

REPORT ON ACTIVITIES
FOR PERIOD ENDED 30th JUNE 2009

HIGHLIGHTS FOR THE QUARTER

FINANCE AND CORPORATE

- On 24 June 2009, the Company announced a revised plan to recapitalise the Company and raise approximately \$5.6m in new share capital. The raising incorporates two components: -
 - 1. a placement to investors to raise circa \$2.4m; and**
 - 2. a fully underwritten entitlement issue to shareholders to raise circa \$3.2m (before costs).**
- This restructure and recapitalisation strategy represents a combined raising of circa \$5.6 million where creditors will now be repaid with cash in full and the Company aims to re-emerge from suspension with its securities re-instated to trading on ASX having no debt and approximately \$1.8m cash in hand to pursue its new gold focus.
- The restructure and recapitalisation strategy was approved by shareholders at a general meeting of shareholders on 24 July 2009.
- The Prospectus for the Issue has been dispatched to shareholders and the Entitlements Issue is scheduled to close on 31 July 2009.

REGIONAL EXPLORATION

- The company has conducted a comprehensive review of the gold exploration potential at the Blair Project in anticipation of gold exploration recommencing after the proposed capital raising.
- The company has progressed resource modelling of the Mt Martin Gold Mine in preparation for a review of the potential for a major cutback of the existing open pit.
- The Blair mine has been put on care and maintenance and underground infrastructure assets have been sold to finance the Company's restructure and recapitalisation plans.
- All of the Company's original projects have been retained including the nickel assets. It is expected that these nickel assets will be revisited when the nickel market improves.

REGIONAL EXPLORATION

Background

The Company has not completed any physical exploration activities during the quarter, but has been active in constructing resource models for the Mt Martin Gold Project, and has also completed a gold targeting exercise on the company's leases.

It is anticipated that physical gold exploration activities will recommence in late August when the planned capital raising and restructure is completed.

Exploration Assets of the Company

The Company will be seeking to focus its future activities on gold exploration. The Company's exploration assets include an extensive package of prospective gold and base metals tenements. The exploration area comprises 223 square kilometres of project area located approximately 35 km from Kalgoorlie which includes 16 granted mining leases, 4 granted prospecting licences, 1 large freehold block, 1 large exploration licence application and 1 miscellaneous licence.

Tenure – Golden Ridge Project and East Location 45

The Golden Ridge Project and East Location 45 cover a total area of 223 square kilometres and include the tenements set out in the table below. The areas are described as follows:

The *Golden Ridge tenements* cover an area of approximately 80 km². The Golden Ridge tenements' ownership has been split into gold rights, the Blair Nickel Mine and nickel rights. The Company has retained: -

1. 100% of the gold rights in the Golden Ridge tenements;
2. Blair Nickel Mine; and
3. a 44.59% participating interest in the Golden Ridge tenements' nickel rights under a joint venture (**GRJV**) with Pioneer Resources Limited.

The *Woodline prospect* (previously known as the Duplex Hill South tenements) contains the Woodline gold resource and covers an area of approximately 10 km². In December 2008, the Company sold an initial resource of 12,000 ounces from the Woodline prospect however retains the tenement for future exploration and extensions to the resource.

East Location 45 covers an area of approximately 90 km². This comprises a 10 year lease over the Mt Martin tenements and East Location 45 freehold ground which hosts the Mt Martin Gold Mine and the Goodyear nickel Inferred Resource. The internal 'Mt Martin Sub Lease' contains the Mt Martin Gold Mine and is currently held by Dioro Exploration NL. The sublease will revert to the Company when it expires in January 2010.

The **Exploration Licence Application E26/139** covers an area of approximately 45 km², and was lodged by the Company in December 2008. This application has relatively unexplored gold potential along the Woolibar Fault, and also covers potential down plunge repetitions/extensions to the Mt Martin Gold Mine.

