



ASX Announcement
31 October 2006

NOTICE OF ANNUAL GENERAL MEETING

Australian Mines Limited (ASX: AUZ) is pleased to announce the following documents have been dispatched to shareholders:

The Company's Annual Report for the year ended 30 June 2006.

The Notice of Annual General Meeting of the Company to be held at Allendale Square Meeting Room, Suite 1, Level 31, 77 St Georges Tce, Perth WA on 29 November 2006 at 3pm (WST).

The Notice of General Meeting and Explanatory Memorandum and Proxy Form are attached.

For further information contact:

Brett Young
Chief Operating Officer
Australian Mines Limited
Tel: 08 9481 5811

**LEVEL 1, 681 MURRAY STREET, WEST PERTH, 6005
(PO BOX 883, West Perth, WA 6872)**

**Tel: (08) 9481 5811 Fax: (08) 9481 5611
Email: office@australianmines.com.au**

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT**

**For the Annual General Meeting to be held on
29 November 2006 (3pm Western Standard Time)
at Allendale Square Meeting Room, Suite 1, Level 31, 77 St Georges Terrace, Perth
Western Australia**

*This is an important document. Please read it carefully and in its entirety.
If you do not understand it please consult with your professional advisers.*

If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

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TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

This Annual General Meeting of the shareholders of Australian Mines Limited will be held at:

**Allendale Square Meeting Room
Suite 1, Level 31
77 St Georges Terrace
Perth, Western Australia**

**Commencing
at 3pm (WST)
on 29 November 2006**

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person you need to attend the meeting on the date and at the place set out above. The meeting will commence at 3pm (WST).

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- return the proxy form to the Company's office at Level 1, 681 Murray Street, West Perth, Western Australia,
- Post the proxy addressed Australian Mines Limited, P O Box 883, West Perth, WA 6872, or
- send the proxy by facsimile to facsimile number (08) 9481 5611,

so that it is received not later than 3pm (WST) on 27 November 2006.

Your proxy form is enclosed.

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

SECTION 1

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of AUSTRALIAN MINES LIMITED will be held on 29 November 2006 at Allendale Square Meeting Room, Suite 1, Level 31, 77 St Georges Terrace, Perth, Western Australia at 3pm (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

GENERAL BUSINESS

Accounts and Reports

To receive and consider the Financial Reports of the Company and the consolidated entity for the financial year ended 30 June 2006 and the reports of the Directors and Auditors thereon.

1. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass with or without amendment, the following in accordance with section 250R(2) of the Corporations Act:

"That the Remuneration Report in the 2006 Annual Report of the Company be adopted."

Short Explanation: The Remuneration Report is in the Directors Report section of the Company's Annual Report. Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors or the Company.

2. Resolution 2 - Re - election of Director Mr Mick Elias

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Mr Mick Elias, who retires by rotation in accordance with rule 7.3 of the Constitution of the Company, and being eligible offers himself for election, is hereby re-elected as a Director of the Company."

Short Explanation: Mr Mick Elias has been a Director of the Company since 1 July 2005 and was re-elected on 29 November 2005. Mr Elias is presented for re-election in accordance with the rotation requirements of the Company's Constitution.

SPECIAL BUSINESS

3. Resolution 3 – Grant of Options to Mr Brett Young

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the Company to grant to Mr Brett Young or his nominee up to 6,000,000 options to acquire fully paid ordinary shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Under the related party provisions of the Corporations Act (Chapter 2E) the provision of any financial benefit (which includes the grant of options) to a related party requires shareholder approval unless excepted in terms of the Corporations Act. The ASX Listing Rules requires the Company to seek shareholder approval prior to the issue of securities to a related party. Mr Young is a related party of the Company.

The Company will disregard any votes cast on this Resolution 3 by Mr Brett Young or any of his associates or any person who may obtain a benefit if this Resolution 3 is passed other than in their capacity as Shareholder. However, the Company need not disregard a vote cast on this Resolution 3 if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Resolution 4 – Grant of Options to Mr Neil Warburton

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the Company to grant to Mr Neil Warburton or his nominee up to 4,000,000 options to acquire fully paid ordinary shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Under the related party provisions of the Corporations Act (Chapter 2E) the provision of any financial benefit (which includes the grant of options) to a related party requires shareholder approval unless excepted in terms of the Corporations Act. The

ASX Listing Rules requires the Company to seek shareholder approval prior to the issue of securities to a related party. Mr Warburton is a related party of the Company.

