Australian Mines Limited

ABN 68 073 914 191

ABN 68 073 914 191

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the Annual General Meeting of the shareholders of AUSTRALIAN MINES LIMITED (the "**Company**") to be held at Allendale Square Meeting Room, Suite 1 Level 31, 77 St Georges Terrace, Perth, Western Australia on Thursday 13th November 2003 at 4pm for the purpose of transacting the following business.

The attached Explanatory Memorandum is provided to supply shareholders with information to enable shareholders to make an informed decision regarding the resolutions set out in this Notice of Meeting. The Explanatory Memorandum is to be read in conjunction with and forms part of this Notice of Meeting.

BUSINESS

ITEM 1 – ANNUAL FINANCIAL REPORT

To receive and consider the Annual Financial Report for the year ended 30 June 2003 comprising the Directors' Report, the Directors' Declaration, the financial statements and the Auditors' Report.

RESOLUTION 1 – RE-ELECTION OF DIRECTOR

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**.

> *"That Dr John Daniels, being a director of the Company, retires by rotation in accordance with clause 7.3 of the Company's Constitution and, being eligible, is hereby re-elected as a Director of the Company."*

RESOLUTION 2 – ELECTION OF DIRECTOR

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**.

> *"That Mr Neil Warburton, who was appointed a director of the Company by the Board on 22nd April 2003 in accordance with clause 7.2 of the Company's Constitution to hold office until the following Annual General Meeting, being eligible, is hereby re-elected as a director of the Company ."*

RESOLUTION 3 – RATIFICATION OF PREVIOUS SHARE ISSUE

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 Rules 7.1 and 7.4 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company approves and ratifies the allotment and issue of 7,875,100 fully paid ordinary shares in the capital of the Company at 12 cents on 17 June 2003 to investors within the meaning of section 708 of the Corporations Act 2001."*

The Company will disregard any votes cast on this resolution 3 by an allottee of the issue the subject of the resolution (an "allottee") and any of its associates of such an allottee. However, the Company will not disregard a vote cast on resolution 3:

a) if it is cast by an allottee 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 a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 4 – AUTHORITY FOR ISSUE OF SHARES

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 7.1 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company approves the allotment and issue to investors within the meaning of section 708 of the Corporation Act 2001 of up to 9,000,000 fully paid ordinary shares in the capital of the Company at a minimum issue price at least 80% of the average market price for securities in that class calculated over the last 5 days on which sales were recorded before the date on which the issue is made."*

The Company will disregard any votes cast on this resolution 4 by any persons who may participate in the proposed issue, and any person who may obtain a benefit except a benefit solely in his or her capacity as a security holder if the resolution is passed, is excluded from voting in relation to the resolution. However, the Company will not disregard a vote cast on resolution 4 if:

a) it is cast by an allottee 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 a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 5 – ISSUE OF SECURITIES TO BHP BILLITON MINERALS PTY LTD

To consider and if thought fit to pass the following resolution as an ordinary resolution.

> *"That for the purposes of Listing Rule 7.1 of the Australian Stock Exchange Limited and all other purposes, approval is given for the Company to issue up to that number of fully paid ordinary shares to BHP Billiton Minerals Pty Ltd equating to the value of $500,000 based upon the average closing price of the shares of the Company for the 10 trading days prior to the date of issue, plus a 10% premium, pursuant to an agreement dated 19 September 2002, more fully described in the Explanatory Memorandum attached to this Notice of Meeting."*

The company will disregard any votes cast on this resolution by BHPB or any of its associates or any person who may obtain a benefit if the resolution is passed other than in his capacity as shareholder. However, the Company need not disregard a vote cast on 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.

RESOLUTION 6 – RATIFICATION OF THE ISSUE OF OPTIONS TO MR MELVIN CAMPBELL

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 Rules 7.4 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company approves and ratifies the grant of 400,000 options to Melvin Campbell exercisable at 20 cents expiring on or before 31 December 2005 and otherwise on the terms set out in the Explanatory Memorandum that forms part of this Notice of Meeting."*

The Company will disregard any votes cast on resolution 6 by Melvin Campbell or any associate of Melvin Campbell. However the Company need not disregard a vote cast on resolution 6:

a) if 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) if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 7 – RATIFICATION OF THE ISSUE OF OPTIONS TO MR BRENDAN CUMMINS

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 Rules 7.4 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company approves and ratifies the grant of 200,000 options to Brendan Cummins exercisable at 20 cents expiring on or before 31 December 2005 and otherwise on the terms set out in the Explanatory Memorandum that forms part of this Notice of Meeting."

