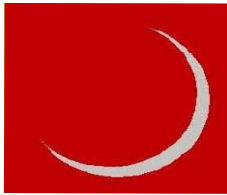


STRICTLY PRIVATE & CONFIDENTIAL



Australian Mines Limited

Recapitalisation and Gold Prospects

July 2009

Presented by Brett Young



Disclaimer



- This Document (and the information contained herein) is confidential to Australian Mines Limited (“AUZ” or “the Company”).
- This Document is not intended for and should not be distributed to any other person than as permitted herein. By receipt of the Document, the Recipient agrees that it will not transmit, reproduce or make available the Document (or any Information contained herein) to anyone other than its professional advisers without the prior written consent of AUZ. Upon deciding that it does not wish to proceed with a transaction, or at the request of AUZ, the Recipient will return, as soon as practicable, this Document together with any reproductions of it and any other Information which the Recipient may have received from the Parties.
- This Document is being provided exclusively to investors that qualify pursuant to Section 708 of the Corporations Act for the sole purpose of providing background information to enable the recipient to review the potential for the provision of equity funding to AUZ. It is not intended as an offer, invitation, solicitation or recommendation with respect to any potential transaction.
- AUZ make no representation or warranty (express or implied) as to the accuracy, reliability or completeness of the information. AUZ and its directors, employees, agents, advisers and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (express or implied) arising out of, contained or derived from, or for any omissions from this Document.
- AUZ, its servants or agents, make no recommendations as to whether you should participate in either the Sell Down or Non Renounceable Rights Issue for AUZ nor do they make any recommendation or warranty to you concerning the options or shares or accuracy, reliability or completeness of the information provided or the performance of the Company.
- Potential investors must make their own independent assessment and investigation of the opportunity and should not rely on any statement or the adequacy or accuracy of the information provided. The information provided does not purport to cover all relevant information about any potential investment in AUZ. Accordingly, potential investors are advised to seek appropriate independent advice, if necessary, to determine the suitability of this investment.
- The Document contains reference to certain intentions, expectations and plans of AUZ. Those intentions, expectations and plans may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ. The performance and operations of AUZ may be influenced by a number of factors, many of which are outside the control of AUZ. No representation or warranty, express or implied, is made by Patersons or AUZ or any of their respective directors, employees, agents, advisers and consultants that any intentions, expectations or plans will be achieved either totally or partially or within a prescribed timeframe or that any particular rate of return will be achieved.
- The Information disclosed relates to the proposed business of AUZ at the date of this Document. Material information may have changed since the date the Document was compiled. No responsibility is accepted to advise any person of any change.
- Neither the provision of this Document nor any information contained in this Document or subsequently communicated to any person in connection with this Document is, or should be taken as, constituting the giving of investment advice to any person.
- By accepting this Document you acknowledge and agree to be bound by each of the foregoing statements.