The Company will disregard any votes cast on this Resolution 4 by Mr Neil Warburton or any of his associates or any person who may obtain a benefit if this Resolution 4 is passed other than in their capacity as Shareholder. However, the Company need not disregard a vote cast on this Resolution 4 if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Resolution 5 – Grant of Options to Mr Mick Elias

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the Company to grant to Mr Mick Elias or his nominee up to 3,000,000 options to acquire fully paid ordinary shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Under the related party provisions of the Corporations Act (Chapter 2E) the provision of any financial benefit (which includes the grant of options) to a related party requires shareholder approval unless excepted in terms of the Corporations Act. The ASX Listing Rules requires the Company to seek shareholder approval prior to the issue of securities to a related party. Mr Elias is a related party of the Company.

The Company will disregard any votes cast on this Resolution 5 by Mr Mick Elias or any of his associates or any person who may obtain a benefit if this Resolution 5 is passed other than in their capacity as Shareholder. However, the Company need not disregard a vote cast on this Resolution 5 if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Resolution 6 - Approval of Increase in Directors' Fees

To consider, and if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.17 of the Listing Rules of the Australian Stock Exchange Limited, rule 7.5 of the Company's Constitution and for all other purposes, the

maximum aggregate amount that may be paid as directors fees in any 12-month period be increased by \$100,000 to \$300,000.”

Short Explanation: The Company's Constitution requires that the maximum aggregate remuneration that may be paid to Directors as directors' fees is to be set at a fixed sum per annum by the Company in general meeting. ASX Listing Rule 10.17 prohibits the Company increasing the directors' fees unless the increase is approved by Shareholders.

The Company will disregard any votes cast on this Resolution 6 by all directors of the Company and any of their associates.

However, the Company need not disregard a vote on this Resolution 6 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 3pm on 27 November 2006.
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

By order of the Board



Mr Brett Young
Executive Director and Chief Operating Officer
Dated: 31 October 2006

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

SECTION 2

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of Resolutions 1- 6 contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is in the Directors Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2006.

The Directors recommend that Shareholders vote in favour of Resolution 1. Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only and will not bind the Board or the Company. However the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

2. RESOLUTION 2 – RE-ELECTION OF MR MICK ELIAS AS DIRECTOR

By rule 7.3 of the Company's Constitution, one third of the current Directors (not including any Director appointed as the managing director and any Directors appointed as casual vacancies) must retire from office by rotation at each Annual General Meeting.

In accordance with clause 7.3, Mr Mick Elias is presented for re-election by Resolution 2. Mr Mick Elias has been a Director since 1 July 2005.

Mr Mick Elias offers himself for election by Resolution 2.

Details of the qualifications and experience of Mr Mick Elias are set out in the 2006 Annual Report for the Company.

3. **RESOLUTION 3 – GRANT OF OPTIONS TO MR BRETT YOUNG**

Background

Resolution 3 seeks Shareholder approval for the grant of up to 6,000,000 Options to Mr Brett Young or his nominee as part of a Director incentive scheme. Mr Young is a full-time Executive Director of the Company.

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and ASX Listing Rule 10.11 because Mr Young as a Director is a related party of the Company.

Chapter 2E of the Corporations Act

Related Party Transaction

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Brett Young is a related party of the Company as a Director.

Resolution 3 provides for the grant of Options to a related party, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying.

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

(a) ***The Related Party to Whom the Proposed Resolution would Permit the Financial Benefit to be Given:***

The related party is Mr Young or his nominee.

(b) ***The Nature of the Financial Benefit***

The proposed financial benefit to be given is the grant of up to 6,000,000 Options for no cash consideration to Mr Young or his nominee. The financial benefit will constitute part of Mr Young's remuneration package as an Executive Director.

The Options to be granted to Mr Young or his nominee and details of the vesting criteria, exercise price and expiry date are set out in the table below:

Tranche	Number of Options	Vesting Criteria	Exercise Price of Options	Expiry Date
1 st	1,500,000	Nil.	5 cents	30 November 2011
2 nd	1,500,000	Minimum period of service as a director or consultant to the Company - 12 months from the date of Shareholder approval*	7.5 cents	30 November 2011
3 rd	1,500,000	Minimum period of service as a director or consultant to the Company - 24 months from the date of Shareholder approval*	10 cents	30 November 2011
4 th	1,500,000	Minimum period of service as a director or consultant to the Company – 36 months from the date of Shareholder approval*	12 cents	30 November 2011

*The vesting criteria will be waived so that full vesting occurs in the event of a takeover of the Company.

Initially the Board proposed that Mr Brett Young (or his nominee) would receive Options with respective exercise prices of 4, 6, 8 and 10 cents. However, the Board decided to agree to set the respective exercise prices at 5, 7.5, 10 and 12 cents in view of the recent increase in the share price of the Company.

The Options will be granted within one month of the date of the Meeting. However, the 2nd, 3rd and 4th tranches will not fully vest so as to be capable of exercise unless the minimum service period criteria is met. It is not the current intention of the Company for the Options to be quoted.

