

AUSTRALIAN UNITED MINING LIMITED

(ASX: AYM)

31 October 2014

Quarterly Activities Report – September 2014

1 EXPLORATION ACTIVITY

1.1.1 OVERVIEW

Australia United Mining Limited (**AYM** or the **Company**) continued with its development of a regional exploration and mining strategy in both Queensland and NSW, with the aim of developing future JORC compliant resources.

The Shandong team continues to provide exceptional geological support at the Company's Forsyth Project in North Queensland, where the Company continues to drill highly prospective targets. Technicians from the Shandong Team are also assisting AYM with geological and surveying expertise with regards to its NSW projects where the Company expects to commence drilling before the year end.

1.2 EXPLORATION ACTIVITIES NEW SOUTH WALES

1.2.1 SOFALA – EL 7423

The Spring Gully prospect at Sofala is a high-sulphidation epithermal deposit, hosted in fine grained sandstones and siltstones which underlie a thrust sheet of andesitic volcanic rocks. The contact between the two rock types dips west at around 30 degrees and the gold grades can be seen to increase closer to the thrust contact, and towards the west where the mineralisation remains open.

Mineralisation in this area was the focus of an intensive exploration program during the 90's by Renison Gold Corporation, including a large soil geochemistry and drill program that ultimately focused in on the Spring Gully area where wide intercepts of low-grade mineralisation were encountered (Fig 2).

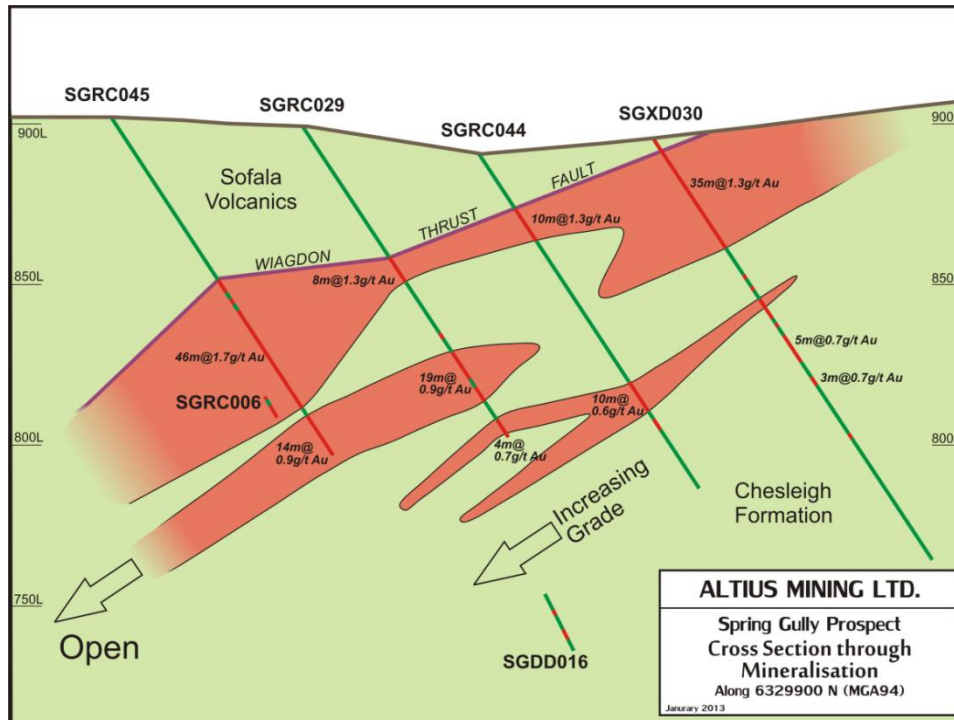


Figure 2: Cross section, with RGC drillholes, through the Spring Gully mineralisation (6329900 North) Note: Australian United Mining has no knowledge of the quality of the data used to produce this cross section.

Located immediately to the west of the Spring Gully deposit is a large magnetic anomaly known as the Wattle Flat Magnetic Zone WFMZ (Fig 3) which has been interpreted as a volcanic centre, which is thought to have a strong association with the gold mineralisation in the area, either directly, by supplying the mineralising fluids, indirectly by supplying the heat to circulate mineralising fluids or a combination of the two.