The Company will disregard any votes cast on resolution 7 by Brendan Cummins or any associate of Brendan Cummins. However the Company need not disregard a vote cast on resolution 7 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 a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 8 – APPROVAL OF OPTIONS ISSUED UNDER AUSTRALIAN MINES LIMITED OPTION PLAN RULES

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 7.2 exception 9 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, any issue of securities made within 3 years under the Australian Mines Limited Option Plan Rules of September 2003 (as amended from time to time) be approved as an exception to Listing Rule 7.1 of the Listing Rules of the Australian Stock Exchange Limited."

Note: (i) A summary of the terms of the Australian Mines Limited Option Plan Rules is included in the Explanatory Memorandum that forms part of this Notice of the Annual General Meeting.

(ii) Directors of the Company are excluded from participating under the Australian Mines Limited Option Plan Rules.

RESOLUTION 9 - 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, clause 7.5 of the Company's Constitution and for all other purposes, the aggregate amount that may be paid as directors fees in any 12-month period be increased by $[35,000] to $[200,000]."

Voting Exclusion: For the purpose of ASX Listing Rule 10.17.1, the Company will disregard any votes cast on this resolution by all directors of the Company and any of their associates.

However, the Company need not disregard a vote 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.

The Company intends that Mr Keith Liddell, as Chairman of the Company, will chair the Company's Annual General Meeting. It is Mr Liddell's intention that, in relation to proxy forms received which direct that the person chairing the meeting vote as that person decides, he will cast the votes by abstaining from voting on this resolution 9.

VOTING AND PROXIES

1. A shareholding 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 4pm (WST) on 11th November 2003.

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 Melvin Campbell
Company Secretary
13th October 2003

Australian Mines Limited

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1. EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of resolutions 3, 4, 5, 6, 7, 8 and 9 contained in the accompanying Notice of Annual General Meeting of the Company.

In relation to resolutions 1 and 2 information relating to experience and qualifications of the Directors offering themselves for re-election is contained in the Company's annual report.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

2. THE RESOLUTIONS

2.1 Resolution 3 – Ratification of Share Issue

Listing Rule 7.1 restricts the issue of new securities by a listed company. In broad terms, a company cannot increase securities on issue by more than 15% in any 12 month period unless the increase falls within certain exceptions. One exception is an issue of securities which has the approval of shareholders in general meeting.

Listing Rule 7.4 provides that an issue made within the 15% limit will be treated as having been made with prior shareholder approval if it is subsequently approved by shareholders in general meeting. Approval under Listing Rule 7.4 effectively renews the Company's capacity to issue up to 15% of the securities on issue in a 12 month period. The Company is requesting shareholders to ratify the allotment and issue of 7,875,100 fully paid ordinary shares in the capital of the Company at 12 cents on 17 June 2003 to investors within the meaning of section 708 of the *Corporations Act*.

For the purposes of Listing Rule 7.5, the following information is provided to shareholders:

1. The number of ordinary Shares allotted was 7,875,100 ;
2. The ordinary Shares were issued at 12 cents;
3. The Shares shall rank equally with the Company's existing issued Shares;
4. The allottees of the Shares were investors entitled to accept offers of securities pursuant to section 708 of the Corporations Act;
5. The funds raised from the issue of the Shares were used for mining project evaluation on the Company's Blair nickel project and general working capital.

The Board of the Company unanimously recommends that shareholders vote to approve this resolution.

2.2 Resolution 4 – Authority for Issue of Shares

Listing Rule 7.1 restricts the issue of new securities by a listed company. In broad terms, a company cannot increase securities on issue by more than 15% in any 12 month period unless the increase falls within certain exceptions. One exception is where shareholders in general meeting approve a future issue of securities upon notice requirements in accordance with Listing Rule 7.3.

