



21 May 2007

ASX Announcement

EXCITING RESULTS FROM UNDERGROUND DRILLING AT BLAIR NICKEL MINE, W.A

Latest drilling supports increasing nickel resource base

Australian Mines (ASX: AUZ) is pleased to announce that recent resource definition underground drilling at the company's 100% owned Blair nickel mine near Kalgoorlie, has resulted in significant nickel intersections on E03C and C01C shoots at Blair Deeps below the current workings.

E03C Shoot:

Two diamond holes were drilled to define the orebody below the 400mRL, and have returned the following wide high grade downhole intercepts:

- AMUG 232 intersected the characteristic two lenses of E Shoot with **8m @ 8.20 % Ni** followed by **4m @ 10.97 % Ni** from 385m RL.
- AMUG 233 which deviated and drilled to the south of the shoot returned **1.0m @ 2.58 % Ni** from 385m RL.

C01C Shoot:

Two diamond holes drilled below the current workings have returned the following high grade down hole intercepts:

- AMUG 223 :**4m @ 10.60 % Ni from 375m RL**
- AMUG 252:**5.9m @ 4.30% Ni from 350m RL**

These results continue the trend seen in previously reported hole AMUG 175 returning a down hole intersection of **10.25 m @ 11.41 % Ni** from 395m RL.

Resource Calculations

Commenting on the latest drilling results, Australian Mines Chief Operating Officer Mr Brett Young said, "The widths and grades of intersections in both shoots are very encouraging, in particular the tenor of the massive nickel ore in C01C which exceeded 14% Ni over several one metre intervals.

"The Company expects that this drilling will add to the resource base at Blair and increase the mine life as these resources are developed going forward.

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Australian Mines Limited

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A new Mineral Resource is being completed incorporating the above results and is scheduled for release in the June quarterly report."

Further resource definition drilling is continuing on the Blair Deep's shoots and results will be released as they become available.

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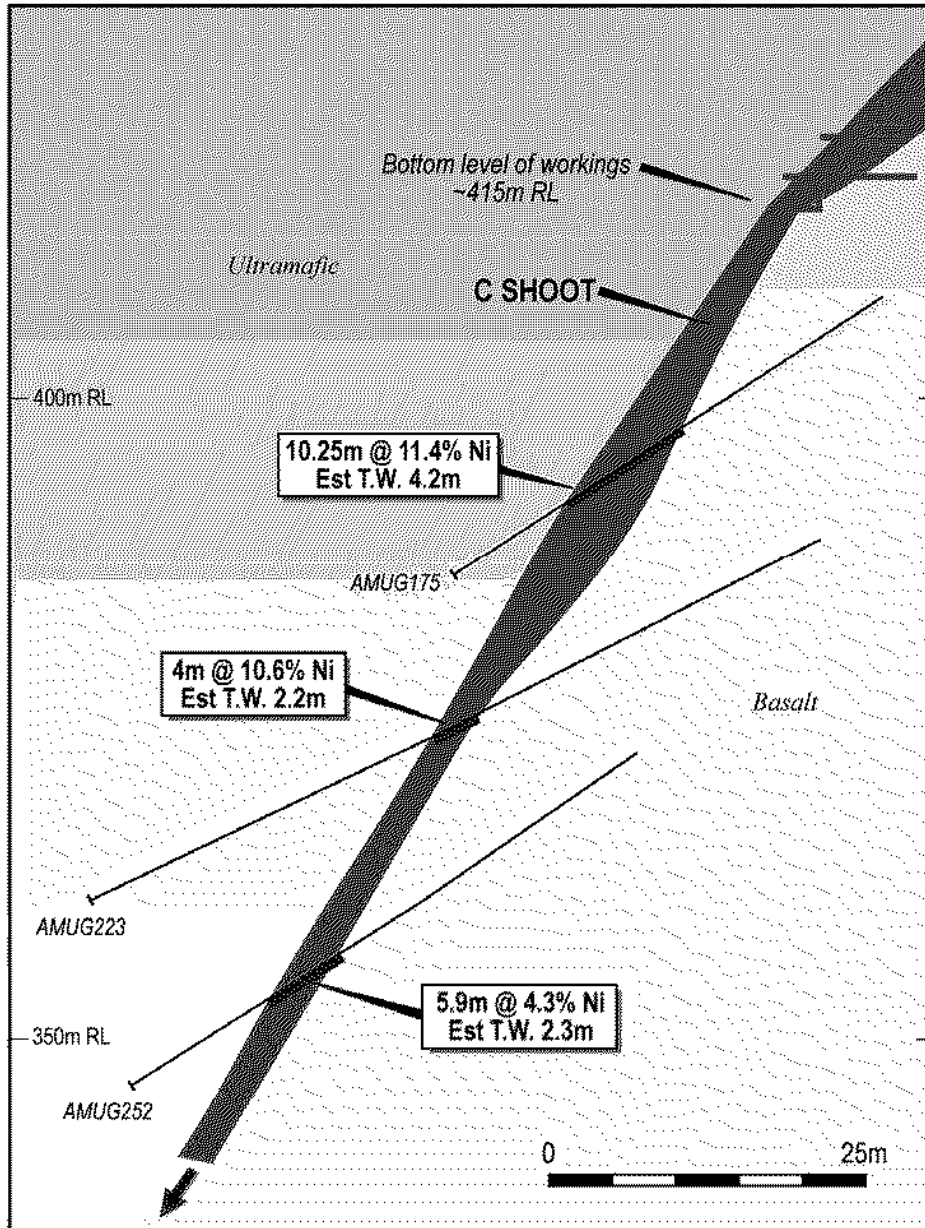
The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr M Elias who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Elias is employed by CSA Australia Pty Ltd and is a Non-Executive Director of AUZ. Mr Elias has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.'