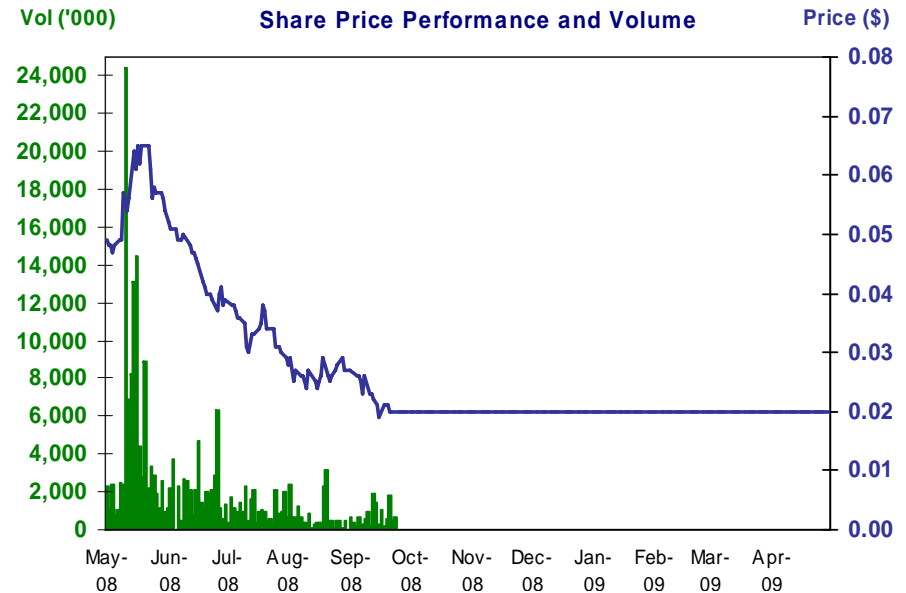
Corporate Summary



- ASX CODE: AUZ
- Shares on Issue 456.8m
- Unlisted Options 8.7m
- Share Price (pre suspension) 2¢
- 12 Month Share Price Range 1.9¢ - 6.9¢
- Market Cap \$9.1m
- Cash \$0.4m
- Debt \$3.5m

- SIGNIFICANT SHAREHOLDERS:
- Michlange Pty Ltd 7.4%
- ANZ Nominees Limited 3.8%
- GPV Investment Pty Ltd 1.2%
- Top 20 shareholders 23.8%
- No of shareholders (30/06/08) 3,647

- BOARD OF DIRECTORS:
- Neil Warburton Non Executive Chairman
- Brett Young Managing Director
- Mick Elias Non Executive Director



Broker	TotVal	NetVal	BuyVol	Buys	SellVol	Sells	Rank
<ALL BROKERS>	46,724,172.46	-	449,965,379.00	6,310.00	449,965,379.00	6,310.00	0
Commonwealth	18,443,391.44	- 578,684.42	168,208,570.00	2,535.00	180,627,918.00	2,597.00	1
E-Trade	8,517,957.87	173,568.02	83,079,956.00	1,170.00	80,950,996.00	1,118.00	2
Westpac	4,326,863.89	221,680.31	46,042,928.00	630.00	40,488,852.00	570.00	3
State One Stock	2,866,748.61	- 421,937.53	21,990,958.00	250.00	28,490,431.00	339.00	4
Bell Potter	1,671,701.33	706,091.95	22,991,820.00	313.00	10,412,058.00	146.00	5
Morrison	1,451,293.66	- 61,179.72	12,978,034.00	100.00	14,087,185.00	126.00	6
AIEX	1,168,249.38	- 138,703.03	9,854,148.00	217.00	12,736,485.00	236.00	7
Patersons	1,140,080.87	209,261.96	15,681,033.00	151.00	11,081,354.00	129.00	8
Opes Prime	1,084,225.07	6,753.83	9,307,390.00	99.00	9,307,390.00	79.00	9



Company Overview



- Australian Mines Limited (“AUZ”) is a Perth based exploration company with projects in Western Australia prospective for gold and base metals.
- AUZ, formerly West Musgrave Mining Limited, was first listed in September 2001 after raising \$4.5 million. The Company changed its name to Australian Mining Limited in April 2003.
- Assets of the Company include the Blair Nickel Mine (closed), Golden Ridge Gold Project including Woodline area, East Location 45 (Ni & Au), Golden Ridge Nickel JV (AUZ 44%) and Marriott’s Nickel Project.
- Due to an unreliable nickel price, AUZ’s flagship project Blair Nickel Mine was closed and all assets of the Company were reviewed for potential sale so that creditors could be paid.
- AUZ has been suspended from Official Quotation since September 2008 and operations at its Blair Nickel Mine were ceased in December 2008 in advance of an asset sales program in which underground infrastructure assets were sold.
- AUZ currently has non statutory creditor payments due of circa \$2.8 million (to be paid from the fund raising).
- AUZ is in the process of making 2 interrelated offers (subject to a shareholders meeting to be held on or about 24 July 2009) to effect the settlement of outstanding creditor debt, and raise circa \$1.8 million courtesy of an underwritten Rights Issue.
- The Company aims to secure re-instatement to Official Quotation and with cash in hand it intends to change the Company focus to exploit its Eastern Goldfields gold interests.