Resolution 4 seeks shareholder approval for the Company to allot and issue up to **9,000,000** fully paid ordinary shares in the Company. For the purposes of Listing Rules 7.1 and 7.3 the following information is provided to shareholders:

1. The securities will be issued for cash, at a minimum price of at least 80% of the average market price for the securities in that class of securities calculated over the last 5 days on which sales were recorded before the date on which the issue is made.

2. The securities, if allotted, will be allotted within 3 months of the date of this meeting either on a specific date within that period, or progressively.

3. The securities, if allotted, will be issued on the same terms as existing ordinary full paid shares.

4. Securities may be allotted at the discretion of the directors to allottees yet to be determined. At the date of this Notice, the allottees are unknown. In any case, however, directors and their associates will be excluded.

5. The securities will be offered to parties in accordance with section 708 of the Corporations Act and accordingly, the Company will not be required to prepare a prospectus or other document in relation to the issue.

6. The funds raised from the issue are intended to be used for the development of the Company's Blair nickel project and for general working capital purposes.

The Board of the Company unanimously recommends that shareholders vote to approve this resolution

2.3 Resolution 5 – Issue of Shares to BHP Billiton Minerals Pty Ltd ("BHPB)

Listing Rule 7.1 restricts the issue of new securities by a listed company. In broad terms, a company cannot increase securities on issue by more than 15% in any 12 month period unless the increase falls within certain exceptions. One exception is where shareholders in general meeting approve a future issue of securities upon notice requirements in accordance with Listing Rule 7.3.

As announced to the Australian Stock Exchange on 19 September 2002 and by a binding Heads of Agreement dated 19 September 2002 the Company has entered into an exploration alliance with BHPB, a wholly owned subsidiary of BHP Billiton Limited, whereby BHPB will assist in funding exploration in the West Musgrave region.

Commencing last year, BHPB had committed to fund 50% of the Company's exploration budget on its West Musgrave tenements over 2 years, being to a maximum of $1,000,000. BHPB's contribution is to be made via 2 equity placements at a 10% premium to market price. BHPB will be issued with fully paid ordinary Shares in the Company within 3 months of the date of the Annual General Meeting.

This issue represents the second equity placement pursuant to the Heads of Agreement. The calculation of the price at which the securities are to be issued is based on the average price of the shares of the Company for the 10 previous trading days prior to the date of issue, to which a premium of 10% is then applied.

In order to allow the Company maximum flexibility with respect to its ongoing capital raising requirements, the Company is seeking shareholder approval for the issue of securities to BHPB as a result of this second $500,000 funding contribution.

The Board of the Company unanimously recommends that shareholders vote to approve this resolution.

2.3 Resolution 6 – Ratification of the Issue of Options to Mr Melvin Campbell

Mr Melvin Campbell has been appointed as Chief Financial Officer and Company Secretary of the Company since 19 May 2003. Mr Campbell is a Certified Practising Accountant with a post graduate in Finance from the Securities Institute of Australia. He has over 20 years experience in the mining industry developing projects and managing listed resource based companies.

Mr Campbell has held senior management positions with major resource companies including as Commercial Manager for Aurion Gold Limited and Placer dome. He has extensive experience in economic and financial evaluation of projects, project development, due diligence and documentation, corporate strategy and financial controls and information systems.

On 12 September 2003 the Board, subject to shareholder approval, agreed to grant Mr Campbell 400,000 unlisted Options exercisable at 20 cents on or before 31 December 2005. The Board made such a resolution in order to appropriately incentivise Mr Campbell and to recognise his contribution to date and his potential contribution to the growth and profitability of the Company. The Board made the resolution to grant the Options subject to shareholder approval in the interests of maintaining high standards of corporate governance.

Listing Rule 7.1 restricts the issue of new securities by a listed company. In broad terms, a company cannot increase securities on issue by more than 15% in any 12 month period unless the increase falls within certain exceptions. One exception is an issue of securities which has the approval of shareholders in general meeting.

