drilling of any resultant targets will take place later this year.

6. Tenement Acquisitions Pending

The company lodged an application (E26/145) for an exploration licence over 19 km² on the southern margin of the Golden Ridge tenement holdings which will bring the total contiguous area of the company's Golden Ridge Project to 235 km². This application is still pending.

The application covers prospective ground parallel to a prominent flexure in the Boulder Lefroy Fault, which is the recognised feeder fault to the world class gold fields of Kalgoorlie and Kambalda.

CORPORATE

AUZ has cash at bank of approx \$1.7m and no debt.

Cash receipts for the March quarter included an instalment for the sale of Woodline gold resources of \$329K.

Cash expenditure for the March quarter included exploration expenditure of \$366K.

SUMMARY AND OUTLOOK

Mt Martin gold mine gives AUZ the potential to produce gold from the Mt Martin region which is located 40 km from Kalgoorlie. It is ideally located near toll milling treatment facilities.

The Mt Martin mine has historically produced ~200,000 ounces of gold and the mine has some 198,000 ounces of gold resources and is the primary focus for the company at present with several ready-to-drill targets.

The goal for the Company is to further upgrade the current resource and extend the resource along strike and down plunge in the near term and complete mining optimisation studies using the improved gold price.

The Company has also noted an improvement in the nickel outlook with improving demand and nickel price. The GRJV has planned further exploration for nickel on areas near the Blair mine. The company has retained other nickel assets which also have potential for future exploration.

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The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr E Poole who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Poole is employed by AUZ. Mr Poole has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Poole has consented to the inclusion of the information in the form and context in which it appears.

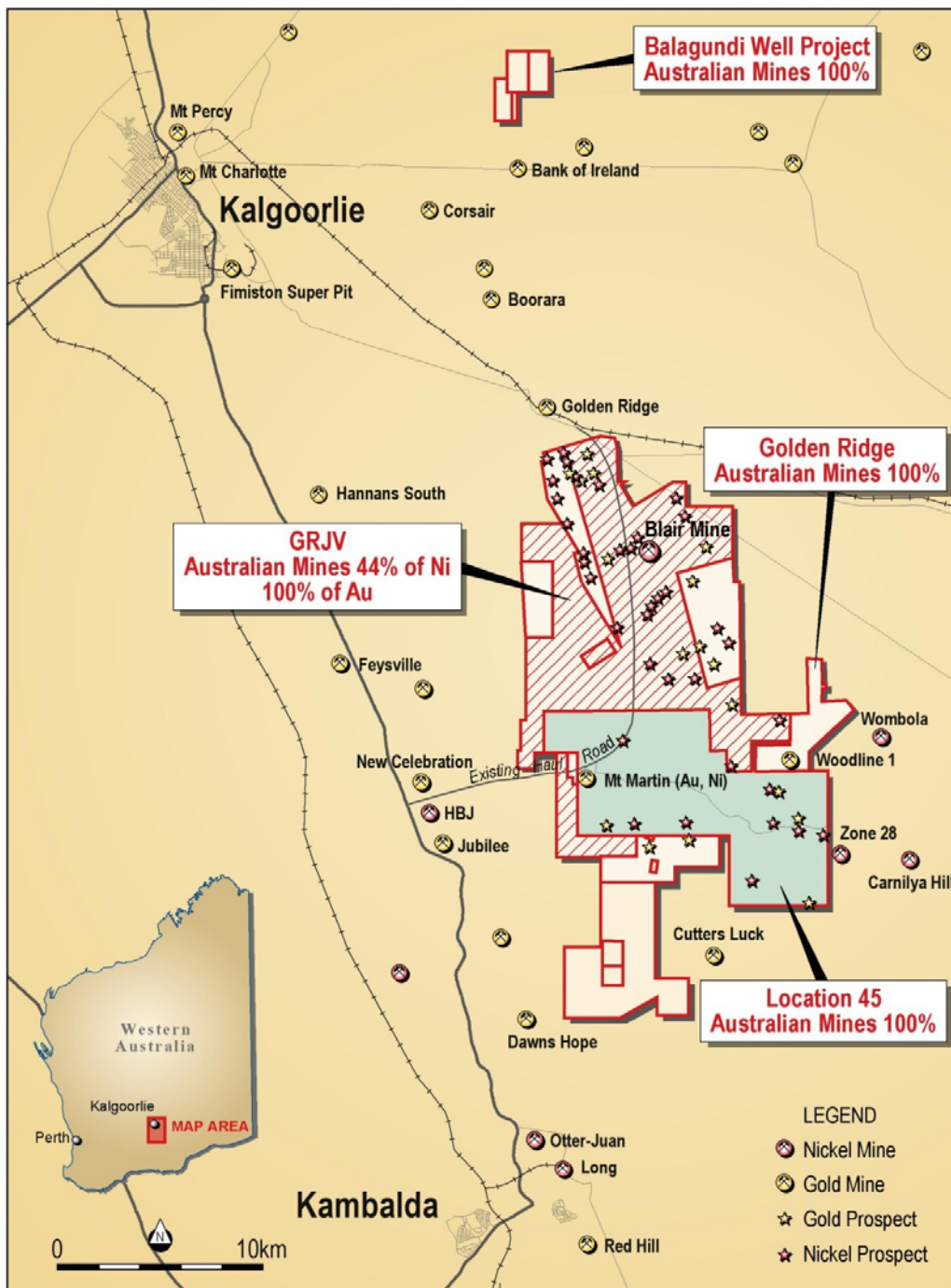


Figure 6: Location plan of the Company's Golden Ridge tenements.