



25 May 2010

ASX Announcement

MT MARTIN RC DRILL RESULTS EAST LODE PIT

Australian Mines Limited (ASX:AUZ) is pleased to announce very encouraging results from its latest RC drilling under the East Lode pit at the Mt Martin Project located 40 kms south east of Kalgoorlie in WA.

Five RC holes for 175 metres were drilled on two sections immediately north-east of the shallow East Lode pit, which is located approximately 100 metres east of the main Mt Martin pit.

The drill lines were spaced 15 metres apart along strike so as to test for possible extensions to the near surface oxide ore which was historically mined from the East Lode pit.

The results indicate significant gold intersections at shallow depths outside the current Mt Martin pit.

Results from the recently completed RC programme are tabulated below:

Hole Id	North (m)	East (m)	RI (m)	Azi (deg)	Dip (deg)	From (m)	To (m)	Intercept (m)	Grade (g/t)
AUZRC1	6568169	374404	364	167	-60	0	2	2	0.7
						7	10	3	8.6
						15	23	8	2.9
AUZRC2	6568181	374401	363	167	-60	15	19	4	7.2
AUZRC3	6568179	374417	364	167	-60	0	1	1	1.3
						7	16	9	1.7
AUZRC4	6568188	374415	364	167	-60	0	2	2	0.8
AUZRC5	6568198	374430	364	167	-60				nsa

Table 1: East Lode Pit RC drill intercepts May 2010.

Company Comment

The Company is very pleased with the current East Lode RC drill results which are significant intersections outside the current Mt Martin pit.

Optimisation studies will commence as further drill results come to hand and a new resource model will be completed by end of the June quarter.

This program follows on from previously announced diamond drilling at Mt Martin where best intersections were:

East Lode AUZD3: 10 metres at 7.6 g/t from 289 metres below surface.

Main Lode AUZD3: 7 metres at 3.6 g/t from 181 metres below surface;
 AUZD6: 6.1 metres at 5.5 g/t from 176 metres below surface.

Having obtained successful results from these two drill programs, the company is confident further drilling will enhance the East Lode.

