



25th June 2010

ASX Announcement

50% INCREASE IN GOLD RESOURCES AT MT MARTIN

Australian Mines Limited (ASX:AUZ) is pleased to announce an increase of approximately 50% in gold resources at the Mt Martin mine, which is located 30 kilometres south-east of the gold mining centre of Kalgoorlie in Western Australia.

As a result of recent drilling at Mt Martin gold mine: -

- Gold resource increased by approximately 50% to 328,000 ounces.
- Surface diamond programmes have defined significant new ounces on the East Lode below the 6 level workings
- Surface RC programmes have contributed additional near surface ounces.
- Metallurgical tests will be completed before the end of the month.
- An open pit optimization study will be completed within a week of receiving the metallurgical test results.

Commentary

The 50% resource increase in the gold resource is a result of drilling completed since AUZ took control of the Mt Martin area in February 2010.

AUZ has successfully completed three exploration drilling campaigns which have confirmed the near surface potential of the Main Lodes and also discovered significant new underground ore potential on the East Lode.

On completion of the drilling programmes the gold shoots were remodelled by AUZ and an updated resource model was completed by resource specialists.

Resource Table

Location	Resource Category	Resource Tonnes	Gold Grade (g/t)	Gold Ounces
Mt Martin Mine (0.5g/t cut off)	Measured			
	Indicated	3,180,000	2.00	204,000
	Inferred	1,490,000	2.59	124,000
	Total	4,670,000	2.19	328,000

Table: Mt Martin – June 2010 gold resources at a 0.5g/t cut off.

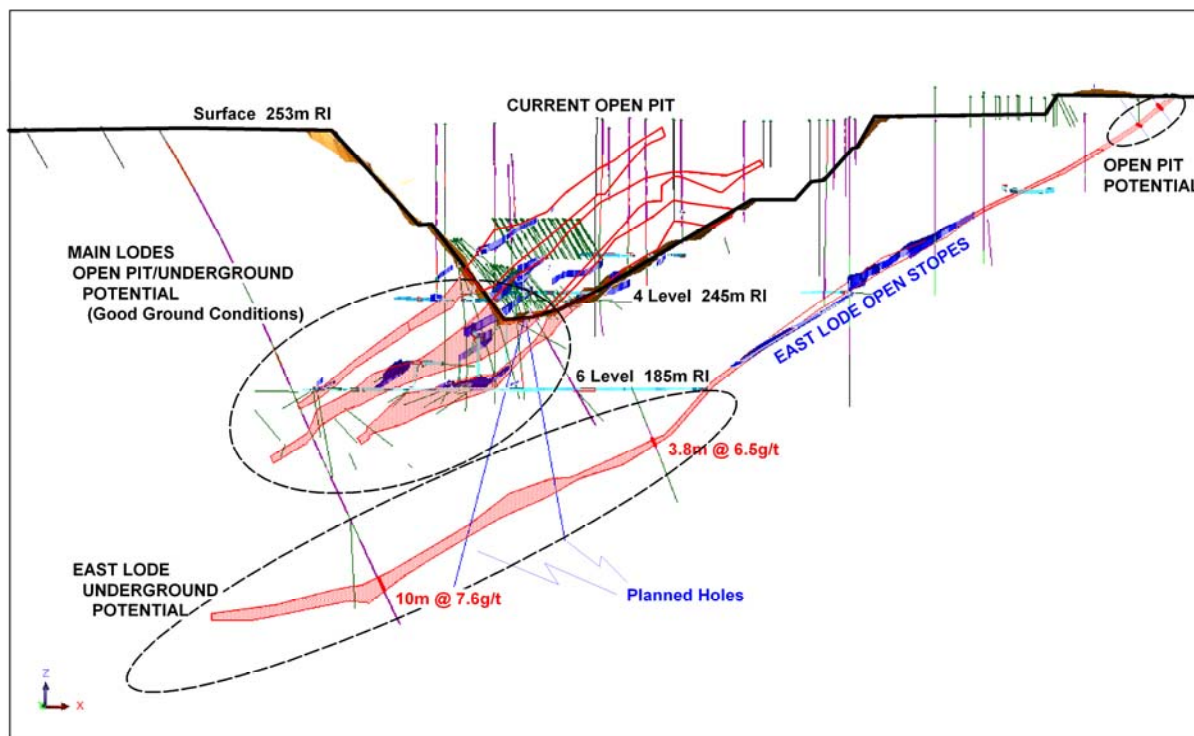


Figure 1: Oblique cross-section (20m slice) through Mt Martin with selected drill intercepts and mining potential highlighted.