Otherwise, the general terms and conditions of all the Options are set out in Annexure 1.

(c) ***Directors Recommendation and Basis of Financial Benefit***

The Board consists of Mr Brett Young, Mr Neil Warburton and Mr Mick Elias.

The number of Options to be granted to Mr Young as an executive Director and their terms were negotiated with Mr Young by the other Directors independent of the Resolution being Messrs Warburton and Elias.

The purpose of the grant of the Options is to give Mr Young an incentive to provide dedicated and ongoing commitment and effort to the Company. The full vesting of

the Options are contingent on service periods. The independent Directors consider the particular number and terms of the Options to be granted to constitute an appropriate number to adequately incentivise Mr Young in light of his skill, experience and reputation and when considered together with his salary and other remuneration as a full-time executive Director (as detailed below).

Mr Neil Warburton and Mr Mick Elias as the Directors independent of the Resolution recommend Shareholders vote in favour of the Resolution for the reasons set out above.

Mr Brett Young abstains from making a recommendation to Shareholders as to the Resolution as he has an interest in the outcome of the Resolution being the recipient of the Options.

(d) ***Dilution***

The passing of the Resolution would have the effect of granting Mr Brett Young (or his nominee) Options on the terms and conditions as set out in the table at 3(b) above and in Annexure 1.

If any Options granted as proposed above are exercised the effect would be to dilute the shareholding of existing Shareholders. The market price of the Company's Shares during the period of the Options will normally determine whether or not option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be valued at a price that is higher than the exercise price of the Options.

If all Options to be granted under this Resolution were to be exercised, the effect would be to dilute the shareholding of existing Shareholders by approximately 1.32% on an undiluted basis and being based on the total number of Shares on issue at the date of this Notice of 454,558,396.

(e) ***Total Remuneration Package of Mr Young***

The current remuneration received by Mr Young is \$187,000 per annum plus statutory superannuation. Mr Young is entitled to be reimbursed for reasonable expenses in providing his services. Mr Young is not entitled to a separate Director's fee.

(f) ***Existing Relevant Interest***

Mr Young and his associates currently have a relevant interest in 4,184,294 Shares. Mr Young has no current relevant interest in any Options.

(g) ***Trading History***

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Date	Closing Price
Highest Price	17 October 2006	7.8 cents
Lowest Price	6 December 2005	1.4 cents
Latest Price	17 October 2006	7.8 cents

(h) ***Valuation of Options***

The Company's independent advisers, Stanton Partners Corporate Pty Ltd, have valued the Options to be granted to Brett Young by reference to the Black and Scholes option pricing model based on the following assumptions:

Input		Note
Underlying Security spot price	5.2 cents	1
Exercise price	Tranche 1: 5 cents Tranche 2: 7.5 cents Tranche 3: 10 cents Tranche 4: 12 cents	
Valuation date	12 October 2006	
Dividend rate	0%	
Volatility factor	75%	2
Risk free rate	5.80%	3
Expiration date - Tranches 1, 2, 3 & 4	30 November 2011	

Note 1 The underlying security spot price used for the purposes of this valuation is based on share price at 10:30 am on 12 October 2006.

Note 2 The volatility factor preferred is 75%, taking into account trades over the three months to 11 October 2006, the share price at 11 October 2006, the length of the options (5 years), the speculation on drilling results on nickel and gold tenements and general volatilities for junior mining exploration companies.

Note 3 The risk free rate is the 5 year Australian Commonwealth Government bond rate at October 2006.

A discount of 35% has been applied as a result of the Options not being listed and freely tradeable. No further discount has been applied by reason of the vesting hurdles.

Based on the above assumptions, the Options have been valued as follows:

Tranche	Number of Options	Value of an Option
1	1,500,000	2.24 cents
2	1,500,000	2.15 cents
3	1,500,000	1.77 cents
4	1,500,000	1.64 cents

(i) ***Other Information***

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

ASX Listing Rule 10.11

For the purposes of ASX Listing Rule 10.11, Mr Young is a related party of the Company.

Accordingly, in order to grant the Options to Mr Young (or his nominee), the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options to Mr Young as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the grant of the Options to Mr Young will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in the notice of meeting convened to consider shareholder approval under ASX Listing Rule 10.11.

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to the Resolution. This information is as follows:

- (a) the Options will be granted to Mr Young or his nominee;
- (b) the maximum number of Options the Company will grant to Mr Young or his nominee is 6,000,000;
- (c) the Options will be issued no later than one (1) month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Options will be granted for nil cash consideration and the terms and conditions of the Options are set out in the table in section 3(b) and Annexure 1 of this Explanatory Statement; and
- (e) there will be no funds raised from the issue of the Options to Mr Young (or his nominee).