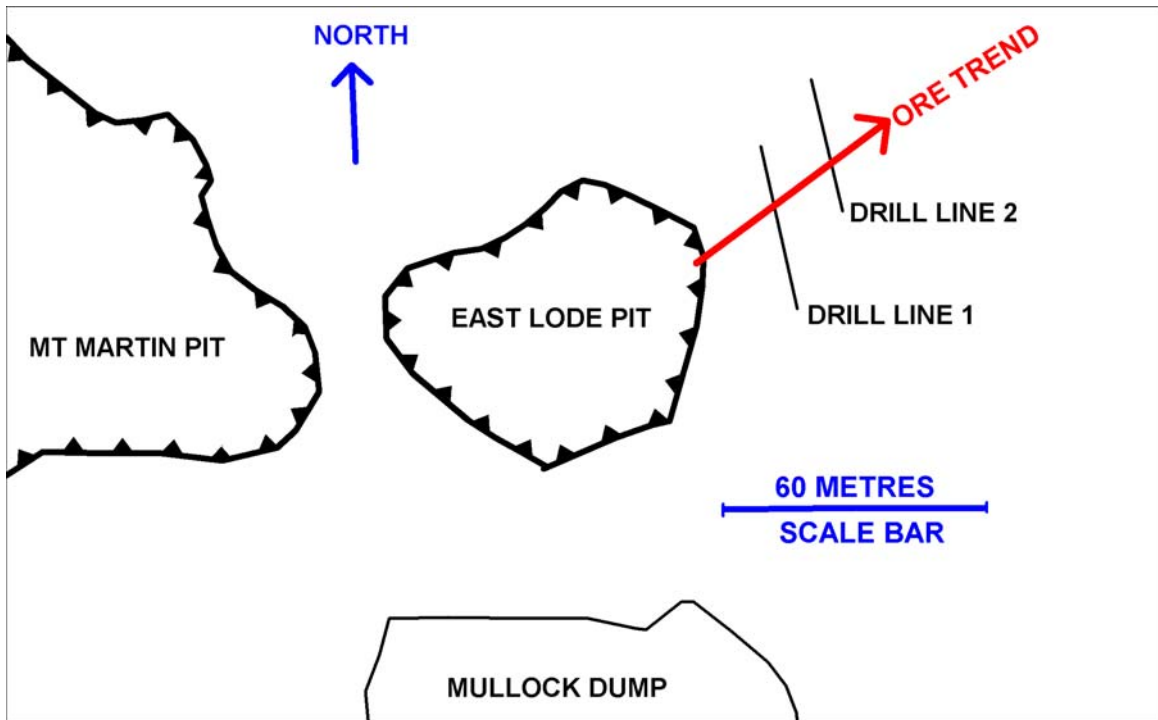


Figure 1: East Lode pit and RC traverses completed in May 2010

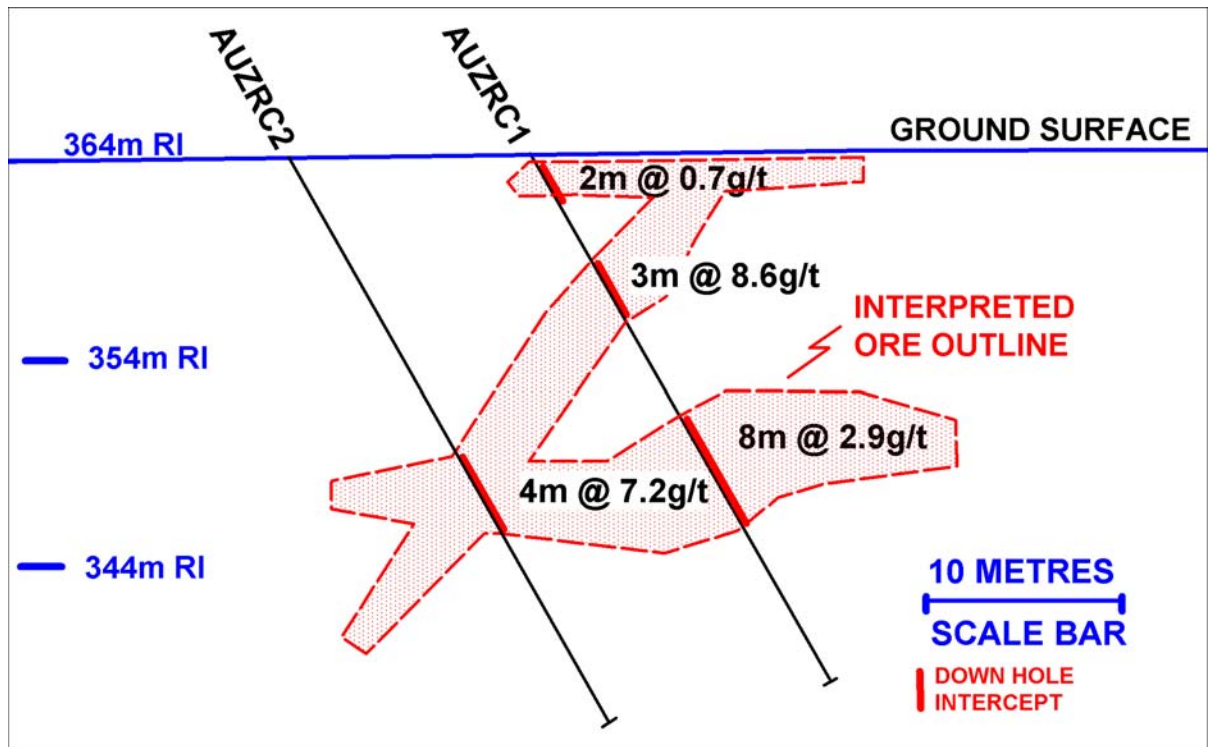


Figure 2: East Lode pit RC drill cross section 1 looking to the north east.