Gold

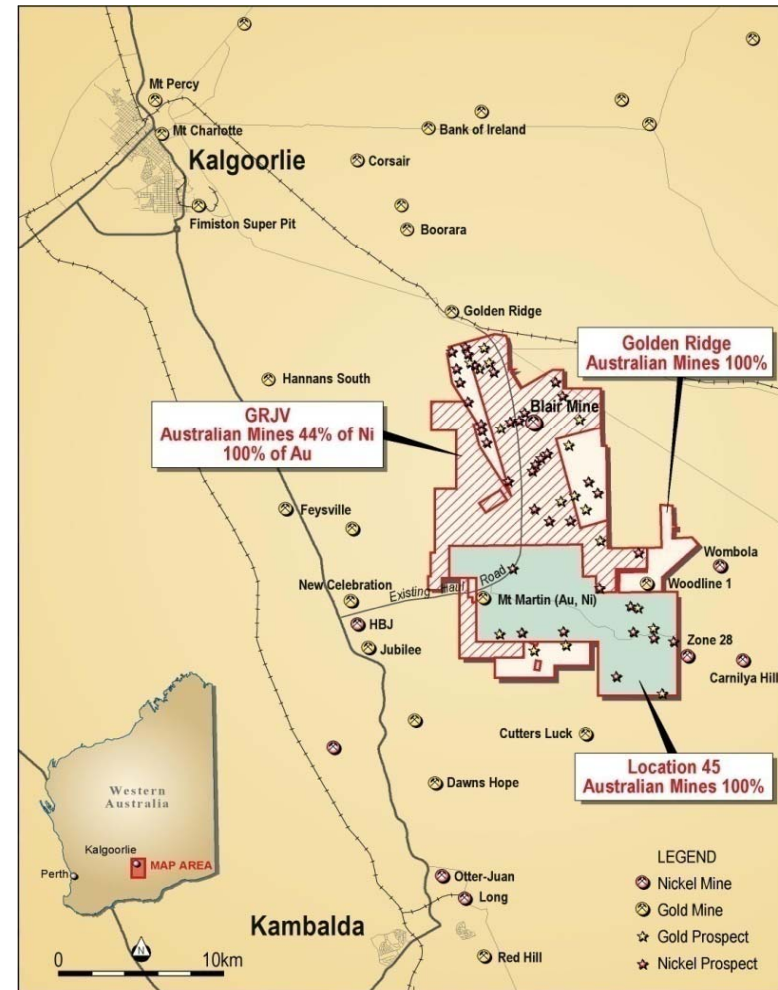
- Projects
- Golden Ridge and East Location 45
- Prospects (5 priority targets)
- The Woodline Area
- Micks Hill area
- Mt Martin Area
- The Woolibar Fault Flexure
- The Goldstar Area

Nickel Projects

- The Company also retains for the future some 28,000 tonnes of nickel metal in the form of nickel sulphide resources. Assets include:
 - Blair Nickel Mine
 - Marriotts and Goodyear
 - Golden Ridge JV (44%)

Exploration

- AUZ's exploration area comprises 223 km² located approx 35 km from Kalgoorlie including 16 granted mining leases, 4 granted prospecting licences, 1 large freehold block, 1 large exploration licence application and miscellaneous licence.





Recapitalisation Strategy



AUZ's recapitalisation strategy will incorporate the following:

Placement

- An issue of 2,416,500,000 ordinary fully paid shares at 0.1 cents per share to sophisticated investor clients of Patersons to raise \$2.4m before costs.
- Subscribers will also receive 1 free quoted attaching option for every 20 new shares subscribed (exercisable on or before 30 June 2013 at 0.2 cents).
- Funds raised from the capital raising will be used to repay \$2.4m in non statutory creditors.