4. **RESOLUTION 4 – GRANT OF OPTIONS TO MR NEIL WARBURTON**

Background

Resolution 4 seeks Shareholder approval for the grant of up to 4,000,000 Options to Mr Neil Warburton or his nominee as part of a Director incentive scheme. Mr Warburton is the Non Executive Chairman of the Company.

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and ASX Listing Rule 10.11 because Mr Warburton as a Director is a related party of the Company.

Chapter 2E of the Corporations Act

Related Party Transaction

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Neil Warburton is a related party of the Company as a Director.

Resolution 4 provides for the grant of Options to a related party, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

- (a) ***The Related Party to Whom the Proposed Resolution would Permit the Financial Benefit to be Given:***

The related party is Mr Warburton or his nominee.

- (b) ***The Nature of the Financial Benefit***

The proposed financial benefit to be given is the grant of up to 4,000,000 Options for no cash consideration to Mr Warburton or his nominee.

The Options to be granted to Mr Warburton or his nominee and details of the vesting criteria, exercise price and expiry date are set out in the table below:

Tranche	Number of Options	Vesting Criteria	Exercise Price of Options	Expiry Date
1 st	1,000,000	Nil.	5 cents	30 November 2011
2 nd	1,000,000	Minimum period of service as a director or consultant to the Company - 12 months from the date of Shareholder approval*	7.5 cents	30 November 2011
3 rd	1,000,000	Minimum period of service as a director or consultant to the Company - 24 months from the date of Shareholder approval*	10 cents	30 November 2011
4 th	1,000,000	Minimum period of service as a director or consultant to the Company – 36 months from the date of Shareholder approval*	12 cents	30 November 2011

*The vesting criteria will be waived so that full vesting occurs in the event of a takeover of the Company.

Initially the Board proposed that Mr Neil Warburton or his nominee would receive Options with respective exercise prices of 4, 6, 8 and 10 cents. However, the Board decided to agree to set the respective exercise prices at 5, 7.5, 10 and 12 cents in view of the recent increase in the share price of the Company.

The Options will be granted within one month of the date of the Meeting. However, the 2nd, 3rd and 4th tranches will not fully vest so as to be capable of exercise unless the minimum service period criteria is met. It is not the current intention of the Company for the Options to be quoted.

Otherwise, the general terms and conditions of all the Options are set out in Annexure 1.

(c) ***Directors Recommendation and Basis of Financial Benefit***

The Board consists of Mr Brett Young, Mr Neil Warburton and Mr Mick Elias.

The number of Options to be granted to Mr Warburton as a non-executive Director and their terms were negotiated with Mr Warburton by the other Directors independent of the Resolution being Messrs Young and Elias.

The purpose of the grant of the Options is to give Mr Warburton an incentive to provide dedicated and ongoing commitment and effort to the Company. The full vesting of the Options are contingent on service periods. The independent Directors consider the particular number and terms of the Options to be granted to constitute an appropriate number to adequately incentivise Mr Warburton in light of his skill,

experience and reputation and when considered together with his other remuneration as a non-executive Chairman of Directors (as detailed below).

Mr Brett Young and Mr Mick Elias as the Directors independent of the Resolution recommend Shareholders vote in favour of the Resolution for the reasons set out above.

Mr Neil Warburton abstains from making a recommendation to Shareholders as to the Resolution as he has an interest in the outcome of the Resolution being the recipient of the Options.

(d) ***Dilution***

The passing of the Resolution would have the effect of granting Neil Warburton (or his nominee) Options on the terms and conditions as set out in the table in section 4(b) above and in Annexure 1.

If any Options granted as proposed above are exercised the effect would be to dilute the shareholding of existing Shareholders. The market price of the Company's Shares during the period of the Options will normally determine whether or not option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be valued at a price that is higher than the exercise price of the Options.

If all Options to be granted under this Resolution were to be exercised, the effect would be to dilute the shareholding of existing Shareholders by approximately 0.88% on an undiluted basis and being based on the total number of Shares on issue at the date of this Notice of 454,558,396.

(e) ***Total Remuneration Package of Mr Warburton***

The current remuneration received by Mr Warburton is \$80,000 per annum consisting of a director's fee. Mr Warburton is entitled to be reimbursed for reasonable expenses in providing his services.

(f) ***Existing Relevant Interest***

Mr Warburton and his associates currently have a relevant interest in 34,200,000 Shares. Warburton has no current relevant interest in Options.