Tenement Table as at June 2009

Tenement	Name	Grant Date	Expiry Date	Area(ha)	Rent (\$)	AUZ Commitment
M26/220	Golden Ridge (GRJV)	02/05/1988	01/05/2009 * (renewed)	1000	13860	44000
M26/219	Golden Ridge (GRJV)	02/05/1988	01/05/2030	942.35	13070	41492
M26/221	Golden Ridge (GRJV)	02/05/1988	01/05/2030	957.25	13278	42152
M26/222	Golden Ridge (GRJV)	02/05/1988	01/05/2030	609.2	8455	26840
M26/223	Golden Ridge	02/05/1988	01/05/2009 * (renewed)	363.4	5045	36400
M26/225	Golden Ridge (GRJV)	02/05/1988	01/05/2030	292	4047	12848
M26/284	Golden Ridge	02/10/1989	19/10/2010	685.65	9508	68600
M26/285	Golden Ridge (GRJV)	20/10/1989	19/10/2010	553.1	7678	24376
M26/286	Golden Ridge (GRJV)	20/10/1989	19/10/2010	589.5	8177	25960
M26/287	Golden Ridge	20/10/1989	19/10/2010	767.65	10644	76800
M26/288	Golden Ridge	20/10/1989	19/10/2010	556.85	7720	55700
M26/289	Golden Ridge	20/10/1989	19/10/2010	864.75	11989	86500
M26/384	Golden Ridge (GRJV)	15/10/1991	14/10/2012	2.94	42	2200
M26/464	Mt Martin	01/09/1995	31/08/2016	947.2	13125	94700
M26/132	Mt Martin	17/03/1987	16/03/2029	65.58	915	10000
M26/782	Duplex Hill South	19/11/2006	19/11/2027	506.8	7584	50700
P26/3346	Duplex Hill South	19/02/2007	18/02/2011	56.15	125	2280
P26/3347	Duplex Hill South	22/05/2008	22/05/2012	126.7	279	5080
P26/3348	Duplex Hill South	22/05/2008	22/05/2012	149.5	330	6000
P26/3349	Duplex Hill South	22/05/2008	22/05/2012	132.9	293	5320
East Location45	ELoc45	Freehold		7633	0	250000
E26/139	Golden Ridge (GRJV)	Application	20291229	4517.2	0	0
L26/244	Duplex Hill South	20081229	20291229	9	0	0
Total				22328.67	136164	967948

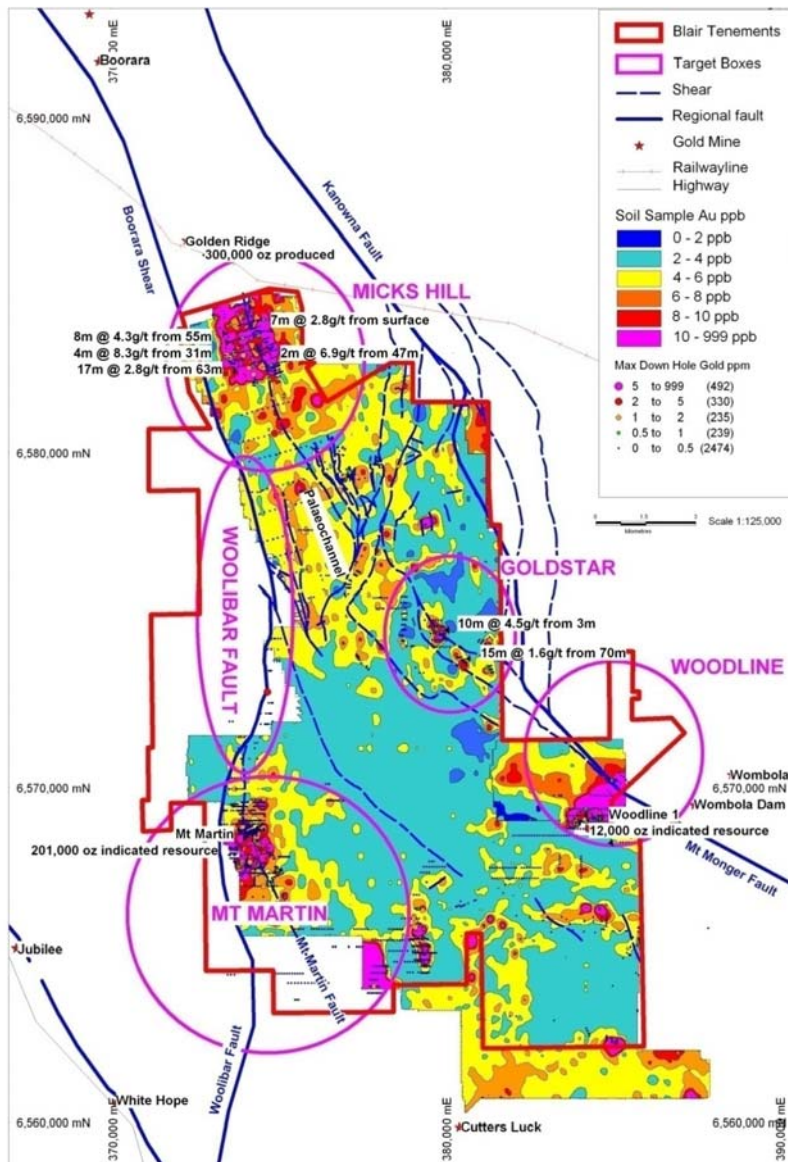
Gold Prospects

The Golden Ridge tenements are in near proximity to the Golden Ridge Mine which historically produced 250,000 ounces of gold, East Location 45 which contains the Mt