Hole Id	North (m)	East (m)	RI (m)	From (m)	To (m)	Length (m)	% Ni
AMUG 232	6578974	376845	416	81.5	89.5	8.0	8.20
				96.5	100.5	4.0	10.97
AMUG 233	6578974	376845	416	29.0	32.0	3.0	1.62
				84.0	85.0	1.0	2.58
AMUG 223	6578970	376852	416	82.5	86.5	4.0	10.60
AMUG 252	6578970	376852	416	102.4	108.3	5.9	4.30

Blair Deep's - Diamond Drill Intercepts, May 2007

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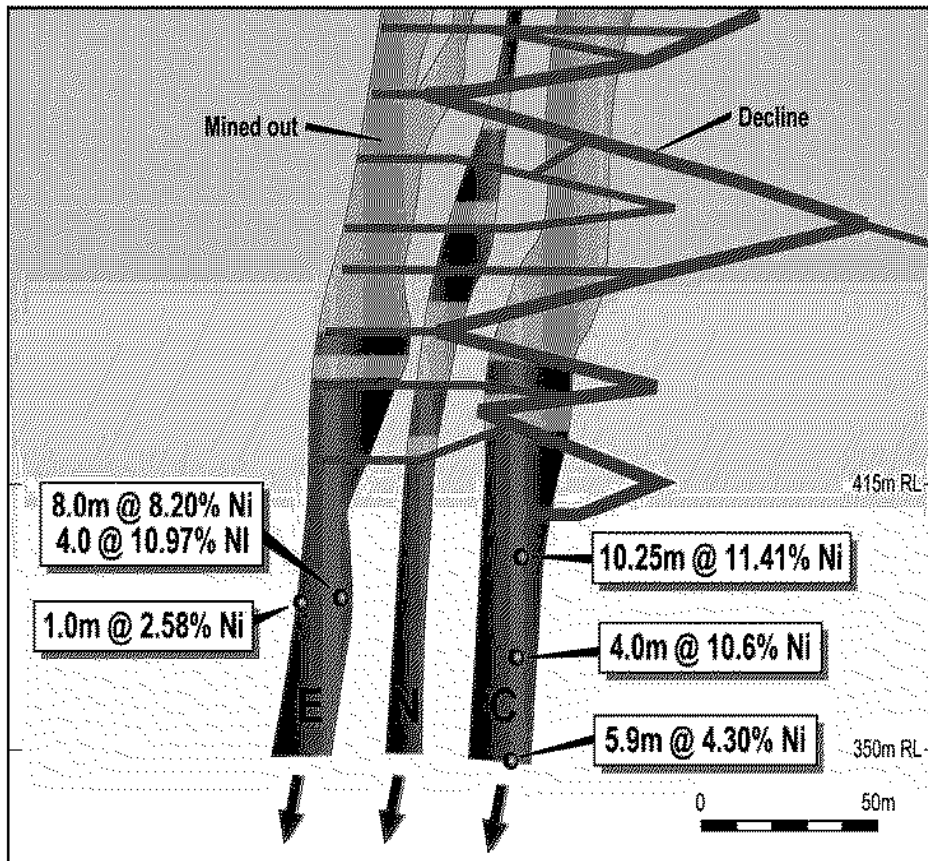


Schematic of Blair Deeps – C01 Shoot Intercepts May 2007

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Blair Deeps Long Section indicating a continuation of C, E & N Shoots

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