Rights Issue

- An issue of new fully paid ordinary shares pursuant to an underwritten pro rata non renounceable Rights Issue on the basis of 7 new shares for every 1 share held.
- At an issue price of 0.1 cents per share the Rights Issue will look to raise up to circa \$3.2 million before costs.
- Subscribers will also receive 1 free quoted attaching option for every 20 new shares subscribed (exercisable on or before 30 June 2013 at 0.2 cents).
- AUZ will also issue 910,642,675 Underwriting Options equating to 15% of the expanded shares on issue as an inducement for sub-underwriting commitments (same terms as the free attaching options mentioned above).
- Funds raised from the capital raising will be used to repay \$0.5m in statutory creditors, working capital of \$0.5m as well as fund \$1.7m of exploration on the Company's gold projects.
- Cost of the issues are expected to be \$0.4m



Capital Structure Post the Offers



- Patersons has been appointed Lead Manager to the Rights Issue and Placement as well as Underwriter to the Rights Issue.
- The Placement and Rights Issue are interrelated where the Placement is conditional upon the Rights Issue raising no less than \$3.2 million and the Rights Issue is conditional upon Placement raising \$2.4m.
- AUZ has indicated Company introduced Rights Issue sub-underwriting support of circa \$500,000.
- The issue price of 0.1¢ represents the lowest price that shares can be quoted on ASX and as such the price has a natural floor.

	Shares (Max)	Listed options (Max)	Amount Raised \$(Max)
Current Shares on Issue	456,806,396	8,750,000*	
Rights Issue	3,197,644,772	159,882,239	3,197,645
Creditor Placement	2,416,500,000	120,825,000	2,416,500
Subunderwriter Commitment Options		910,642,675	
Total after Issues	6,070,951,168	1,200,099,914	5,614,145

- *AUZ also has on issue 8,750,000 unlisted options*
- Market capitalisation post the issue (= c.\$6.0m).



Use of Funds



Activities	\$
Gold Exploration	1,721,907
Statutory Debt	500,000
Costs of the Offers	475,738
Working Capital	345,000
Repayment of Director's Loan	155,000
Total	\$3,197,645



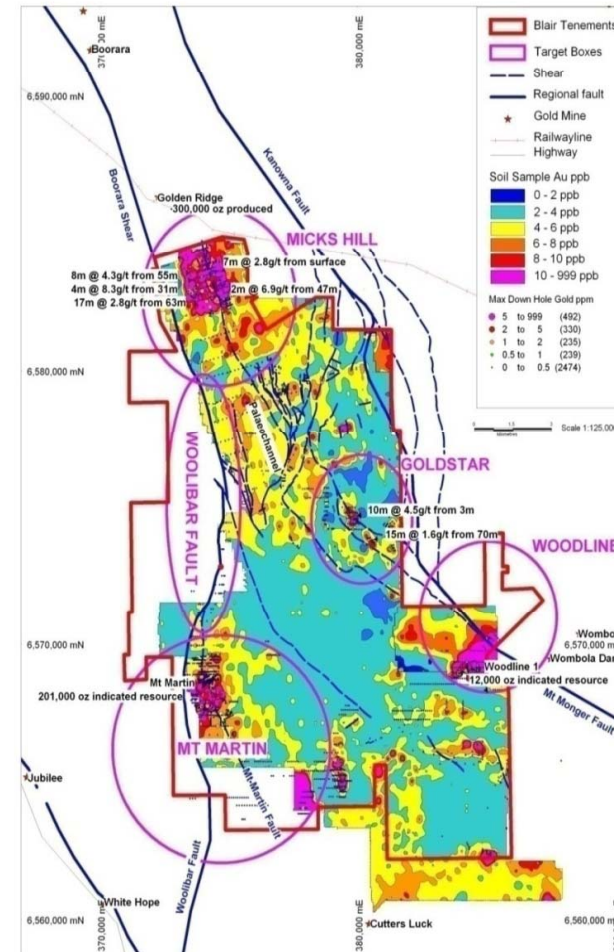
Indicative Timetable



Event	2009
Placement Issue and bookbuild with sophisticated investors	15 June
Rights Issue Prospectus Lodged	24 June
Notice sent to Shareholders	26 June
Record Date	3 July
Rights Issue Prospectus Dispatched to Shareholders	7 July
Rights Issue Closing Date	31 July
Shares quoted on a deferred settlement basis	4 August
Notify ASX of under subscriptions	6 August
Allotment and Dispatch of Securities	11 August



