



18 August 2009

ASX ANNOUNCEMENT

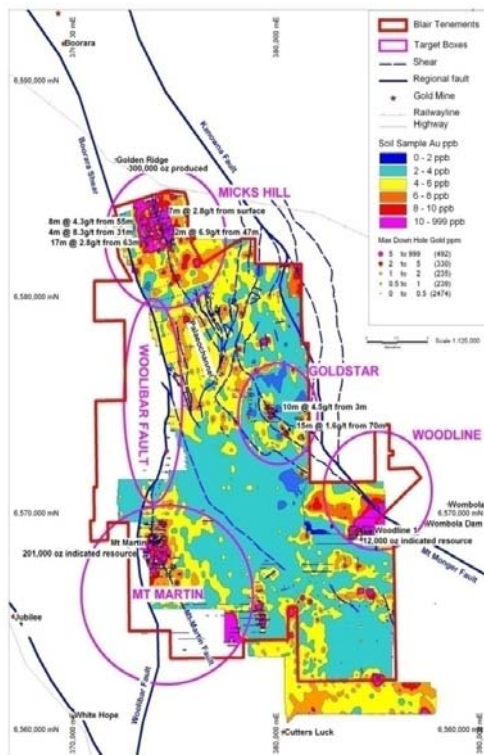
SUCCESSFUL CAPITAL RAISING FOR AUSTRALIAN MINES

Australian Mines (ASX:AUZ) is delighted to announce the successful completion of its capital raising along with AUZ's re-instatement to official quotation. The Company now looks forward to implementing its gold strategy and looks towards re-commencing gold exploration in the near future.

The timing is right for the Company to be prioritising gold exploring on its leases. As highlighted in the AUZ presentation released on 7 August 2009, previous minimal gold exploration conducted by AUZ and prior tenement holders has identified significant gold potential on the Golden Ridge tenements.

Priority Targets at Golden Ridge and East Location 45 Prospects (5 priority gold targets) are as follows:

1. The Woodline Area
2. Mt Martin Area
3. Mick's Hill area
4. The Woolibar Fault Flexure
5. The Goldstar Area



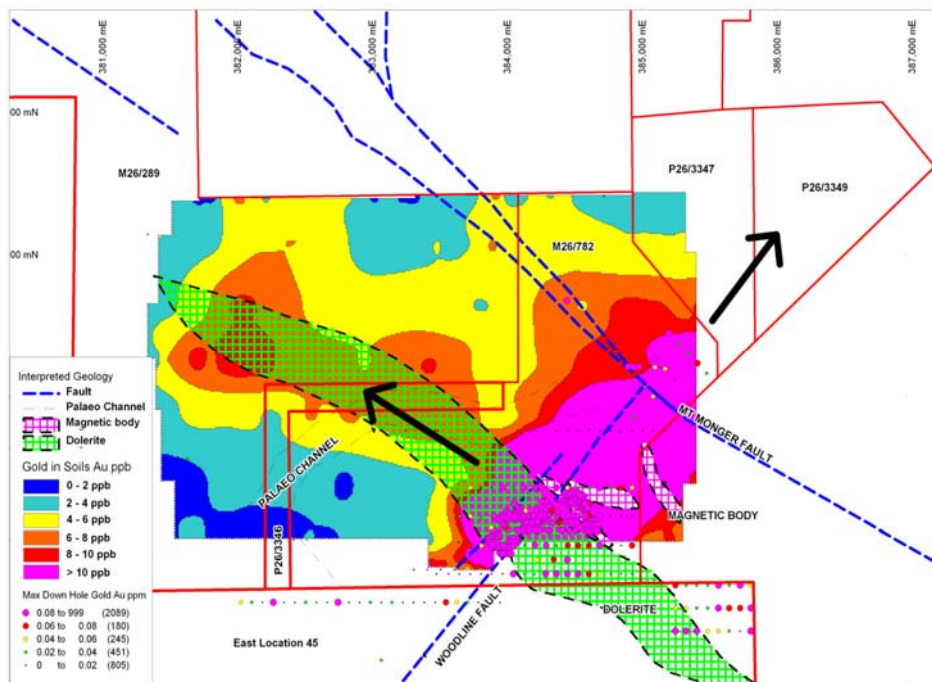
Regional gold soil geochemistry and priority exploration targets

