



ASX Announcement
24 January 2006

Pioneer Nickel to fund up to A\$5.25m in Golden Ridge Project, WA

Joint venture to explore for nickel surrounding Blair Nickel Mine

Australian Mines Limited (ASX: AUZ) is pleased to announce the forming of a joint venture with Pioneer Nickel Limited (ASX: PIO, "Pioneer") that will focus on sulphide nickel exploration on the areas surrounding the company's Blair Nickel Mine, south of Kalgoorlie, WA.

Under the agreement, Pioneer will earn a 51% interest in the Golden Ridge joint venture by expending A\$2.25m on exploration within three years. Australian Mines can then either contribute on a pro rata 49% basis or Pioneer can earn up to a 70% interest should it fund an addition \$3.0m in exploration or complete a feasibility study within the initial 3 years, with no expenditure commitment from Australian Mines.

Commenting on the agreement, Australian Mines Chief Operating Officer, My Brett Young said, "We are very glad to be partners with Pioneer Nickel, who specialises in sulphide nickel exploration in Western Australia. Pioneer has an excellent and very experienced exploration team that will manage the advancement of Golden Ridge Nickel Sulphide Project.

"Should exploration prove successful and a mine ultimately developed, synergies may arise with much infrastructure already in place at the Blair Nickel mine.

"The agreement also allows Australian Mines to continue its dual focus of mining, extending resources and mine life at Blair Nickel mine and developing the very promising Duplex Hill South (Woodline1) gold project."

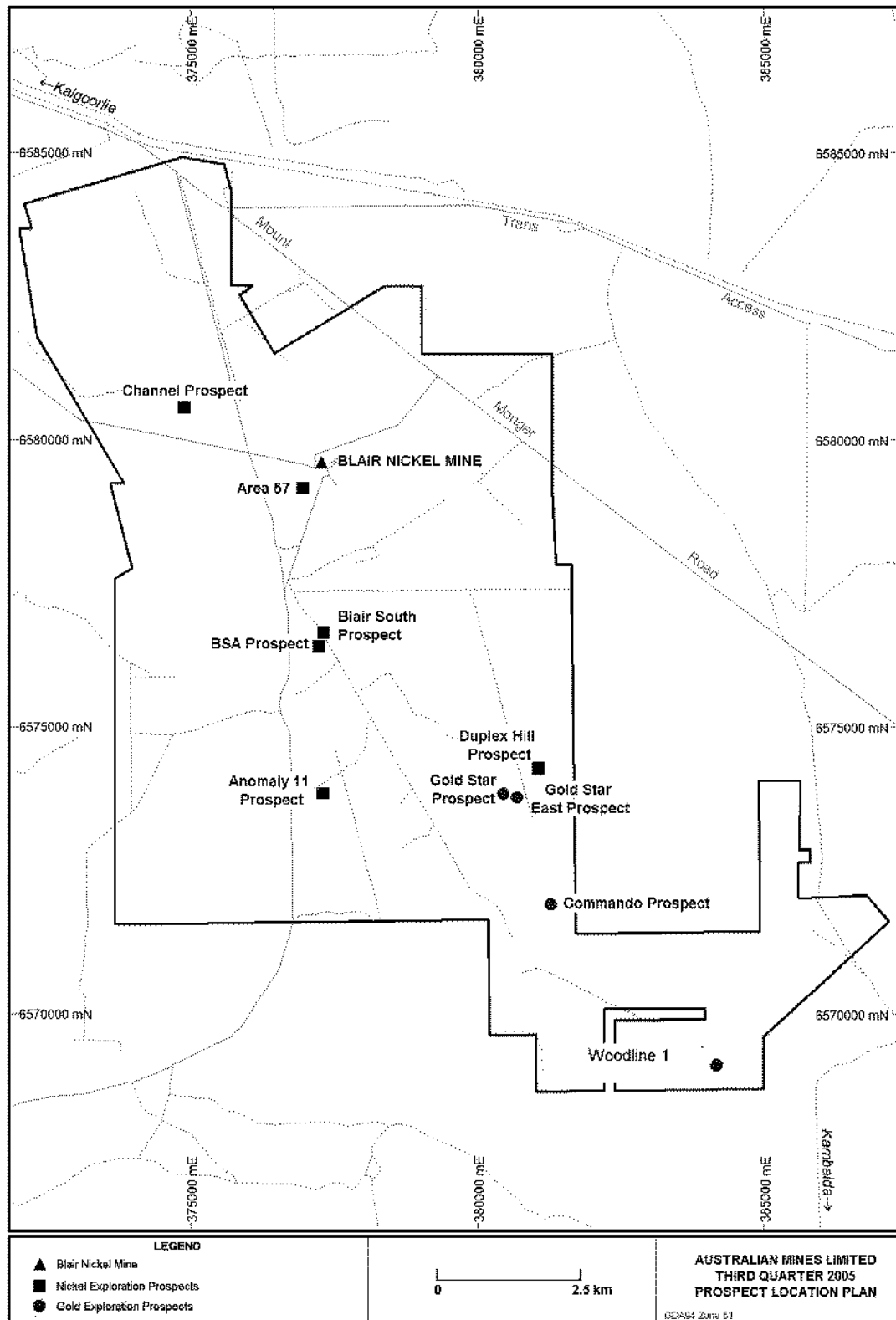
The joint venture agreement provides Pioneer with earn-in rights only to nickel resources within the project area, significant given that the region is also prospective for precious metals.

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