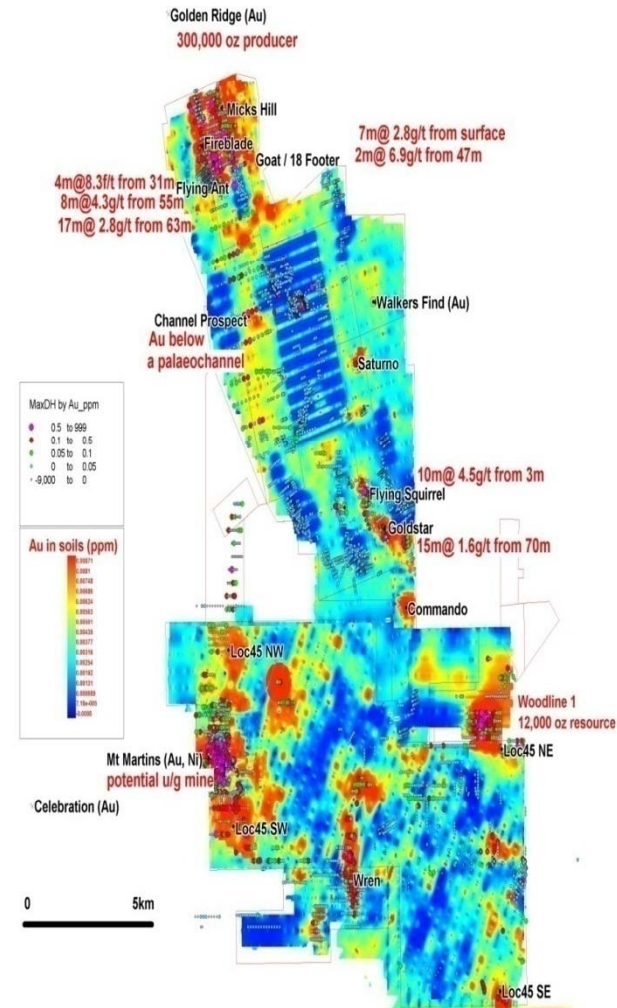
- **The Golden Ridge Project and East Location 45** total area of 223 kms², four areas of gold exploration focus.
 - **Golden Ridge**
In proximity to the Golden Ridge Mine which historically produced 250,000 ozs gold.
 - **Mount Martin**
Mt Martin gold mine to the south west has resources of 221,000 ozs of AU and produced 180,000 + ozs gold.
 - **Woodline**
contains the Woodline gold resource of 12,000 ozs gold.
 - **The EL Application E26/139 covers** an area of approximately 45 km² and has potential along the Woollibar fault.





Planned Exploration

- **Woodline** - further drilling will be conducted to test for depth extensions to the existing resource.
- **Mick's Hill** - The current model suggests that the gold system may be plunging to the south under cover and this concept will be further explored.
- **Woolibar Fault** - 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.
- **Woolibar Fault Flexure** - Little systematic gold exploration has been 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.
- **Gold Star** - 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.