Listing Rule 7.4 provides that an issue made within the 15% limit will be treated as having been made with prior shareholder approval if it is subsequently approved by shareholders in general meeting. Approval under Listing Rule 7.4 effectively renews the Company's capacity to issue up to 15% of the securities on issue in a 12 month period. The Company is requesting shareholders to approve and ratify the agreement to grant the Options to Mr Campbell for the purposes of Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under Listing Rule 7.1 without prior shareholder approval.

For the purposes of Listing Rule 7.5, the following information is provided to shareholders:

1. the number of Options to be granted is 400,000;
2. the Options are to be issued for no consideration but are intended to appropriately incentivise Mr Campbell in performing his roles for the Company;
3. the terms of the Options to be granted to Mr Campbell are set out in Schedule 1 to this Explanatory Memorandum;
4. the allottee is to be Mr Campbell;
5. no funds were raised by the grant of Options.

The Board of the Company unanimously recommends that shareholders vote in favour of this resolution.

2.5 Resolution 7 – Ratification of the Issue of Options to Mr Brendan Cummins

Brendan is the Company's Supervising Geologist and oversees the Company's exploration activities. He is a professional geologist with 10 years varied experience in the planning, execution and supervision of exploration programs within Australia and overseas for a range of commodities and as underground mine geologist.

He has previously held positions with RGC, Goldfields Ltd and within the Project Evaluation and Development Unit of Anaconda Nickel.

On 12 September 2003 the Board, subject to shareholder approval, agreed to grant Mr Cummins 200,000 unlisted Options exercisable at 20 cents on or before 31 December 2005. The Board made such a resolution in order to provide Mr Cummins with appropriate incentive and to recognise his contribution to date and his potential contribution to the growth and profitability of the Company. The Board made the resolution to grant the Options subject to shareholder approval in the interests of maintaining high standards of corporate governance.

Listing Rule 7.1 restricts the issue of new securities by a listed company. In broad terms, a company cannot increase securities on issue by more than 15% in any 12 month period unless the increase falls within certain exceptions. One exception is an issue of securities which has the approval of shareholders in general meeting.

Listing Rule 7.4 provides that an issue made within the 15% limit will be treated as having been made with prior shareholder approval if it is subsequently approved by shareholders in general meeting. Approval under Listing Rule 7.4 effectively renews the Company's capacity to issue up to 15% of the securities on issue in a 12 month period. The Company is requesting shareholders to approve and ratify the agreement to grant the Options to Mr Cummins for the purposes of Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under Listing Rule 7.1 without prior shareholder approval.

For the purposes of Listing Rule 7.5, the following information is provided to shareholders:

1. the number of Options to be granted is 200,000;
2. the Options are to be issued for no consideration but are intended to appropriately "incentivise" Mr Cummins in performing his roles for the Company;
3. the terms of the Options to be granted to Mr Cummins are set out in Schedule 1 to this Explanatory Memorandum;
4. the allottee is to be Mr Cummins;
5. no funds were raised by the grant of the Options.

The Board of the Company unanimously recommends that shareholders vote in favour of this resolution.

2.6 Resolution 8 – Approval of Options Issued under Australian Mines Limited Option Plan Rules

Listing Rule 7.1 restricts the issue of new securities by a listed company. In broad terms, a company cannot increase securities on issue by more than 15% in any 12 month period unless the increase falls within certain exceptions. One exception to Listing Rule 7.1 is Listing Rule 7.2 exception 9 in relation to the issue of securities under an employee incentive scheme.

Listing Rule 7.2 exception 9 relevantly provides that an issue of securities (including Options) under an employee incentive scheme will be treated as an exception to Listing Rule 7.1 if that issue is made within 3 years of shareholders in a general meeting approving the issue of securities under the employee incentive scheme as an exception to Listing Rule 7.1. For shareholders to provide their approval the Listing Rules require a summary of the terms of the employee incentive scheme. This summary is set out below.

The purpose of the employee incentive scheme is to:

(a) motivate and assist in retaining key employees;

(b) recognise the ability and efforts of employees who contribute to the success of the Company;

(c) provide performance incentives (where applicable) to allow persons to share in the rewards and success of the Company;

(d) encourage eligible persons to ensure the Company performs well for shareholders through growth and increasing shareholder value; and

(e) attract persons of experience and ability to employment with the Company.

