



25 October 2007

ASX Company Announcement

CONSOLIDATED RESOURCES AND RESERVE STATEMENTS

Australian Mines Limited is pleased to announce revised resource estimates for the Company as of the 30th June, 2007.

Based on the new reserves, the Blair operation now has a **minimum mine life of 2.5 years**. The orebody remains open at depth and the company is confident that further underground drilling will extend the mine life.

The Company's equity share of total Mineral Resources is now 13,300 contained nickel tonnes.

BLAIR NICKEL MINE RESOURCE AND RESERVE STATEMENT

Total Mineral Resource of **105,500 tonnes @ 4.9% Ni, for 5,100 Ni tonnes**.

BLAIR MINE MINERAL RESOURCE (UNDILUTED)

| Location | Category | Resource Tonnes | Nickel % | Nickel Tonnes |
|-------------------------------------------------|------------------|-----------------|------------|---------------|
| 01 & 03 Surfaces - Sulphide Resource | Measured | 38,543 | 5.5 | 2,135 |
| | Indicated | 34,658 | 4.0 | 1,374 |
| | Inferred | 25,994 | 4.7 | 1,228 |
| | Sub-total | 99,000 | 4.8 | 4,750 |
| Area 57 - Sulphide Resource | Measured | 3,000 | 5.9 | 180 |
| | Indicated | 3,000 | 5.8 | 170 |
| | Inferred | 500 | 5.4 | 30 |
| | Sub-total | 6,500 | 5.8 | 380 |
| Blair Mine Sulphide Resource | Total | 105,500 | 4.9 | 5,100 |

Table 1: Blair Mine Nickel Mineral Resource as at June 30th 2007 (totals do not add exactly due to rounding)

The ore surfaces at Blair lie at the stratigraphic base of an ultramafic sequence on a contact with metabasalt or metasediments, and are typical of Kambalda-type contact mineralisation.

There is a wealth of previous mining experience and documentation at Blair which indicates that the geological picture is well understood, and resource envelopes are based on a combination of previous mining history and diamond drilling completed to date on the 03C and 01C surface ('Blair Deeps'), and the Area 57 orebody.

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Blair Mine Ore Reserve

| Location | Category | Reserve Tonnes | Nickel % | Nickel Tonnes |
|------------------------------------------|------------------|----------------|------------|---------------|
| 01,03 Surfaces - Sulphide Reserve | Proved | 58,780 | 3.6 | 2,116 |
| | Probable | 56,735 | 2.4 | 1,362 |
| | Sub-total | 115,000 | 3.0 | 3,500 |
| Area 57 - Sulphide Reserve | Proved | 6,981 | 2.4 | 168 |
| | Probable | 7,569 | 2.3 | 174 |
| | Sub-total | 14,550 | 2.3 | 340 |
| Blair Mine Sulphide Reserve | Total | 130,000 | 2.9 | 3,840 |

Table 2: Blair Mine Ore Reserves as at June 30th 2007 (totals do not add exactly due to rounding)

The information in the table above that relates to Ore Reserves is based upon information compiled by Mr Neil Warburton, who is a Member of The Australasian Institute of Mining & Metallurgy. Mr Warburton is a director of the company and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and the activity in which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (the JORC Code). Mr Warburton consents to the inclusion in this report of the information, in the form and context in which it appears.

The mining ore reserves are calculated by adding mining dilution to the resource model according to the mining method to be used and estimated mining recovery. For example, airleg stoping would incur less planned dilution than jumbo stoping, due to the ability of airleg miners to follow the ore more closely and mine to a more narrow width than a mechanised jumbo drill.

OTHER NICKEL RESOURCES

| Location | Category | Resource Tonnes | Nickel % | Nickel Tonnes |
|----------------------------------------|------------------|-----------------|-------------|---------------|
| Blair South – Sulphide Resource | Measured | 0 | 0.00 | 0 |
| | Indicated | 0 | 0.00 | 0 |
| | Inferred | 74,000 | 1.35 | 1,000 |
| | Sub-total | 74,000 | 1.35 | 1,000 |
| Marriott's – Sulphide Resource | Measured | 0 | 0.00 | 0 |
| | Indicated | 0 | 0.00 | 0 |
| | Inferred | 550,000 | 1.4 | 7,700 |
| | Sub-total | 550,000 | 1.4 | 7,700 |

Table 3: Other nickel sulphide resources as at June 30th 2007

Blair South Resource

The Blair South prospect forms part of the Golden Ridge Project, which is a joint venture between Pioneer Nickel and Australian Mines. Wide intervals of shallow disseminated nickel

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sulphides have been discovered at the prospect by which are considered to have economic potential. The Blair South sulphide resource has been classified as inferred on the basis of the quality of the drilling, sampling and assaying. However, metallurgical test work has yet to be carried out.

Marriott's Resource

The purchase of the Marriott's Project from BHP Billiton was completed in July 2007. The Marriott's nickel sulphide resource has not changed since June 2006. Although Australian Mines has completed a 38 hole in-fill diamond drilling and metallurgical testwork program since purchasing Marriott's, the resource statement remains unchanged as not all of the assays have been returned, and a new resource model not been completed. Once all the assay results have been returned from Phase 1 and Phase 2 drilling programmes then an updated resource will be determined and published.

GOLD RESOURCE AND RESERVE STATEMENT WOODLINE 1 MINERAL RESOURCE (UNDILUTED)

| Location | Category | Resource Tonnes | Gold g/t | Gold Ounces |
|------------|--------------|-----------------|------------|---------------|
| Woodline 1 | | | | |
| | Indicated | 123,000 | 2.9 | 11,500 |
| | Inferred | 5,000 | 4.6 | 700 |
| | Total | 128,000 | 3.0 | 12,200 |

Table 4: Woodline 1 resource as at June 30th 2007

In June 2007, a revised resource estimation study was completed for the Woodline 1 gold deposit on mining lease M26/782 which is approximately 10km south-east of the Blair Nickel Mine. Woodline 1 contains total resources of 12,200 ounces gold, with 11,500 ounces as an indicated resource. Albeit a small deposit, Woodline 1 is very shallow, and is shaping up as a low cost, high margin open pit operation.

OUTLOOK

The Company is very encouraged by the new resource estimates. It has widened the resource base from being reliant on Blair Mine to now having resources at Marriott's and Blair South.

Also gold is seen as being a vital part of the resources base and we continue to seek opportunities to maximise the shareholder value for our gold assets

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The resource models in this report that relates to Mineral Resources were reviewed by Mr E Poole who is a professional geologist with 20 years experience and is a Member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr E Poole is a full time employee of the Company. Mr Poole has sufficient experience which is relevant to nickel sulphide mineralisation and resource estimation to qualify as a competent person as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code. Mr Poole consents to the inclusion in this report of the information, in the form and context in which it appears.

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