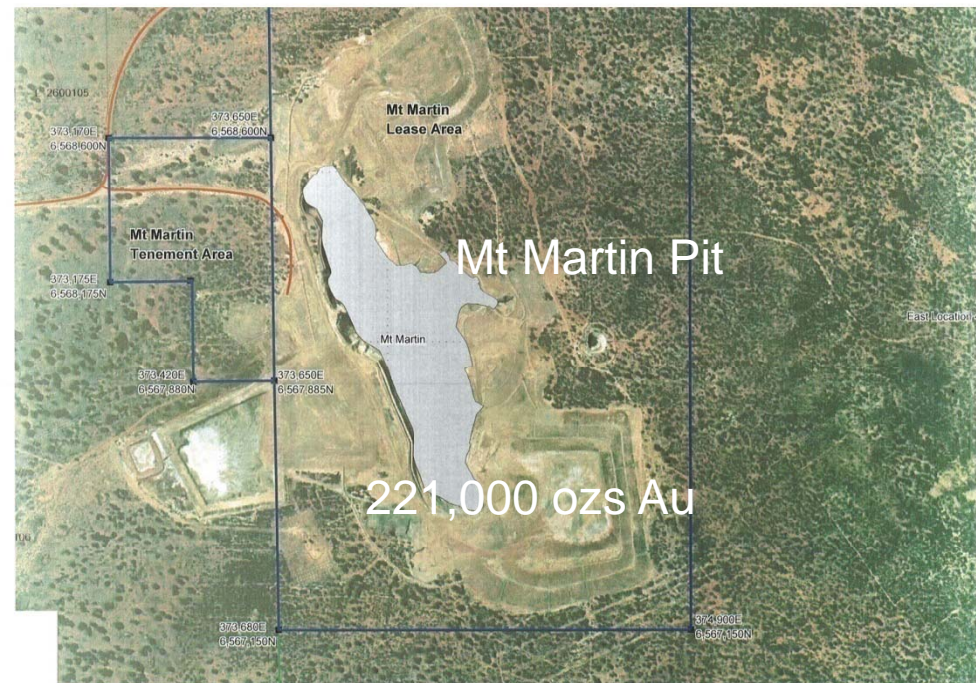




Mt Martin Gold Mine



- Mined intermittently between 1923 – 1997.
- Mt Martin currently has a Probable Ore Reserve of 370,000 tonnes at 1.8 grams/tonne for 21,000 ounces.
- The total Indicated Resource is 4.5 million tonnes at 1.5 grams/tonne for 221,000 ounces.
- A pit cut back has been optimised by Dioro but they only have time left to mine ore from the pit floor.
- Mt Martin has limited drilling below 300 meters vertical depth, plus exploration potential at the Swift Pit.
- AUZ will take over Mt Martin in January 2010 when the sublease expires.