(g) ***Trading History***

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Date	Closing Price
Highest Price	17 October 2006	7.8 cents
Lowest Price	6 December 2005	1.4 cents
Latest Price	17 October 2006	7.8 cents

(h) ***Valuation of Options***

The Company's independent advisers, Stanton Partners Corporate Pty Ltd, have valued the Options to be granted to Neil Warburton by reference to the Black and Scholes option pricing model based on the following assumptions:

Input		Note
Underlying Security spot price	5.2	1
Exercise price	Tranche 1: 5 cents Tranche 2: 7.5 cents Tranche 3: 10 cents Tranche 4: 12 cents	
Valuation date	12 October 2006	
Dividend rate	0%	
Volatility factor	75%	2
Risk free rate	5.80%	3
Expiration date: Tranches 1, 2, 3 & 4	30 November 2011	

Note 1 The underlying security spot price used for the purposes of this valuation is based on share price at 10:30 am on 12 October 2006.

Note 2 The volatility factor preferred is 75%, taking into account trades over the three months to 11 October 2006, the share price at 11 October 2006, the length of the options (5 years), the speculation on drilling results on nickel and gold tenements and general volatilities for junior mining exploration companies.

Note 3 The risk free rate is the 5 year Australian Commonwealth Government bond rate at October 2006.

A discount of 35% has been applied as a result of the Options not being listed and freely tradeable. No further discount has been applied by reason of the vesting hurdles.

Based on the above assumptions, the Options have been valued as follows:

Tranche	Number of Options	Value of an Option
1	1,000,000	2.24 cents
2	1,000,000	2.15 cents
3	1,000,000	1.77 cents
4	1,000,000	1.64 cents

(i) ***Other Information***

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

ASX Listing Rule 10.11

For the purposes of ASX Listing Rule 10.11, Mr Warburton is a related party of the Company.

Accordingly, in order to grant the Options to Mr Warburton (or his nominee), the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options to Mr Warburton as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the grant of the Options to Mr Warburton will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in the notice of meeting convened to consider shareholder approval under ASX Listing Rule 10.11.

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to the Resolution. This information is as follows:

- (a) the Options will be granted to Mr Warburton or his nominee;
- (b) the maximum number of Options the Company will grant to Mr Warburton or his nominee is 4,000,000;
- (c) the Options will be issued no later than one (1) month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Options will be granted for nil cash consideration and the terms and conditions of the Options are set out in the table in section 4(b) and Annexure 1 of this Explanatory Statement;
- (e) there will be no funds raised from the issue of the Options to Mr Warburton (or his nominee); and
- (f) the purpose of the grant of Options to Mr Warburton is to give him an incentive to provide dedicated and ongoing commitment and effort to the Company. The Company acknowledges the issue of the Options to a non-executive Director is

contrary to recommendation 9.3 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of the Options to be reasonable in the circumstances given the Company's size and stage of development and the necessity to attract and retain the highest calibre of professionals to the role of non-executive Director whilst maintaining the Company's cash reserves.

5. RESOLUTION 5 – GRANT OF OPTIONS TO MR MICK ELIAS

Background

Resolution 5 seeks Shareholder approval for the grant of up to 3,000,000 Options to Mr Mick Elias or his nominee as part of a Director incentive scheme. Mr Elias is a Non-Executive Director of the Company.

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and ASX Listing Rule 10.11 because Mr Elias as a Director is a related party of the Company.

Chapter 2E of the Corporations Act

Related Party Transaction

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Mick Elias is a related party of the Company as a Director.

Resolution 5 provides for the grant of Options to a related party, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

- (a) ***The Related Party to Whom the Proposed Resolution would Permit the Financial Benefit to be Given:***

The related party is Mr Elias or his nominee.

- (b) ***The Nature of the Financial Benefit***

The proposed financial benefit to be given is the grant of up to 3,000,000 Options for no cash consideration to Mr Elias or his nominee.

The Options to be granted to Mr Elias or his nominee and details of the vesting criteria, exercise price and expiry date are set out in the table below:

Tranche	Number of Options	Vesting Criteria	Exercise Price of Options	Expiry Date
1 st	750,000	Nil.	5 cents	30 November 2011
2 nd	750,000	Minimum period of service as a director or consultant to the Company - 12 months from the date of Shareholder approval*	7.5 cents	30 November 2011
3 rd	750,000	Minimum period of service as a director or consultant to the Company - 24 months from the date of Shareholder approval*	10 cents	30 November 2011
4 th	750,000	Minimum period of service as a director or consultant to the Company – 36 months from the date of Shareholder approval*	12 cents	30 November 2011

*The vesting criteria will be waived so that full vesting occurs in the event of a takeover of the Company.

Initially the Board proposed that Mr Mick Elias (or his nominee) would receive Options with respective exercise prices of 4, 6, 8 and 10 cents. However, the Board decided to agree to set the respective exercise prices at 5, 7.5, 10 and 12 cents in view of the recent increase in the share price of the Company.

The Options will be granted within one month of the date of the Meeting. However, the 2nd, 3rd and 4th tranches will not fully vest so as to be capable of exercise unless the minimum service period criteria is met. It is not the current intention of the Company for the Options to be quoted.