Current Drilling Programme

The company is currently drilling from the pit floor with a diamond rig so as to sample Main Lode shoots which are directly under the pit floor, and also to close in the drill spacing on the East Lode. The result of this drilling is not included in the resource remodelling at the date of this announcement.

Previous Production

Mt Martin gold mine has produced to date approximately 200,000 ounces of gold from intermittent mining dating back to 1923.

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. In recent times shallow oxide ore was mined from an 800 metre long open pit to a depth of 115m in the central portion of the pit.

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 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.

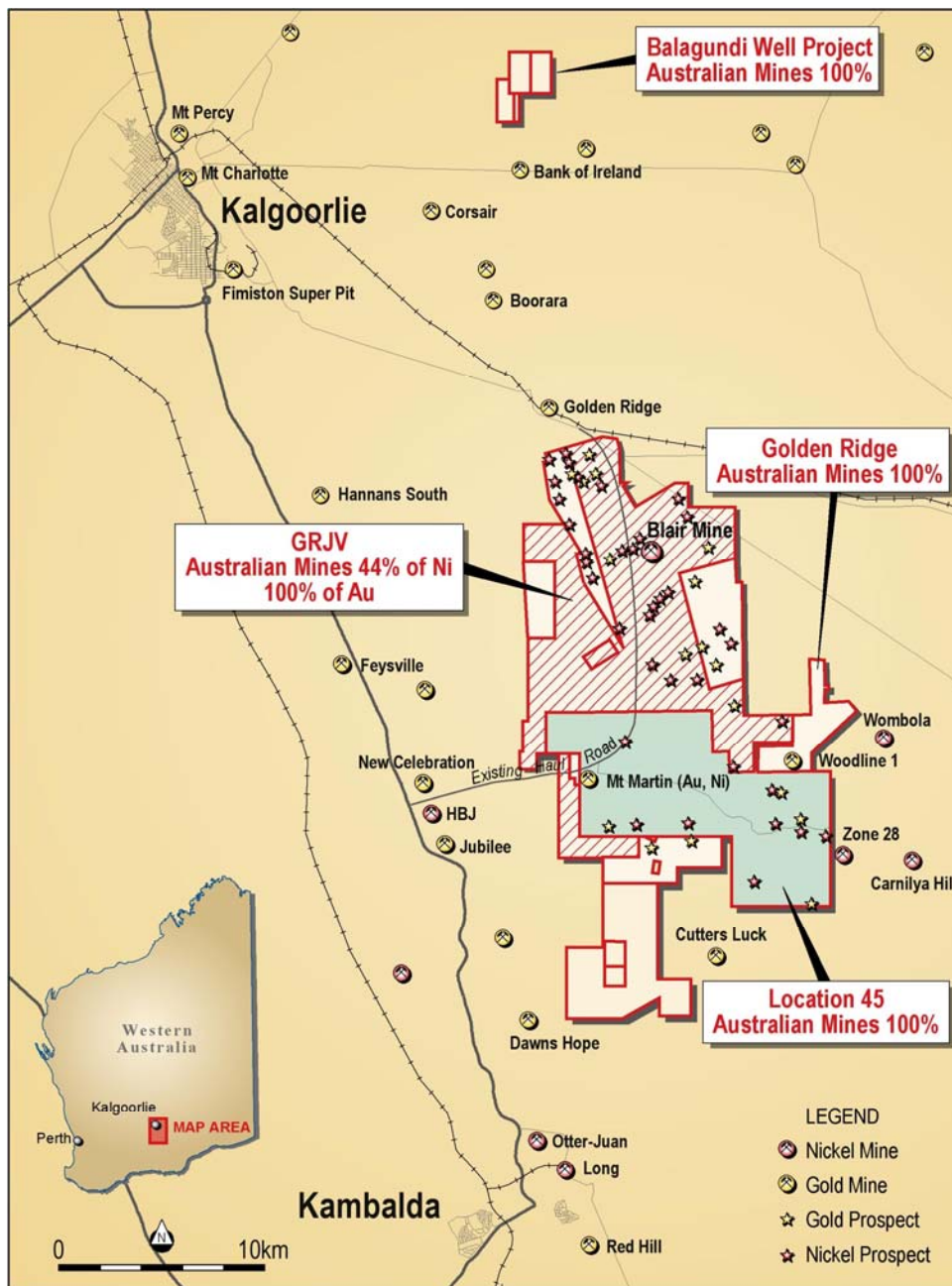


Figure 2: Mt Martin location plan