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1. WOODLINE

AUZ discovered Woodline, 35 km southeast of Kalgoorlie in 2005 and has previously (December 2008 quarterly report) reported a total Indicated and Inferred Mineral Resource of 12,200 ozs of contained gold. Partial mining of the resource in 2009 by a third party has resulted in the resource being depleted by approx 4,000ozs, however significant upside remains for additional resource definition. Reported results at Woodline included RAB drilling which returned a significant intersection of **26m @ 4.99 g/t Au** including **5m @ 12.74 g/t Au** and **1m @ 25.48 g/t Au**.

- Exploration focused on a surface geochemical anomaly where the transported cover was 2 to 10 metres deep. RAB drilling at Woodline tested an 800m long by 400m wide soil anomaly with a peak gold-in-soil value of **0.95 g/t** defined from auger sampling in January 2005. The anomaly encompassed some historical RAB/RC drilling with significant gold mineralised intersections including **18m @ 3.19 g/t Au** and **1m @ 19.0 g/t Au**.
- The main ore body at Woodline is interpreted to lie on or close to the Mt Monger shear, a structure that is regionally known to host significant gold mineralisation such as at the 170,000 ounce Daisy Milano deposit.
- With the completion of the mining campaign the Company can resume exploration on Woodline. The full potential at Woodline is still unknown, with resource open to the northwest and the deepest drilling to 70 metres. Further drilling is required to fully define the extent and significance of the gold mineralisation.



Woodline Project interpreted geology and soil geochemistry

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2. MT MARTIN GOLD MINE

- Mt Martin gold mine provides the Company with another valuable project which contains an Indicated Resource of 4.5m tonnes at 1.5g/t for 220,000 ozs of gold (Dioro Exploration NL 2008 annual report). Exploration drilling is a high priority for early 2010 and would be a logical sequence to follow on from Woodline exploration.
- Mt Martin gold mine is currently under a sublease arrangement by Dioro Exploration NL. The mine was acquired when Harmony sold its interest in East Location 45. The sublease was negotiated by Harmony to allow it to continue mining Mt Martin mine until 1 January 2010.
- The Company plans to test the 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.
- The Company has acquired ground immediately to the west of the Mt Martin Mine which will now make it possible for Australian Mines to test the down plunge potential at Swift Pit (adjacent to Mt Martin Pit), within what is interpreted to be a favourable structural corridor.

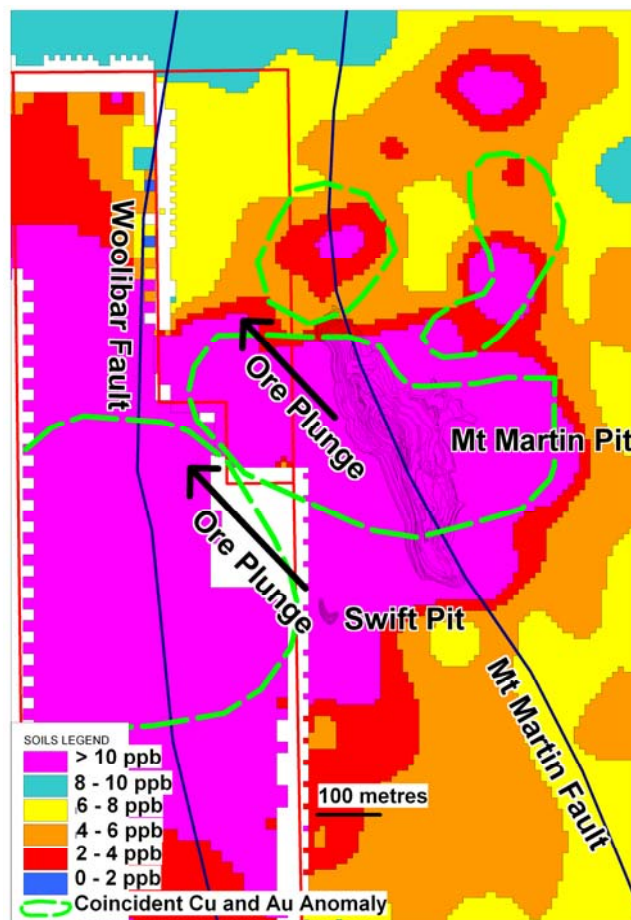


Fig Mt Martin Open cut and Swift Ore Trend

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3. MICK'S HILL

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

4. WOOLIBAR FAULT FLEXURE

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.