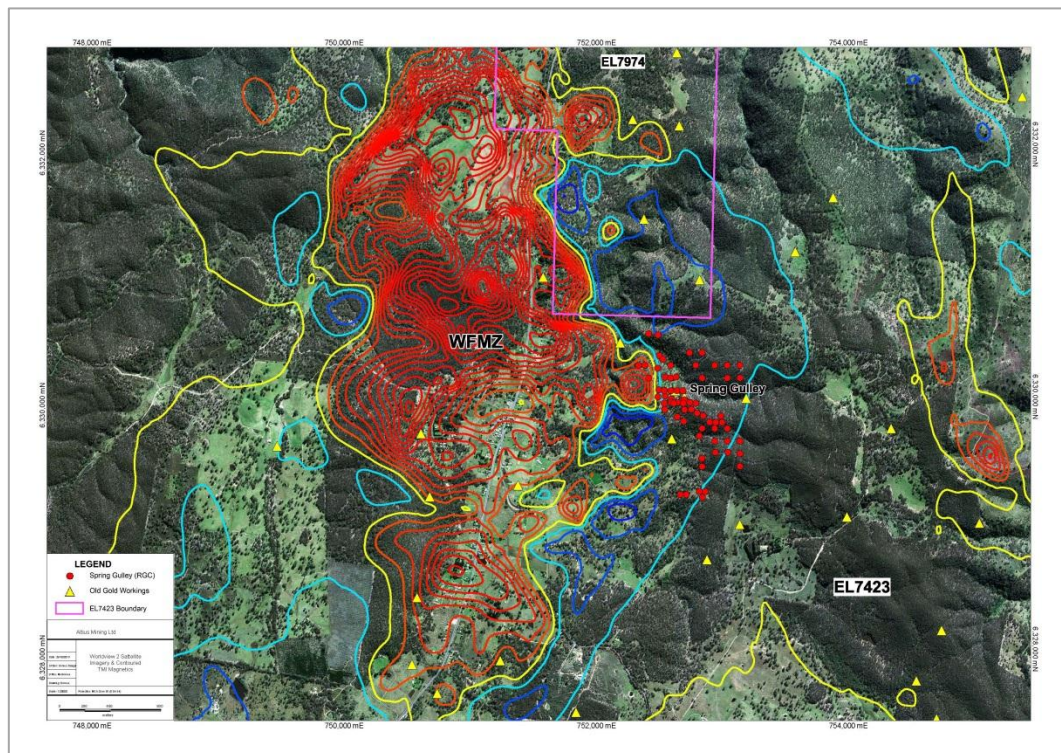


Figure 3: Magnetic contours over a satellite image of the Wattle Flat area.

In 2011 the Company commissioned an airborne geophysical survey to gain a more detailed understanding of the spatial relationship between the WFMZ and the mineralisation and found that a satellite magnetic high occurs directly adjacent to the Spring Gully mineralisation and surrounding the magnetic high is a rim of anomalous potassium which is highly suggestive of alteration commonly associated with epithermal/porphyry deposits (Fig 4).

