



25 August 2009

ASX ANNOUNCEMENT

GOLD EXPLORATION DRILLING PROGRAM

Australian Mines (ASX:AUZ) is pleased to announce the priority exploration and drilling program on its gold exploration targets over its gold tenements.

The Company has commenced a full review of gold inventory located on all company tenements (including Mt Martin) with the aim of increasing AUZ's gold resources.

Physical on the ground exploration programs will commence immediately at the Woodline and Woollibar Fault Flexure projects.

Details of the immediate exploration program are set out below.

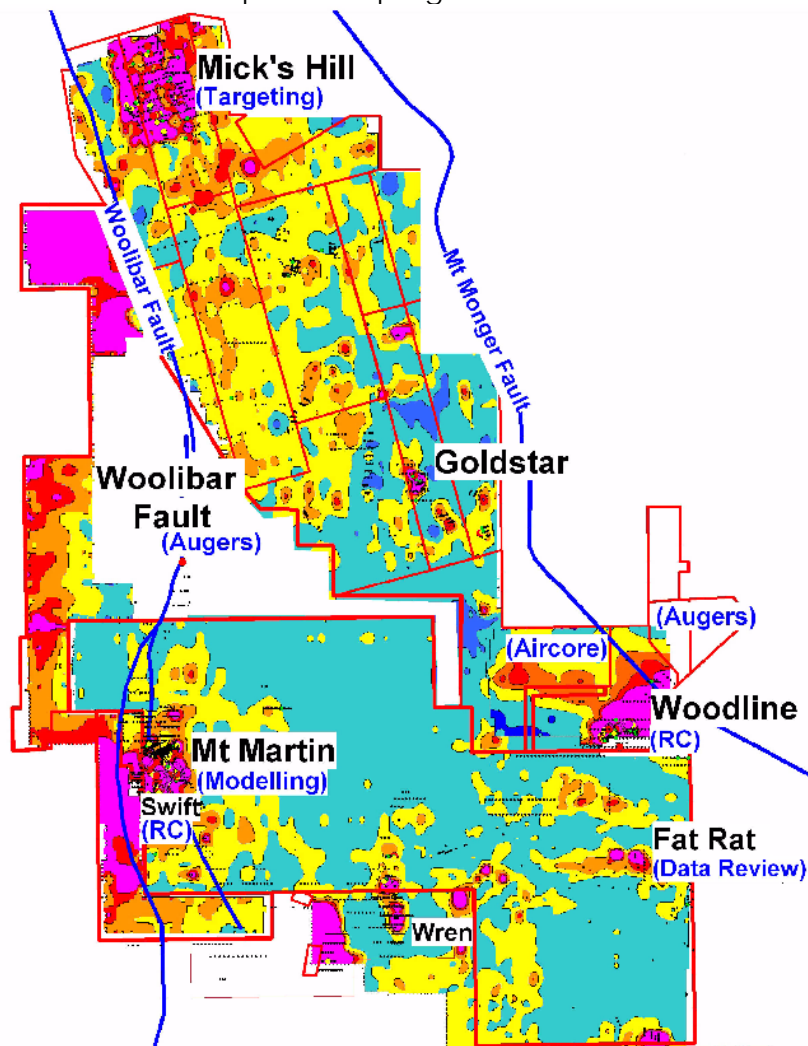


Figure 1: Golden Ridge target areas over gold soils and drillholes.

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WOODLINE

Previous exploration at Woodline by AUZ was tightly focussed around the Woodline 1 discovery (Indicated and Inferred Resource of 132,000 tonnes at 2.88 g/t for 12,200 ozs gold*). Initial mining by a Kalgoorlie syndicate at Woodline 1 has been successfully completed and now provides the opportunity to extend the resource by exploring the extension of the dolerite host rock further to the west as well as explore similar host rocks which are interpreted to be located in the recently granted tenements to the north.

- A program of an initial 2 RC holes will test the interpreted down plunge projection of the Woodline 1 orebody.
- The surface soil sampling west of the Woodline1 pit is anomalous across the interpreted dolerite host rock, and this will be sampled with aircore drilling to define the nature and extent of subsurface gold anomalism.
- An auger sampling programme of 800 points will test the recently granted tenements in the northern sector for surface gold anomalism.