Martin Gold Mine (currently under lease to Dioro Exploration NL until January 2010) which historically produced 180,000 ounces of gold, and Woodline where the Company established an Indicated and Inferred Resource of 12,000 ounces of gold at Woodline 1 which has subsequently been sold.

The objective of the Company will be to increase the resource base by drilling advanced gold projects and exploring new conceptual targets alongside the regional faults. The Company has identified five priority target areas for exploration:



Blair project – Gold in soils overlain by gold targets and faults



1. The Woodline Area

The Woodline prospect has previously been drilled for gold returning successful gold intersections.

From this drilling, the initial Woodline resource of 12,000 ounces was discovered and has subsequently been sold to a private syndicate for cash consideration of \$900,000 of which \$500,000 is still to be received on completion of mining. The Company retains the tenement for future exploration and extensions to this resource.

Woodline is open to the northwest and southeast. The proceeds from the Entitlement Issue will fund further drilling to fully define the extent and significance of the gold mineralisation along strike and at depth.

The Woodline 1 deposit is located under transported cover alongside a flexure (bend) in the Mt Monger Fault. There is considered to be excellent potential for new gold discoveries under cover to the NE of Woodline 1, and this model will drive future exploration at Woodline.

Planned Exploration

The Company has already proved up an economic gold orebody at Woodline 1 and further drilling will be conducted to test for depth extensions to the existing resource.

2. The Mick's Hill Area

There are two lines of shallow shafts and underground workings at Mick's Hill plus an alluvial patch which historically has been worked by 'dryblowing' methods.

The gold workings have been drilled and shallow intersections of economic widths and grades returned, but unfortunately the historic drilling is a combination of high quality RC drilling, and poor quality open hole RAB drilling which is not suitable for resource calculation.

Planned Exploration

The current model for Mick's Hill suggests that the gold system may be plunging to the south under cover and this concept will be further explored.

3. The Mt Martin Area

In 1967 Great Boulder Mines began exploration for gold in an attempt to find ore to supplement declining production from Fimiston. Considerable effort was expended on the Mt Martin deposit and surrounding area in the period 1967 to 1971, including extensive diamond drilling, shaft sinking and driving at Mt Martin itself, where 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 Mt Martin mine operated intermittently between 1923 and 1997, producing in excess of 180,000 ounces of gold from 2 million tonnes of ore.

Remaining Resources at Mt Martin

Mt Martin currently has an Indicated Resource of 4,470,000 tonnes at 1.5 grams per tonne for 221,000 ounces.

The Mt Martin Mine Area is sub leased from the Company by Dioro Exploration NL until January 2010. After January 2010 the Company will have the rights to all of the mineral resources and exploration potential at Mt Martin.

Planned Exploration

The Company plans to test the Woolibar Fault to the south of Mt Martin Gold Mine, test the Mt Martin Fault to the south east and explore Mt Martin Gold Mine at depth.

Gold Resources – June 2009

Location	Category	Resource Tonnes	Au (g/T)	Gold oz
Mt Martin*	Measured			
	Indicated	4,470,000	1.5	221,000
	Inferred			
Total		4,470,000	1.5	221,000

* Dioro Exploration NL Annual Report 2008. The Mt Martin gold mine is currently under lease to Dioro Exploration NL until January 2010.

4. The Woolibar Fault Flexure

A recent exploration licence application by the Company (ELA 26/136) covers a major fault flexure (bend) of the Woolibar Fault in an area dominated by mafic rocks, which is considered a favourable setting for Archaean gold deposits. Furthermore, the fault flexure is alongside the ‘Channel Prospect’ which contains alluvial gold at the bottom of a palaeochannel. There is a possibility that the alluvial gold may have originated from the area of the fault flexure.