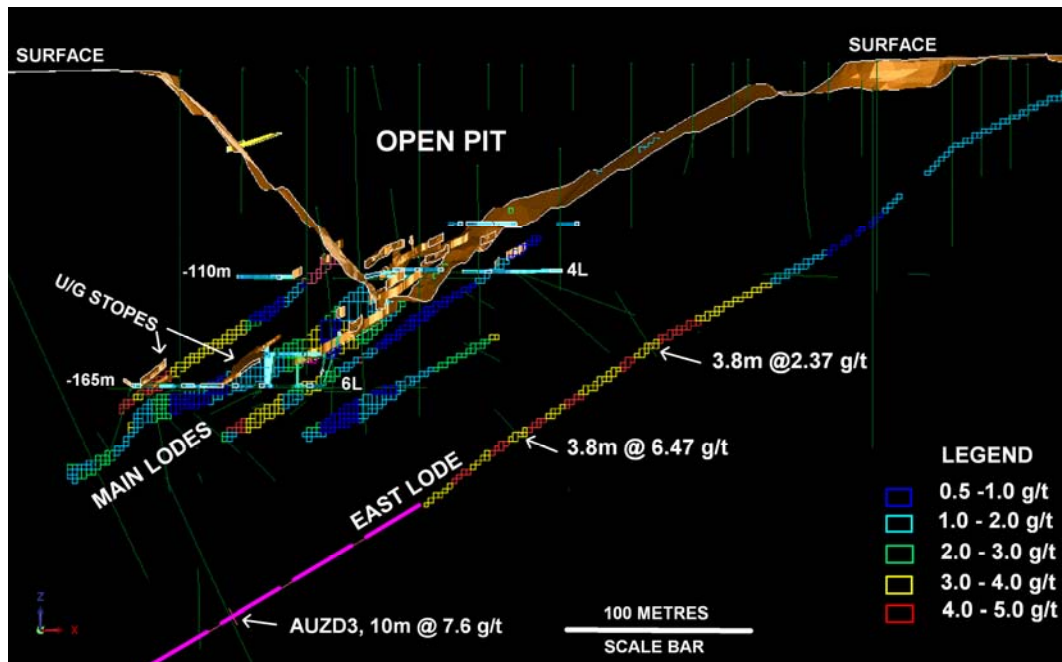


Figure 3: Cross section 6568110 North with pit outline, block model slice and significant drill intercepts on the East Lode.

Historic Gold Production

Mt Martin 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.

From mid 2009 to January 2010, the Mt Martin gold project was successfully mined by Dioro Exploration NL under a sub lease arrangement which was acquired from Harmony Gold Australia.

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

To the end of January 2010 Dioro Exploration treated 743,223 tonnes of ore grading 1.5 g/t to recover 31,231 ozs of gold from Mt Martin open pit. AUZ regained control of Mt Martin on 25 January 2010.

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 north west trending splay known as the 'West Shear Lodes'.

The gold shoots are hosted below the base of oxidation in ultramafic rocks which have been altered and silicified by quartz veining and ore bearing fluids, such that the ground conditions are judged to be suitable for mechanised underground mining. (see Fig: 4)