Features of the employee incentive scheme by way of summary are as follows:

1. the Board may establish and administer a plan in accordance with rules known as the "Australian Mines Limited Option Plan Rules";

2. the eligible persons who may participate in the plan are:

    (a) a full or part-time employee, contractor or consultant of the Company or any associated company, other than a person who is also a Director ("Eligible Employee");

    (b) a spouse of an Eligible Employee;

    (c) a body corporate in which an Eligible Employee holds or beneficially owns not less than 50% of the issued voting share capital;

    (d) the trustee of a trust in which an Eligible Employee is a member; or

    (e) a trustee of a superannuation fund of which an Eligible Employee is a member.

3. Directors are excluded from participating in the plan.

4. Subject to the Corporations Act and Listing Rules, the Board may at its discretion and at such times as it determines, issue invitations to eligible persons inviting applications for the grant of Options. The number of Options the subject of any invitation will be as determined by the Board.

5. The Board may impose performance criteria that must be satisfied before a holder is permitted to exercise an Option granted under the Plan.

6. The exercise price for each Option will be as determined by the Board but will not be less than the greater of:

   (a) 20 cents per share or such other minimum amount prescribed by the Listing Rules; or

   (b) the average market price per share (weighted by reference to volume) of the shares sold through ASX during the 5 trading days ending one day immediately before the proposed grant date.

7. The Options granted under the plan will not be listed for quotation on any stock exchange.

8. Shares issued upon exercise of Options shall, from the date of issue, rank equally in all respects which shares which are listed for quotation on the ASX.

9. All Options held by an eligible person will automatically lapse within 30 days of the holder ceasing to be an eligible person.

10. All Options may be exercised during a takeover period or, if the Board considers appropriate, in the event of a death or permanent disablement of an Eligible Employee.

11. The Board may deem any unexercised options to have lapsed where an Eligible Employee acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any group company.

12. The Board may alter the plan or rules at any time so long as such amendment complies with the Listing Rules.

No securities have been issued under the Australian Mines Limited Option Plan Rules as at the date of this Notice.

A copy of the Australian Mines Limited Option Plan Rules can be obtained by request from the Company and a copy may be inspected at the Annual General Meeting.

The Board of the Company unanimously recommends that shareholders vote in favour of this resolution.

2.7 Resolution 9 – Increase in Directors' Fees

ASX listing rule 10.17 and clause 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 the four non-executive Directors and one executive Director is $165,000 per annum, and has remained unchanged since the Company's listing on the ASX over two years ago.

The Directors seek the approval of shareholders of the Company to increase this amount by $35,000 in order to accommodate recently enacted corporate governance recommendations, in particular, to allow the Board the capacity to appoint a further non executive director.

By Resolution 9, the Company seeks shareholder approval to increase Directors' fees payable per annum and, in accordance with the requirements of Listing Rule 10.17, provides the following information:

(a) The amount of the proposed increase is $35,000 per annum;

(b) The total amount payable to Directors of the Company as salary, if shareholder approval is given, will increase from $165,000 per annum to $200,000 per annum;

(c) 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 the resolution.

Enquiries

Shareholders are invited to contact the Company Secretary, Mr Melvin Campbell on (08) 9481 5811 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

"**ASX**" means the Australian Stock Exchange Limited;

"**Board**" means the board of directors;

"**Company**" or "**Australian Mines**" means Australian Mines Limited ABN 68 073 914 191;

"**Directors**" means Directors of the Company;

"**Explanatory Memorandum**" means the information attached to the Notice, which provides information to shareholders about the resolutions contained in the Notice;

"**Listing Rules**" means the Listing Rules of the Australian Stock Exchange Limited;

"**Notice**" means the notice of meeting which accompanies this Explanatory Memorandum;

"**Options**" means an option to subscribe for a share; and

"**Shares**" means fully paid ordinary shares issued in the capital of the Company.