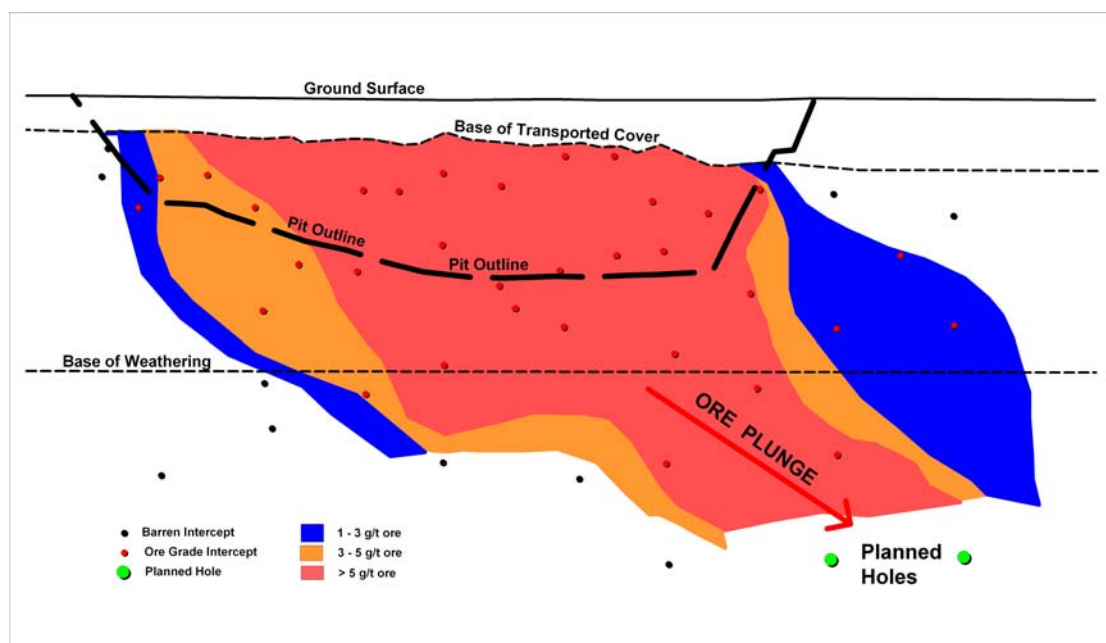


Figure 2: Woodline 1 pit and planned holes across the down plunge ore projection.

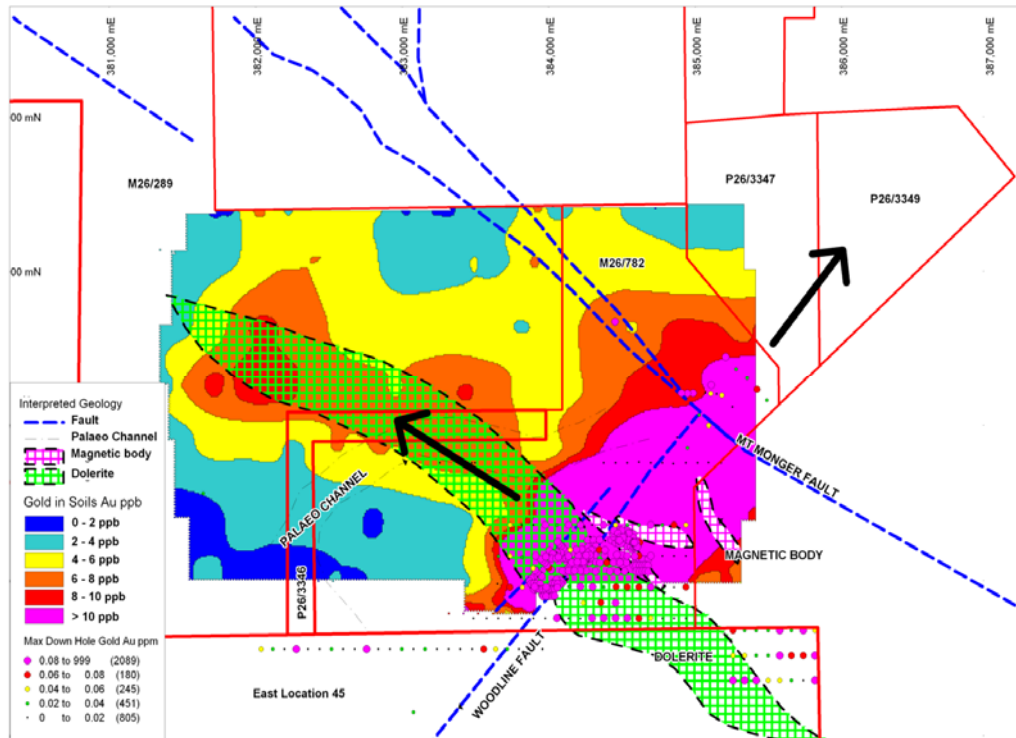


Figure 3: Woodline area with auger and aircore drilling programs over soils and interpreted geology.

