



26 June 2009

Dear Shareholder,

## NON-RENOUNCEABLE ENTITLEMENT ISSUE

On 24 June 2009, Australian Mines Limited (ASX: AUZ) (**Company**) announced to the Australian Securities Exchange (**ASX**) a non-renounceable entitlement issue of approximately 3,197,644,772 fully paid ordinary shares (Shares) at an issue price of 0.1 cent each, on the basis of seven (7) new Shares for every one (1) Share held by shareholders registered at 5pm (WST) on 3 July 2009, together with one (1) free attaching option (**Option**) for every twenty (20) Shares subscribed for and allotted exercisable at 0.2 cents each on or before 30 June 2013 (**Entitlement Issue**).

The Entitlement Issue is conditionally underwritten by Patersons Securities Limited.

The Prospectus relating to the Entitlement Issue has been lodged with the Australian Securities and Investments Commission and ASX and is available on the ASX website at [www.asx.com.au](http://www.asx.com.au) for inspection. A copy of the Prospectus is also available on the Company's website at [www.australianmines.com.au](http://www.australianmines.com.au) and will be sent to shareholders on or about 7 July 2009. The timetable and important dates of the Entitlement Issue are set out below:

Lodgement of Prospectus with the ASIC	24 June 2009
Notice sent to Shareholders	26 June 2009
Ex Date	29 June 2009
Record Date for determining Shareholder entitlements	3 July 2009
Prospectus despatched to Shareholders	7 July 2009
Entitlement Issue Closing Date	31 July 2009
Shares quoted on a deferred settlement basis	4 August 2009
Notify ASX of under-subscriptions	6 August 2009
Despatch date/Shares entered into Shareholders' security holdings	11 August 2009

The purpose of the Entitlement Issue is to raise approximately \$3,197,645 (before expenses) and the funds raised will be used to repay creditors and to fund exploration on the Company's gold prospective Blair tenements.

The Company has also received firm commitments for a placement of 2,416,500,000 Shares at an issue price of 0.1 cent per Share together with 1 free attaching Option for

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every 20 Shares to be allotted and issued, to sophisticated investor clients of Patersons to raise \$2,416,500 (**Placement**).

The capital structure of the Company on completion of the Entitlement Issue and Placement will be as follows:

### Shares

	<b>Number</b>
Shares on issue as at the date of Prospectus	456,806,396
Shares offered pursuant to the Entitlement Issue	3,197,644,772
Shares offered pursuant to the Placement	2,416,500,000
<b>Total Shares on issue after completion of the Offer</b>	<b>6,070,951,168</b>

### Options

	<b>Number</b>
Unquoted options on issue as at the date of this Prospectus	8,750,000
Options offered pursuant to the Offer	159,882,239
Options offered pursuant to the Placement	120,825,000
Options to be issued to Patersons Securities Limited (or its nominees)	910,642,675
<b>Total Options on issue after completion of the Offer</b>	<b>1,200,099,914</b>

The Shares and Options offered pursuant to the Placement will be allotted after the Record Date for the Entitlement Issue such that allottees will not be eligible to participate in the Entitlement Issue.

The offer under the Prospectus is only being made to Shareholders with a registered address in Australia and New Zealand. Overseas shareholders should contact the Company Secretary with any queries.

Full details of the Entitlement Issue will be contained in the Prospectus that will be mailed to all shareholders who are registered on the record date. Shareholders eligible to participate should read the Prospectus carefully.

Yours faithfully

**Brett Young**  
**Director**  
**AUSTRALIAN MINES LIMITED**

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