SCHEDULE 1

THE TERMS OF THE UNLISTED OPTIONS TO MELVIN CAMPBELL AND BRENDAN CUMMINS

The material terms and conditions of the Options are as follows:

1. Each Option entitles the holder to subscribe for one Share in the Company.

2. Application will not be made to ASX for official quotation of the Options.

3. The Options will be issued for free and are exercisable at any time during the period beginning on the date of the issue of the Options and expiring at 5pm (Australian WST) on 31 December 2005 ("Expiry Date") by completing an option exercise form and delivering it to the Company together with the payment for the number of Shares in respect of which the Options are exercised.

4. The option exercise price is $0.20 (20 cents) per share.

5. The Options are not transferable except with the prior written approval of the Board.

6. The Options automatically lapse 30 days after the holder ceases to be an employee or engaged in any capacity to provide services for and on behalf of the Company.

7. All Shares issued upon exercise of the Options will rank equally in all respects with the then issued Shares of the Company. The Company will apply for quotation by ASX within 10 business days of all Shares issued upon exercise of the Options.

8. There are no participating rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered or made to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give the Option holder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

9. If there is a bonus issue ("Bonus Issue") to the holders of Shares in the Company, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the holder would have received if the Options had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of the class on issue as at the date of issue of the Bonus Shares.

10. In the event of a reconstruction (including consolidation, subdivision, return, reduction or pro rata cancellation) of the issued capital of the Company prior to the Expiry Date, the number of Options to which each holder is entitled or the exercise price of the Options or both shall be reconstructed (as appropriate) in accordance with the requirements of the Listing Rules which apply at that time.

Australian Mines Limited

ABN 68 073 914 191

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Registered Office: Level 1, 681 Murray Street, West Perth, Western Australia 6005

PROXY FORM

I/We, being a shareholder of Australian Mines Limited,

hereby appoint

of

or, in his absence the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Allendale Square Meeting Room, Suite 1 Level 31, 77 St Georges Terrace, Perth, Western Australia on Thursday 13th November 2003 at 4pm and at any adjournment of that meeting in respect of:

☐	The whole of my voting rights
☐	% of my voting rights

(Please complete by inserting "X" in the appropriate boxes. If no details are inserted and only one proxy is appointed, it will be assumed that the proxy is for all of the voting rights of the shareholder.)

Should you desire to direct your proxy how to vote in relation to each resolution to be considered at the meeting, please complete the following section of this form by inserting "X" in the appropriate boxes. If you do not direct your own proxy, he/she will vote on it as he/she thinks fit or may abstain from voting. The Chairman intends to vote undirected proxies in favour of the resolution.

I instruct my proxy to vote as indicated in respect of:

		For	Against	Abstain
1.	Re-election of Dr Daniels	☐	☐	☐
2.	Election of Neil Warburton	☐	☐	☐
3.	Ratification of Previous Share Issue	☐	☐	☐
4.	Authority for Issue of Shares	☐	☐	☐
5.	Issue of securities to BHP Billiton Minerals Pty Ltd	☐	☐	☐
6.	Ratification of Issue of Options to Mr Campbell	☐	☐	☐
7.	Ratification of Issue of Options to Mr Cummins	☐	☐	☐

8. Approval of Options Issued under Australian Mine Limited Option Plan Rules.
9. Approve Increase in Directors' Fees

If you do not wish to direct your proxy how to vote, please place a mark "X" in this box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution, and votes cast by him other than as proxy holder will be disregarded because of that interest.

Please return this Proxy Form to the Company Secretary, Melvin Campbell, Australian Mines Limited, Level 1, 681 Murray Street, West Perth WA 6005 or fax to (08) 9481 5611 by 4 pm on 11th November 2003.

Signed this day of 2003

Shareholders who are individuals, joint holders unincorporated trustees.	
.... Signature	.... Signature

Shareholders who are companies. Executed in accordance with the Constitution	
.... Director	.... Director/secretary

Australian Mines Limited

ABN 68 073 914 191

ABN 68 073 914 191

Registered Office: Level 1, 681 Murray Street, West Perth, Western Australia 6005

PROXY FORM INSTRUCTIONS

1. A member entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. 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(1) 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 witnessed the affixing of a common seal and who is the sole director 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.