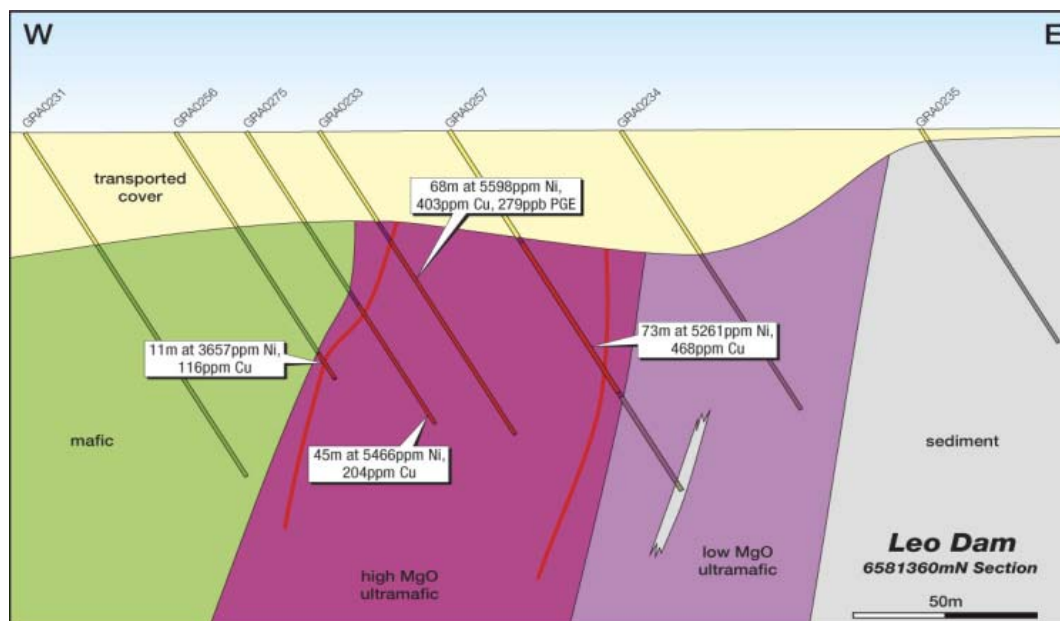
5. GOLDSTAR

Goldstar is located alongside a splay of the Kanowna to Mt Monger Fault and is highly anomalous in gold from soil and auger sampling programs and limited drill testing has not been systematic.

NICKEL PROJECTS

The Company's nickel projects have been retained and include some 28,000 tonnes of nickel metal in the form of nickel sulphide resources at the Blair Mine, Goodyear and Marriott's Projects (resource details described in the AUZ June 2009 quarterly report).

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 program (nickel exploration is not a priority for AUZ at present however). In this circumstance, the highest priority for the Company would be the Leo Dam prospect (5 km north east of the Blair Mine) which is under the control of the GRJV. The Company has retained a 44% JV interest in the GRJV.



Leo Dam cross section

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FUTURE POTENTIAL

The Company has re-emerged from suspension with exploration/working capital and no debt when metals prices have improved with both gold remaining strong and nickel prices up from their lows.

With its debt position accounted for, the Company has circa \$1.8m cash in the bank and all of its gold and nickel projects are intact. The Mt Martin gold mine is being successfully mined at present and will revert to the Company in the near future as the third party lease expires in January 2010.