* Premined resource, details reported in AUZ December 2008 quarterly report. This resource has since been partially mined.

WOOLIBAR FAULT FLEXURE

This area has been recently added to the exploration portfolio and data searches reveal that there has been no systematic gold exploration completed over this large area which is transected by the regional Woollibar to Boorara feeder fault.

(a) A programme of multi element auger sampling sampling at 1,300 points will commence in September.

MT MARTIN AREA

The Mt Martin open pit is currently being mined by Dioro Exploration. However, the project will revert to AUZ in January 2010 when AUZ can look at options on how best to create value from this asset. The current Indicated Resource stands at 4.0 m tonnes at 1.5 g/t for 200,000 contained ounces (Dioro Exploration annual report June 2009).

Remodelling of the Mt Martin orebody will commence immediately.

At Swift which is adjacent to the Mt Martin pit a shallow Indicated Mineral Resource of 130,000 tonnes at 2.15g/t has been modelled by Australian Mines. An along-strike target to the north west of Swift has been defined and drilling will commence when E26/139 is granted.

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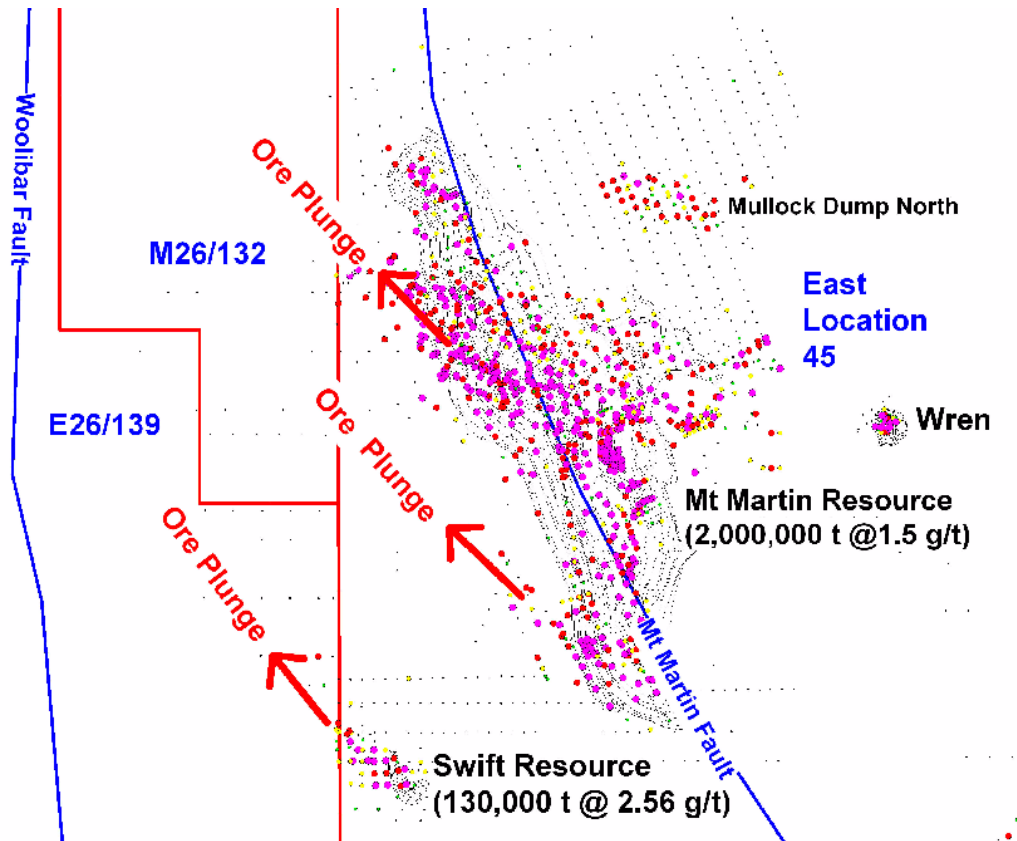


Fig 4 Plan view of Mt Martin resources and exploration potential

SUMMARY

The gold targets identified together with the initial exploration program represent an excellent opportunity to expand the gold inventory within the Company at a time when gold prices are sustaining smaller scale mining opportunities in the region.