Otherwise, the general terms and conditions of all the Options are set out in Annexure 1.

(c) ***Directors Recommendation and Basis of Financial Benefit***

The Board consists of Mr Brett Young, Mr Neil Warburton and Mr Mick Elias.

The number of Options to be granted to Mr Elias as a non-executive Director and their terms were negotiated with Mr Elias by the other Directors independent of the Resolution being Messrs Warburton and Young.

The purpose of the grant of the Options is to give Mr Elias an incentive to provide dedicated and ongoing commitment and effort to the Company. The full vesting of the Options are contingent on service periods. The independent Directors consider the particular number and terms of the Options to be granted to constitute an appropriate number to adequately incentivise Mr Elias in light of his skill,

experience and reputation and when considered together with his other remuneration as a non-executive Director (as detailed below).

Mr Neil Warburton and Mr Brett Young as the Directors independent of the Resolution recommend Shareholders vote in favour of the Resolution for the reasons set out above.

Mr Mick Elias abstains from making a recommendation to Shareholders as to the Resolution as he has an interest in the outcome of the Resolution being the recipient of the Options.

(d) ***Dilution***

The passing of the Resolution would have the effect of granting Mr Mick Elias (or his nominee) Options on the terms and conditions as set out in the table in section 5(b) above and in Annexure 1.

If any Options granted as proposed above are exercised the effect would be to dilute the shareholding of existing Shareholders. The market price of the Company's Shares during the period of the Options will normally determine whether or not option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be valued at a price that is higher than the exercise price of the Options.

If all Options to be granted under this Resolution were to be exercised, the effect would be to dilute the shareholding of existing Shareholders by approximately 0.66% on an undiluted basis and being based on the total number of Shares on issue at the date of this Notice of 454,558,396.

(e) ***Total Remuneration Package of Mr Elias***

The current remuneration received by Mr Elias is \$42,500 per annum consisting of a director's fee. Mr Elias is entitled to be reimbursed for reasonable expenses in providing his services.

(f) ***Existing Relevant Interest***

Mr Elias and his associates currently have a relevant interest in 1,000,000 Shares. Mr Elias has no current relevant interest in Options.

(g) ***Trading History***

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Date	Closing Price
Highest Price	17 October 2006	7.8 cents
Lowest Price	6 December 2005	1.4 cents
Latest Price	17 October 2006	7.8 cents

(h) ***Valuation of Options***

The Company's independent advisers, Stanton Partners Corporate Pty Ltd, have valued the Options to be granted to Mick Elias by reference to the Black and Scholes option pricing model based on the following assumptions:

Input		Note
Underlying Security spot price	5.2 cents	1
Exercise price 1	1 st Tranche: 5 cents 2 nd Tranche: 7.5 cents 3 rd Tranche: 10 cents 4 th Tranche: 12 cents	
Valuation date	12 October 2006	
Dividend rate	0%	
Volatility factor	75%	2
Risk free rate	5.80%	3
Expiration date - Tranches 1, 2, 3 & 4	30 November 2011	

Note 1 The underlying security spot price used for the purposes of this valuation is based on share price at 10:30 am on 12 October 2006.

Note 2 The volatility factor preferred is 75%, taking into account trades over the three months to 11 October 2006, the share price at 11 October 2006, the length of the options (5 years), the speculation on drilling results on nickel and gold tenements and general volatilities for junior mining exploration companies.

Note 3 The risk free rate is the 5 year Australian Commonwealth Government bond rate at October 2006.

A discount of 35% has been applied as a result of the Options not being listed and freely tradeable. No further discount has been applied by reason of the vesting hurdles.

Based on the above assumptions, the Options have been valued as follows:

Tranche	Number of Options	Value of an Option
1	750,000	2.24 cents
2	750,000	2.15 cents
3	750,000	1.77 cents
4	750,000	1.64 cents

(i) ***Other Information***

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

ASX Listing Rule 10.11

For the purposes of ASX Listing Rule 10.11, Mr Elias is a related party of the Company.

Accordingly, in order to grant the Options to Mr Elias (or his nominee), the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options to Mr Elias as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the grant of the Options to Mr Elias will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in the notice of meeting convened to consider shareholder approval under ASX Listing Rule 10.11.

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to the Resolution. This information is as follows:

- (a) the Options will be granted to Mr Elias or his nominee;
- (b) the maximum number of Options the Company will grant to Mr Elias or his nominee is 3,000,000;
- (c) the Options will be issued no later than one (1) month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Options will be granted for nil cash consideration and the terms and conditions of the Options are set out in the table in section 5(b) and Annexure 1 of this Explanatory Statement;
- (e) there will be no funds raised from the issue of the Options to Mr Elias (or his nominee); and
- (f) the purpose of the grant of Options to Mr Elias is to give him an incentive to provide dedicated and ongoing commitment and effort to the Company. The Company acknowledges the issue of the Options to a non-executive Director is contrary to recommendation 9.3 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of the Options to be reasonable in the circumstances given the Company's size and stage of development and the necessity to attract and retain the highest calibre of

professionals to the role of non-executive Director whilst maintaining the Company's cash reserves.