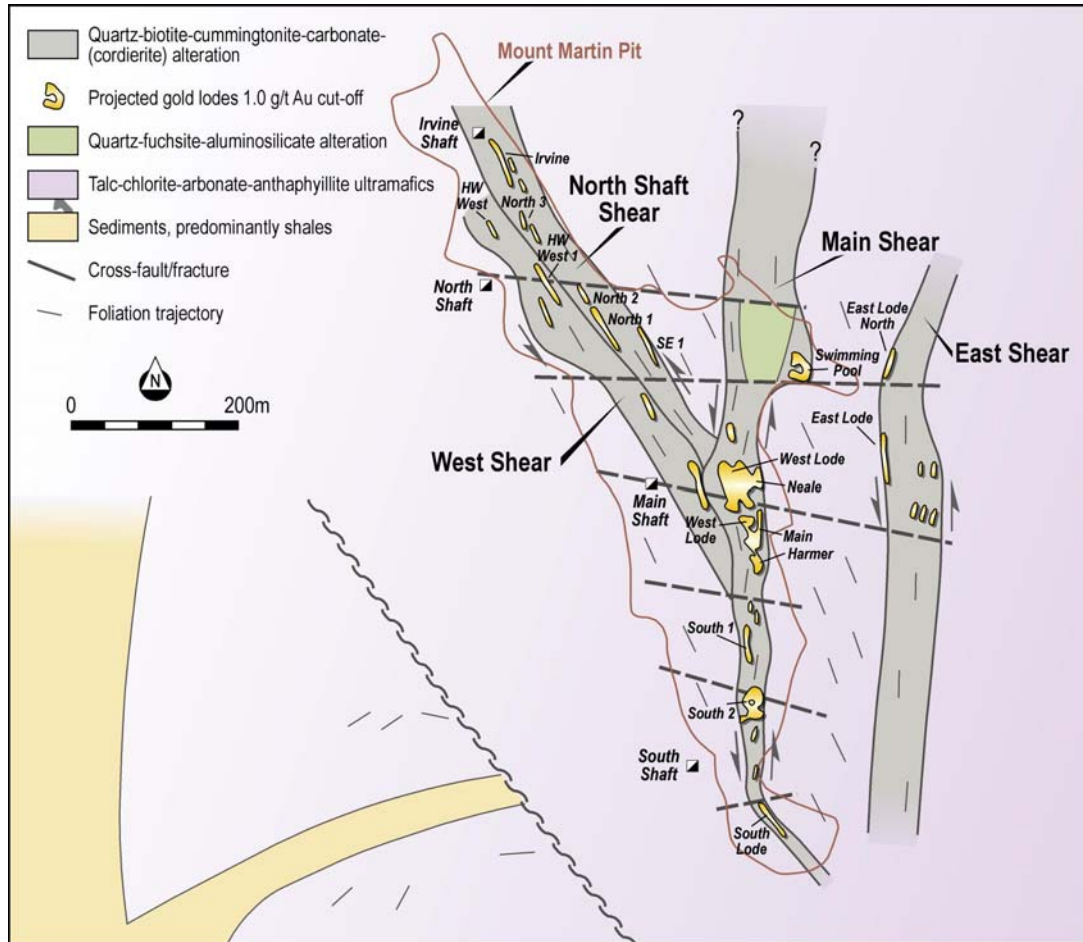


Figure 4: Mt Martin surface geology plan

Work Planned

- Additional infill RC drill holes are being planned to follow up the shallow oxide ore intercepts alongside the East Lode open pit;
- Diamond drilling from the floor of the Mt Martin pit is being planned to infill the East Lode orebody below the 6 Level underground workings;
- The current resource model will be upgraded with results from the current drilling;
- AUZ will also undertake optimisation studies to determine whether it will be economic to mine Mt Martin either as an open pit or underground mine.

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.

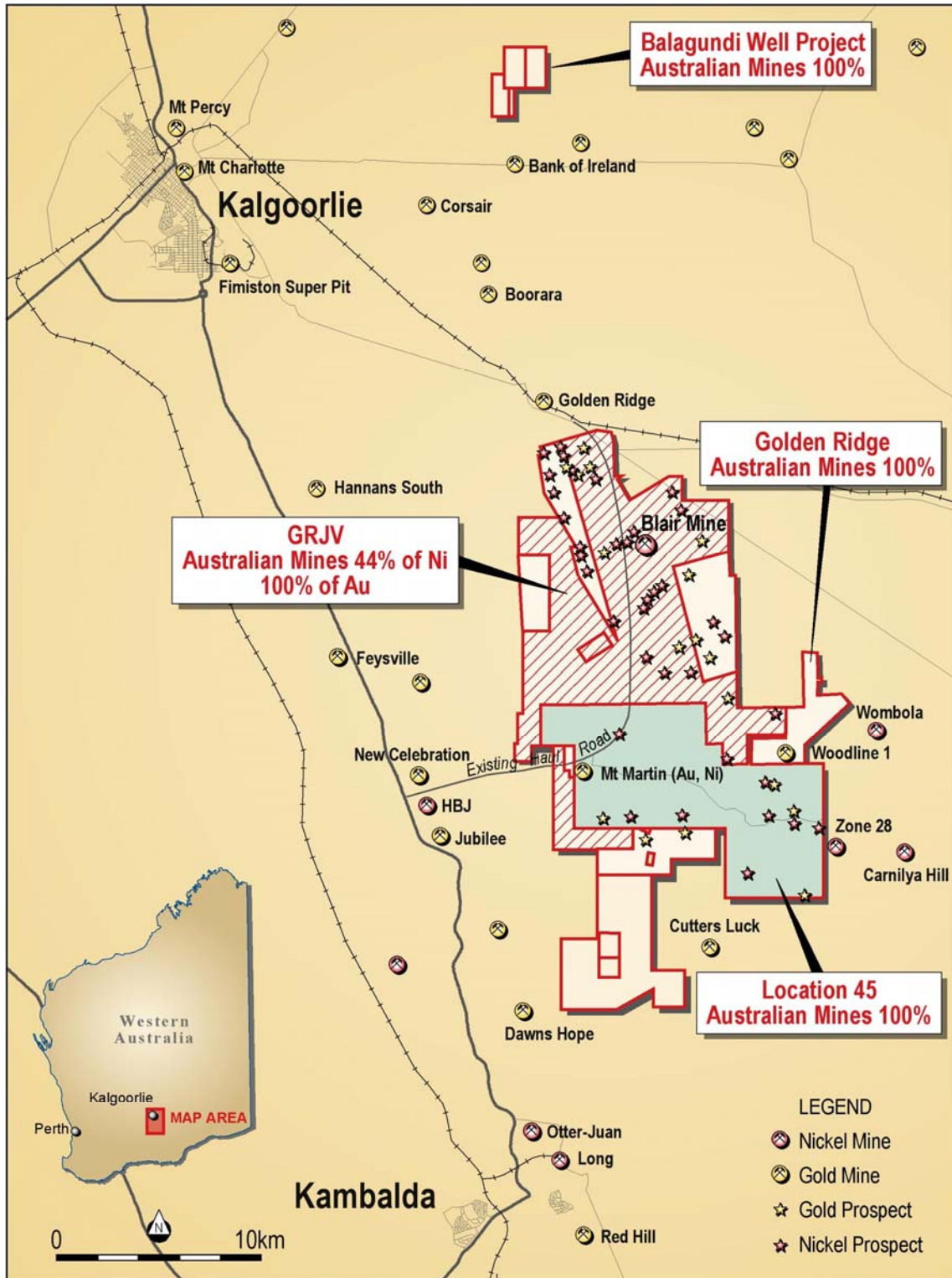


Figure 5: Mt Martin location plan