Planned Exploration

There appears to be little systematic gold exploration completed over the target area, and the initial exploration programme will involve a multi element soil sampling programme with follow up drilling of the best gold anomalies.

5. The Goldstar Area

The results from Goldstar have been encouraging with a number of 0.1 grams per tonne to 0.5 grams per tonne gold composite samples being upgraded to +1.0 grams per tonne gold results. Interpretation of the results from Goldstar has indicated a northwest trend with a westerly dip with anomalism open at depth and to the north.

The success of the results from the first pass RAB drilling on the anomaly at Goldstar provides the Company with the confidence to pursue further exploration.

The target area, located alongside a splay of the Kanowna to Mt Monger Fault, is highly anomalous in gold from soil and auger sampling programs and limited drill testing has not been systematic. Further encouragement is provided by several isolated magnetic features which may be associated with the soil anomalies, and there are a number of excellent RAB and RC drill intercepts from earlier drilling such as 10 metres at 4.54 grams per tonne from 3m and 15m at 1.6 grams per tonne from 36 metres.

Planned Exploration

The Company plans to follow up existing intercepts with RC drilling.

NICKEL PROJECTS

The Company also retains for the future some 28,000 tonnes of nickel metal in the form of nickel sulphide resources at the Blair Mine, Marriott's and Goodyear Projects as set out in the table below.

Nickel Resources – June 2009

Location	Category	Resource Tonnes	Nickel %	Nickel Tonnes
Blair Mine – Ni Sulphide Resource	Measured	33,000	4.2	1,400
	Indicated	28,000	4.1	1,100
	Inferred	51,000	3.5	1,800
	Sub-total	112,000	3.9	4,300
Marriott's – Ni Sulphide Resource	Measured			
	Indicated	460,000	1.12	5,100
	Inferred	370,000	1.15	4,300
	Sub-total	830,000	1.13	9,400
Goodyear – Ni Sulphide Resource	Measured			
	Indicated			
	Inferred	390,000	3.78	14,700
	Sub-total	390,000	3.78	14,700
Total Ni Sulphide Resource	Total	1,332,000	2.13	28,400

In the event that the spot price of nickel returns to a level that makes operations commercially viable, the Company will consider reinstating an exploration programme.

Golden Ridge Joint Venture (44%)

The Company also retains its 44.5% interest in the Golden Ridge Joint Venture with Pioneer Nickel Limited which has been achieving success with nickel exploration at Leo Dam (near the Blair Mine) where long intercepts of highly anomalous nickel and supporting copper assays were recorded in RAB holes within weathered ultramafics.

Results included:

GRA0257 – 73 meters at 0.53% Ni and 468ppm copper.

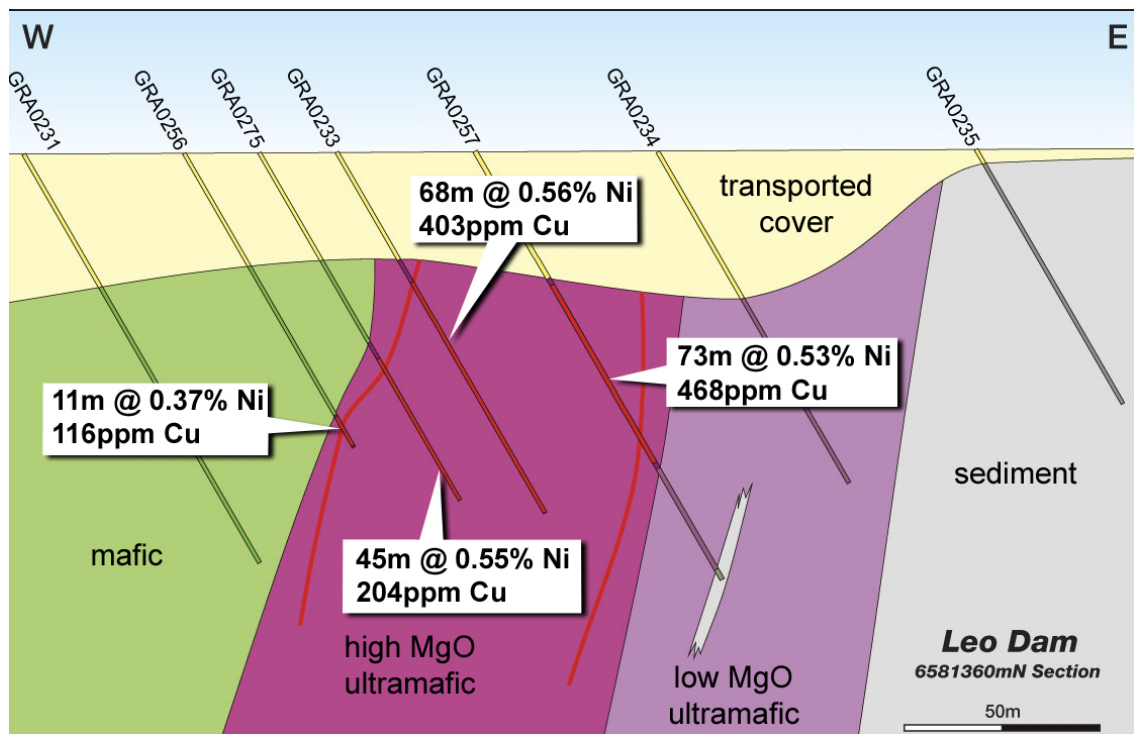
GRA0233 – 68 meters at 0.56% Ni and 403ppm copper.