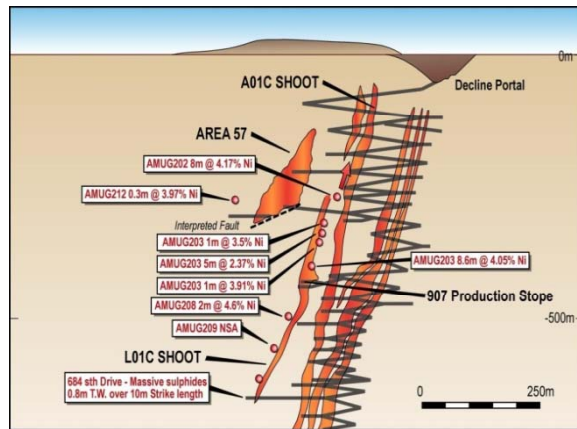
Gold Assets Summary



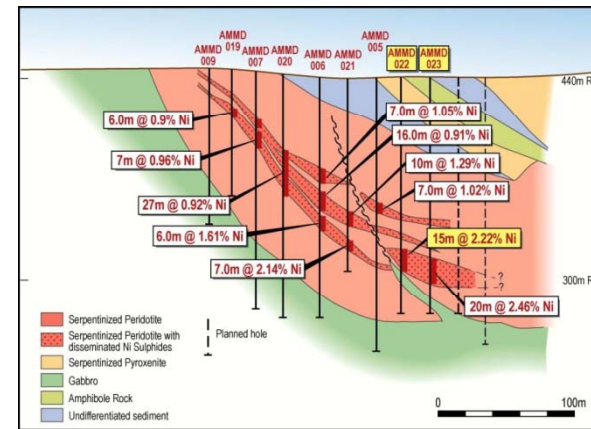
- AUZ's tenement package includes a sizable exploration portfolio in a highly prospective gold region. There are several areas of known gold mineralisation adjacent to historical workings which represent valid exploration targets. There are also a number of gold geochemical anomalies which have to be retested.
- AUZ commissioned independent consultants to prepare an internal valuation of the Company's gold assets in 2007 which was subsequently updated in 2009 with acquisition of the Mt Martin gold mine with 221,000 ozs of gold resources. A value of \$8.8m was arrived at (excluding AUZ nickel projects).
- AUZ believes its gold assets are underexplored and in particular there is significant potential at depth at Mt Martin and to date there has been no systematic approach to gold exploration over the Golden Ridge property due to the very strong nickel orientation which was the emphasis of previous companies.



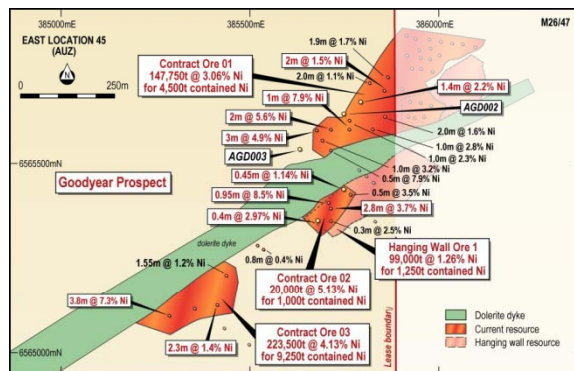
Nickel Exploration



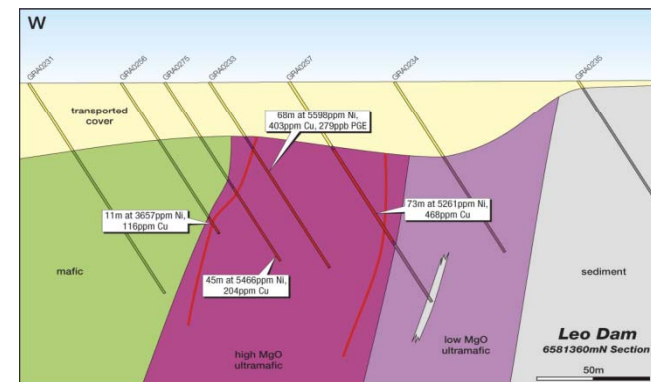
Blair Mine itself retains good exploration potential with Area 57 being an exceptionally good target



Marriott's Project has an Indicated and Inferred Resource of 9,400 contained nickel metal tonnes.



The Goodyear nickel project is located on East Location 45 where an initial Inferred Resource of 14,700 nickel tonnes was announced and is in close proximity to the Dunlop Nickel Project.



Golden Ridge JV (AUZ 44%) - AUZ has a JV with Pioneer Nickel Limited where Leo Dam has exciting potential. Highest priority nickel target located 2km from Blair Mine. 73 meters at 0.53% nickel in oxidised ultramafic



Summary



- AUZ is to emerge with zero debt and net cash of circa \$1.8m at a time when there has been a resurgence in gold assets and gold shares.
- The market capitalisation of \$6 million (post transactions) appears moderate from a longer term perspective where the valuations obtained by the company on its gold assets in 8m 2009, imply a valuation of circa \$8.8 million for the gold assets alone.
- The gold assets are under explored and offer prospectivity where the AUZ team are experienced and capable operators who are displaying leadership by participating personally in the Rights Issue.
- Turnover in the shares has been dominated by discount style broking firms (67% this year and last) and was relatively liquid prior to suspension which suggests some prospect of the market discovering value as management makes progress on the new gold strategy.
- *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.*
- *Details of Exploration Results and Mineral Resources quoted here have been previously reported to the ASX in announcements made by the company on 25 March 2009, 31 July 2008, 13 June 2008, 28 April 2008, 22 April 2008.*