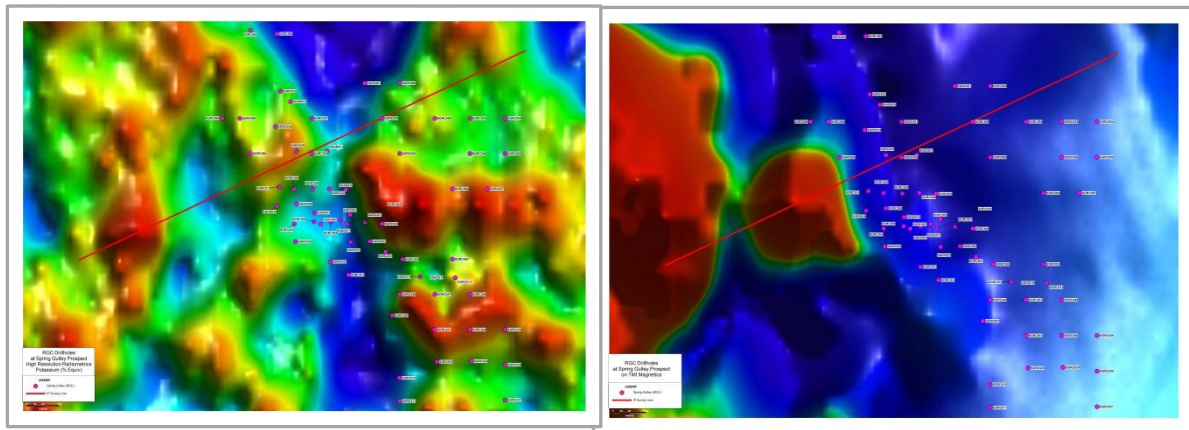


Figure 4: RGC drill hole locations in relation to potassium (left) and magnetism (right) the diagonal red line is the location of the IP survey conducted during the quarter.

During the previous reporting period AYM conducted an induced polarization (**IP**) survey over this area to gain a better understanding of what is occurring at depth. There were two main objectives whilst designing the IP line and they were 1) cover an area of known mineralisation to see how effective IP is as an exploration tool in the area, and 2) investigate the relationships between the magnetism, potassium and mineralisation.

The IP survey was a success, in that it shows an area of high chargeability which is coincident with the known mineralisation. Furthermore it has provided two high priority targets for drilling. The first target is in the centre of the section where a resistive high is coincident with the western edge of the known mineralisation. The combination of these features is highly suggestive of a quartz rich feeder zone common to epithermal deposits with the potential for much higher grades than the mineralization that has been drilled to date.

The second target is a chargeability high at the left side of the section (Fig 5). The geology exposed in this area gives no indication of what would cause such a high chargeability rendering this an unknown but interesting target.

The Company is currently negotiating with land holders in the area to gain access for drilling, and is confident it will be in a position to drilling these targets within the near future.

Renewal of EL 7423 is currently under review by the NSW Department of Trade and Investment.

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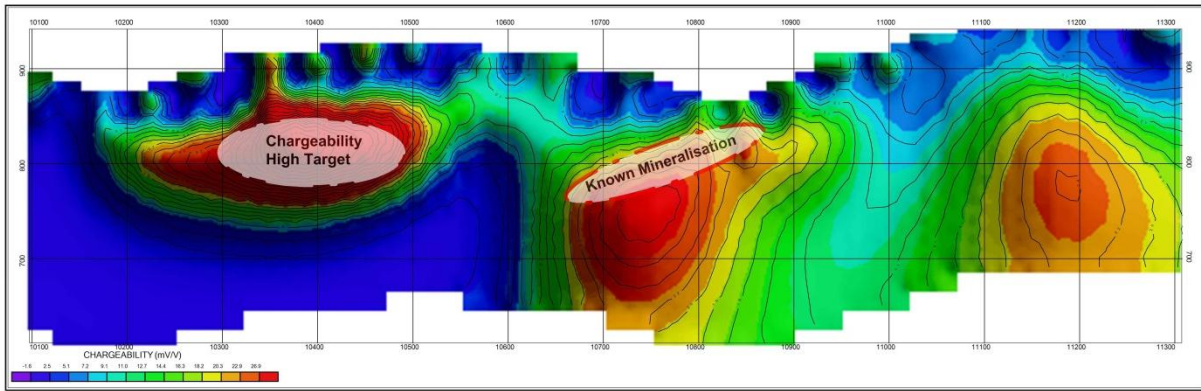


Figure 5: IP Chargeability cross-section showing the location of the known mineralisation