GRA0257 – 45 meters at 0.55% Ni and 204ppm copper.

No exploration was conducted by the GRJV during the reporting period.

Planned Exploration

Future exploration programmes will be considered in the next quarter 2009.



Leo dam RAB intercepts on section 6,581,360 North

Marriott's and Goodyear Nickel Projects

The Company also retains the Marriott's Nickel Project where the Company has announced an Indicated and Inferred Resource of 9,500 contained nickel tonnes. Also retained is the Goodyear nickel project where an initial Inferred Resource of 14,700 nickel tonnes was announced.

Planned Exploration – Further exploration of these projects is not planned in the next quarter. Future exploration will be dependent on the nickel market.

CORPORATE

The Company lodged a prospectus for a creditor placement on 25 May 2009 that provided a recapitalisation strategy incorporating a creditor placement (in conversion of debts owed) followed by a non-renounceable 5:1 rights issue.

Improving market conditions enabled the Company to change the strategy as a result of strong demand from sophisticated investor clients of Patersons Securities Limited. The originally contemplated offers were varied to achieve the following:

- AUZ received firm commitments for a placement of 2,416,500,000 fully paid ordinary shares ("**Shares**") to sophisticated investor clients of Patersons Securities Limited ("**Patersons**") at an issue price of 0.1¢ per Share to raise circa \$2,416,500 ("**Placement**"). For every 20 Shares allotted under the Placement, applicants will receive 1 free listed option with an exercise price of 0.2¢ and an expiry date of 30 June 2013 ("**Placement Option**").
- AUZ has undertaken a non-renounceable entitlement issue ("**Rights Issue**") of 7 new Shares for every existing Share held by shareholders at the record date, at an issue price of 0.1¢ together with 1 free attaching new option for every 20 new Shares taken up ("**Rights Option**") to raise \$3,197,645 (before expenses). The Placement Options have the same terms as the Rights Options.
- Net proceeds from the Placement and Rights Issue will be used to repay outstanding statutory and non-statutory debts, provide general working capital and raise funds for gold tenement exploration.

Shareholders approved the revised strategy on 24 July 2009. The creditor placement will no longer be required and creditors will now be repaid in full with cash from the proceeds of the Placement set out in detail above. The ratio under the originally proposed rights issue has been increased to a 7:1 offer to raise \$3,197,645 (before expenses).

Indicative Timetable

The indicative timetable set out below outlines the key milestones in the revised AUZ recapitalisation strategy. This timetable is indicative only and may be subject to change.

• Lodge Rights Issue prospectus with ASIC and ASX	24 June
• Ex date	29 June
• Record date	3 July
• Rights Issue Opening Date	7 July
• Rights Issue Closing Date	31 July
• General meeting of shareholders	24 July
• Allotment & Dispatch of Placement and Rights Issue securities	11 Aug

SUMMARY AND OUTLOOK

EXPLORATION

The opportunities for gold exploration success are good and the areas targeted have had little systematic gold exploration carried out due to the preference for nickel exploration and production.

CORPORATE

The Company looks to the future with optimism and has confidence that the gold outlook will remain firm.

Confidence is also returning to base metals with prices lifting off their lows. The gains in the price of nickel will benefit our nickel projects which have been retained and we are confident that they will again be valuable assets.

For further information contact:

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The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr M Elias who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Elias is employed by CSA Australia Pty Ltd and is a Non-Executive Director of AUZ. Mr Elias 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'.