6. RESOLUTION 6 – INCREASE IN DIRECTORS' FEES

ASX listing rule 10.17 and rule 7.5 of the Company's Constitution provide that the maximum aggregate amount of Directors' fees is to be determined by Shareholders in general meeting.

The level of Directors' fees payable to non-executive Directors is \$200,000 per annum, and has remained unchanged since the Company's Annual General Meeting in 2003.

The Directors seek the approval of Shareholders of the Company to increase this amount by \$100,000. The proposed aggregate amount will not be utilised immediately. However, it allows some scope for additions to the Board, should the Board wish to appoint additional non-executive director(s) in the future. The aggregate sum of \$300,000 has been determined by the Directors having regard to market-competitive remuneration levels required to attract, retain and fairly reward Directors by way of a Director's fee and to enable Directors to increase a Directors' fees over time without frequent reference of the aggregate sum of Shareholders for approval.

By Resolution 6, the Company seeks Shareholder approval to increase the maximum Directors' fees payable per annum and, in accordance with the requirements of Listing Rule 10.17, provides the following information:

The amount of the proposed increase is \$100,000 per annum.

The maximum aggregate remuneration payable to Directors of the Company as Directors' fees, if Shareholder approval is given, will increase from \$200,000 per annum to \$300,000 per annum.

The Board considers that the total amount payable to Directors in Board fees is reasonable and commensurate with the role of Director of a publicly listed company, having regard to the duties and responsibilities of the position given the recent expansion of the Company's business activities.

All Directors and their associates are excluded from voting on Resolution 6.

AUSTRALIAN MINES LIMITED

ABN 68 073 914 191

SECTION 3

GLOSSARY

In this Explanatory Statement the following expressions have the following meanings:

"Annual General Meeting" and **"Meeting"** means the meeting convened by this Notice.

"ASX" means the Australia Stock Exchange Limited.

"ASX Listing Rules" or **"Listing Rules"** means the Listing Rules of the ASX.

"Board" means the board of directors of the Company.

"Chairman" means the chairman of the Company.

"Company" or **"Australian Mines"** means Australian Mines Limited (ABN 68 073 914 191).

"Constitution" means the Constitution of the Company.

"Corporations Act" means the Corporations Act 2001 (Cth).

"Directors" means the directors of the Company from time to time.

"Explanatory Statement" means this explanatory statement.

"Notice" means the notice of meeting that accompanies this Explanatory Statement.

"Option" means an option to subscribe for a Share.

"Proxy Form" means the proxy form accompanying the Notice.

"Resolution" means a resolution contained in this Notice.

"Share" means a fully paid ordinary share in the capital of the Company and **"Shares"** has a corresponding meaning.

"Shareholder" means a holder of Shares.

"WST" means Western Standard Time, Perth, Western Australia.

"\$" or **"A\$"** means Australian dollars.

AUSTRALIAN MINES LIMITED
ACN 073 914 191

ANNEXURE A
GENERAL TERMS AND CONDITIONS OF OPTIONS

The general terms and conditions of the issue of each of the Options are:

- (a) The Options will be issued for no consideration.
- (b) Each Option entitles the holder to one Share in the capital of the Company.
- (c) Subject to any vesting criteria, the Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per Option.
- (d) The Options are not transferable except with the approval of the Board.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (f) All Shares issued upon the exercise of the Options will rank *pari passu* in all respects with the Company's then issued Shares.
- (g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues or pro-rata issues of securities offered to Shareholders of the Company during the currency of the Options. Subject to paragraph (h), an Option holder is required to exercise the Options in order to participate in any new issue of securities offered to Shareholders by the Company. Option holders will be provided with written notice and afforded that period of time as required by the ASX Listing Rules before the record date to determine entitlements to the offer to exercise their Options.
- (h) If from time to time on or prior to the expiry date the Company makes a bonus issue of securities to holders of Shares in the Company ("Bonus Issue"), then upon exercise of his or her Options an Option holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.
- (i) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

- (j) The Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised, except in the event of any pro-rata issue of securities, the exercise price of the Options will be adjusted in accordance with the ASX Listing Rule 6.22.2 and except in the event of a Bonus Issue.