The recently-mined initial resource at the Woodline 1 pit has been completed and now provides the Company with exploration potential to extend the resource below the base of the pit.

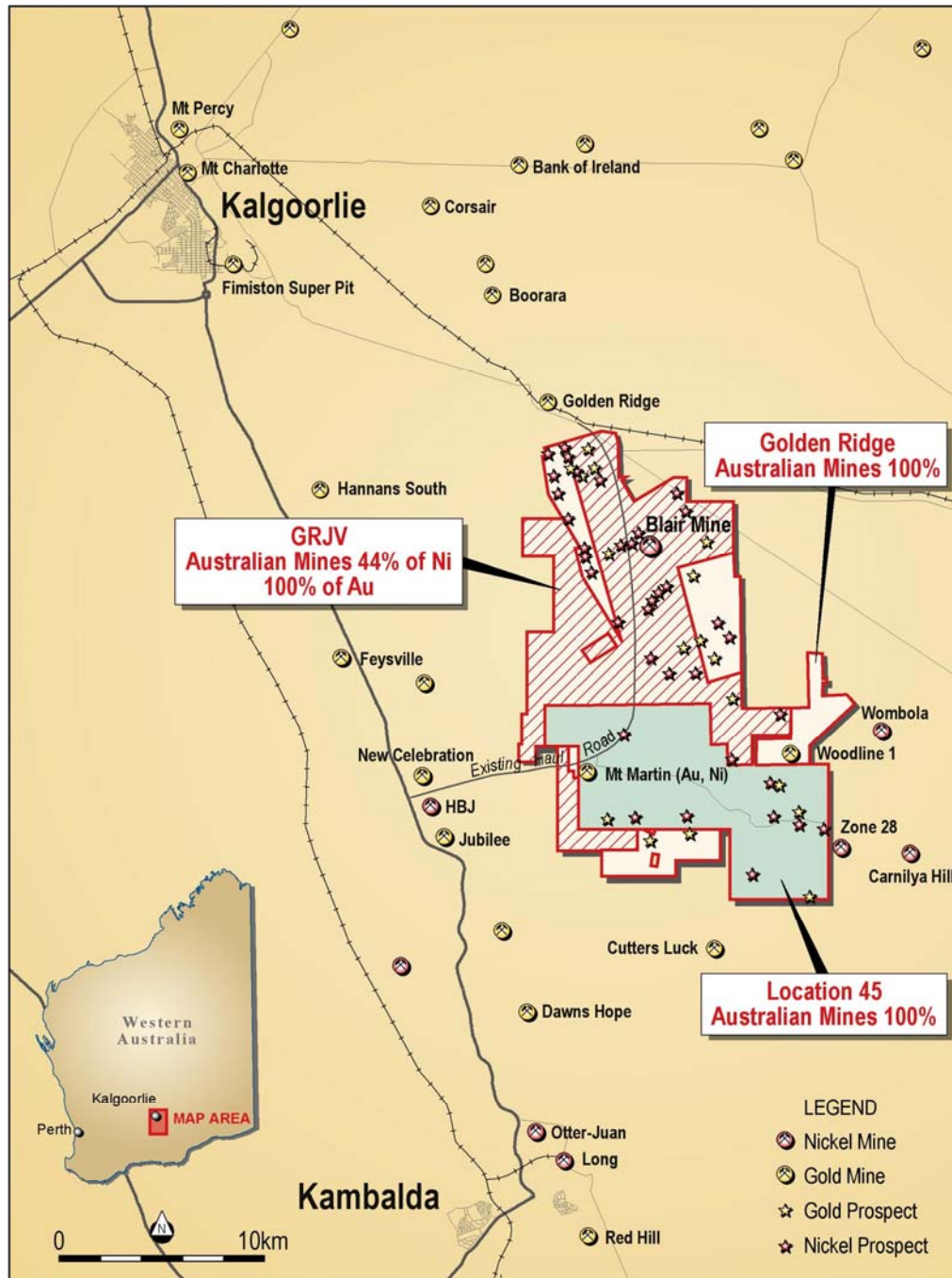
The Company is also planning ahead by commencing work in and around the Mt Martin gold mine. When the project returns to AUZ the Company can undertake further exploration at Mt Martin.

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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'. Mr Elias consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Location plan of AUZ Projects

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