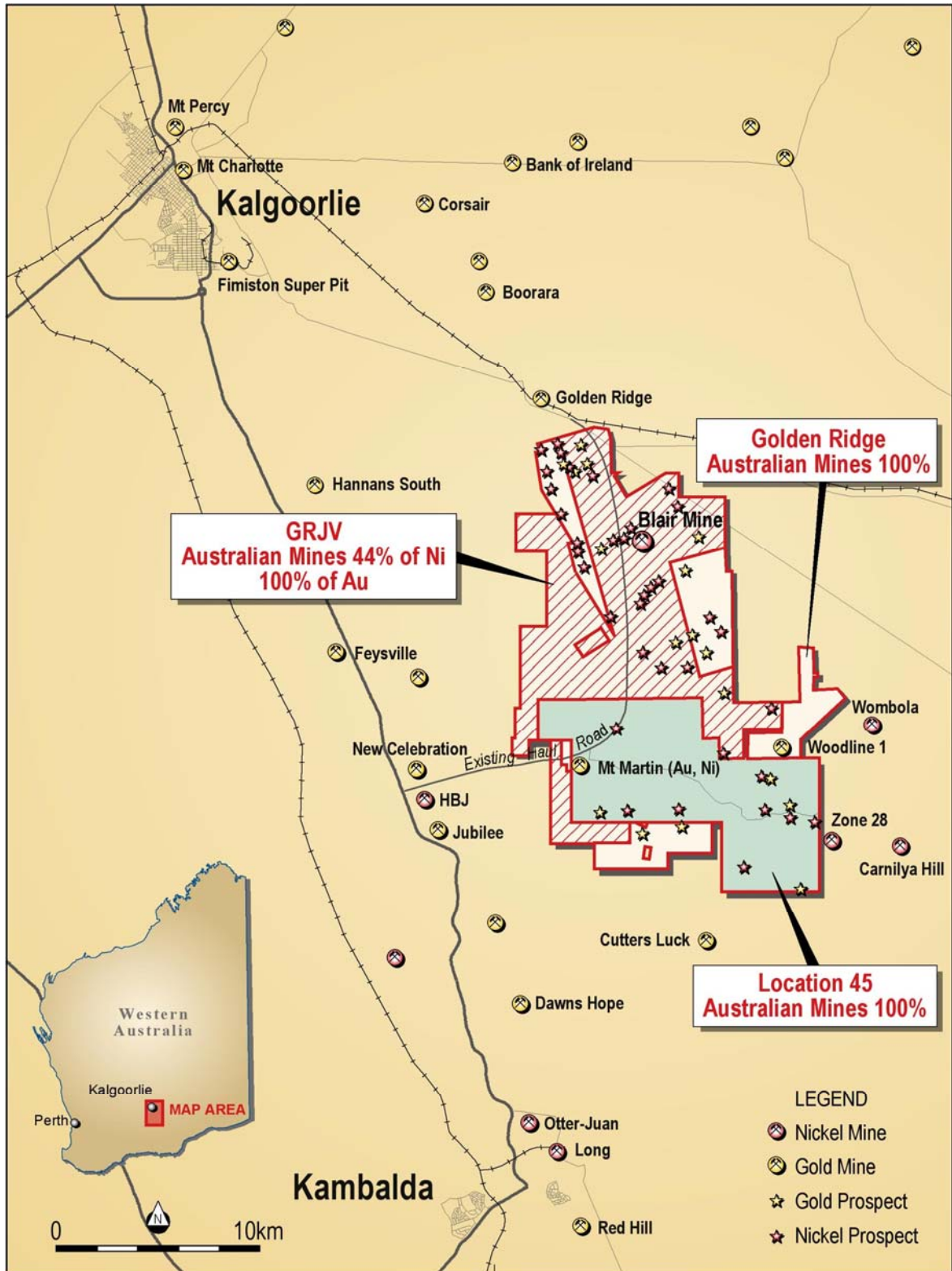
The Board believes the Company's current moderate market capitalisation is yet to account for AUZ's retention of projects, gold prospectivity, the value inherent in the Company's nickel assets (Goodyear and Marriott's Nickel Projects) and the general improvement in the market sentiment.

The Directors are currently finalising the specifics of AUZ's gold exploration program and will be releasing a summary of the program in the very near future.

For further details 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 Global 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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