STANTON PARTNERS CORPORATE PTY LTD

A.C.N 063 036 331

1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188

FACSIMILE: (08) 9321 1204

e-mail: jvdieren@stanton.com.au

12 October 2006

The Directors
Australian Mines Limited
Level 1
681 Murray Street
PERTH WA 6005

Dear Sirs

At the request of Brett Young, Stanton Partners Corporate Pty Ltd hereby sets out a summary valuation of share options ("Options") that are proposed to be issued by Australian Mines Limited ("AUZ" or "the Company") to Directors following shareholders approval in late November 2006.

The assumptions used in arriving at the valuation of the Options are set out below and as confirmed with you.

Assumptions

1. The Black Scholes option valuation methodology has been used that is acceptable for the purposes of calculating values for a Notice of Meeting.
2. In relation to the Options the date of the valuation has been set at 12 October 2006 (10.30am) although the options will not be granted until shareholders approve the grants on or around 30 November 2006. The Options are to have a 5 year term.
3. The risk free interest rate used approximated 5.80%.
4. The Options may be issued with an exercise price of 5 cents ("5 cent options"), 7.5 cents ("7.5 cent Options"), 10 cents ("10 cent Options") or 12 cents ("12 cent Options").
5. The sale price on 12 October 2006 (10.30am) of an AUZ share on the ASX was 5.2 cents.

6. The volatility factor used is 75%. It is noted that since 11 October 2005 to 11 October 2006 the AUZ share price traded between a low of 1.4 cents (6 December 2005) and a high of 5.9 cents (10 October 2006). This implies a volatility of over 321% from the low price. From October 2005 to early September 2006, the shares traded mainly in the narrow range of 1.8 cents to 3.8 cents. Since early September 2006, the Company made a number of announcements on its Blair Nickel Project and announced on 5 October 2006 the acquisition of the Marriott Nickel project. Since late September 2006, the shares in AUX have risen to trade in the high 4's to the high 5's (cents). After taking into account trades over the three months to 11 October 2006, the share price at 11 October 2006, the length of the Options (5 years), the speculation on drilling results on nickel and gold tenements and general volatilities for junior exploration companies a volatility factor of 75% as at 12 October 2006 is considered reasonable. For comparison we have also disclosed the valuations using a 100% volatility factor.
7. We note that the Options will not be listed on the ASX. A discount is normally applied as a result of the Options not being listed and freely tradeable. In the case of AUZ a discount of 35% would be reasonable.
8. The valuation reflected below does not necessarily represent the market value of the Options or the tax values for taxation purposes to the holders of the various Options. Each holder needs to obtain his own tax advice on the tax effect of receiving the Options. The future values of the Options may be up or down on the value noted below as they will primarily depend on the future share price of an AUZ share (to last exercise date being 5 years from date of grant) and the time to expiry of the Options.

Based on the above assumptions and comments as agreed with you, the values of one Option after applying a non negotiability/non listing status discount of 35% for the Options are as follows:

	75% volatility	100% volatility
▪ 5 cent Options	2.24 cents	2.63 cents
▪ 7.5 cent Options	2.15 cents	2.45 cents
▪ 10 cent options	1.77 cents	2.32 cents
▪ 12 cent Options	1.64 cents	2,23 cents

Yours faithfully

STANTON PARTNERS CORPORATE PTY LTD



John P Van Dieren
Director

AUSTRALIAN MINES LIMITED
(ABN 68 073 914 191)

PROXY FORM
ANNUAL GENERAL MEETING

I/We (name and address)

being a Member of Australian Mines Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting of Shareholders to be held at Allendale Square Meeting Room, Suite 1, Level 31, 77 St Georges Terrace, Perth, Western Australia on 29 November 2006 at 3pm (WST) and at any adjournment thereof. **If no directions are given on how to vote, the Chairman will vote in favour of all of the Resolutions.**

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Mick Elias	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Options to Mr Brett Young	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Options to Mr Neil Warburton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Options to Mr Mick Elias	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Increase in Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the Resolutions and that the votes cast by the Chair of the meeting for those Resolutions other than as proxy holder will be disregarded because of that interest. **The Chair intends to vote any such undirected proxies in favour of all Resolutions.** If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the Resolutions and your votes will not be counted in calculating the required majority if a poll is called on a Resolution.

If you mark the abstain box for a particular item, you are directing your proxy not vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority of a poll

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%.

Please return this Proxy Form to the Company Secretary, Australian Mines Limited Level 1, 681 Murray Street, West Perth, Western Australia, post to Company at P O Box 883, West Perth, WA 6872 or fax to (08) 9481 5611 by 3pm (WST) on 27 November 2006.

Signed this _____ day of _____ 2006

By:

Individuals and joint holders

Signature

Signature

Signature

Companies (affix common seal if appropriate)

Director

Director/Company Secretary

Sole Director and Sole Company Secretary

AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

Instructions for Completing Proxy Form

1. A member of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.