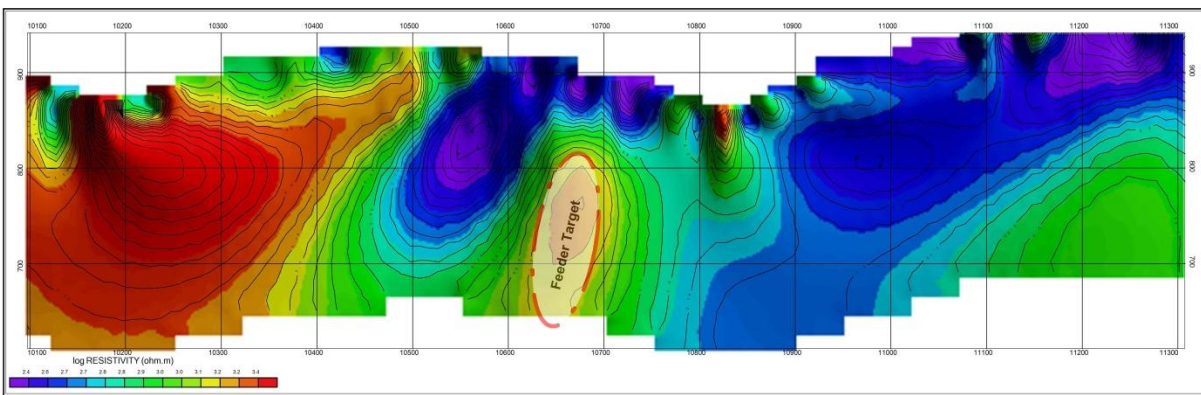


Figure 6: IP resistivity showing interpreted feeder zone to the known mineralisation.

1.2.2 FORSAYTH – EPM14498

The Company has intensified its regional exploration program in the Forsayth area with the view of increasing the current resource base and to develop a JORC compliant resource of a sufficient volume to commence scoping studies for the additional construction required to bring the Ropewalk plant into production.

During the reporting period the Shandong Number 6 Geological Brigade continued their extensive exploration program at Forsayth which included, but was not limited to, geological mapping, sampling, topographic surveying and guidance an aggressive drilling program. The following tables and maps show the results for this program to date.

Project Area	Trench	From (m)	Sample Length	Au (ppm)	Ag (ppm)	Significant Intrecepts
West Canadian	C17TC1					No Significant Intersection
	C25TC1					No Significant Intersection
	C33TC1	7.6	1	1.93	2.6	1m @ 1.93 g/t Au and 2.6 g/t Ag
	C41TC1	14.2	0.8	1.18	3.5	0.8m @ 1.18 g/t Au and 3.5 g/t Ag
	C49TC1	11.3	1.3	5.23	8.5	1.3m @ 5.23 g/t Au and 8.5 g/t Ag
	C57TC1					No Significant Intersection

Table 1: Trench results for the West Canadian project area.

Project Area	Drill-Hole Number	From (m)	Sample Length	Au (ppm)	Ag (ppm)	Significant Intrecepts
West Canadian	C65ZK1	15.8	0.4	5.52	15.2	0.4m @ 5.52 g/t Au and 15.2 g/t Ag
	C73ZK1					No Significant Intersection
	C89ZK1					No Significant Intersection
	C9ZK1	75.5	1	2.87	3.7	3.6m @ 1.15 g/t Au and 1.47 g/t Ag
			0.8	0.04	0	
			1	0.29	1.6	
			0.8	1.17	0	
	C57ZK1	73.2	0.7	16.1	38.6	2.2m @ 7.24 g/t Au and 14.23 g/t Ag
			0.9	4.53	1.9	
			0.6	0.96	4.3	
	C41ZK1	84.2	0.6	2.41	51.8	0.6m @ 2.41 G/t Au and 51.80 g/t Ag

Table 2: Drilling results for the West Canadian project area.

Project Area	Drill-Hole Number	From (m)	Sample Length	Au (ppm)	Ag (ppm)	Significant Intrecepts
Lady Franklin	L51ZK1					No Significant Intersection
	L67ZK1					No Significant Intersection
	L19ZK1					No Significant Intersection
	L27ZK2	157.7	1	1.46	1.8	1m @ 1.46 g/t Au and 1.8 g/t Ag
	L35ZK1	71.6	1	0.82	13.3	1.9m @ 3.39 g/t Au and 14.20 g/t Ag
			0.9	6.25	15.2	
	L27ZK1	80	0.7	0.53	0.9	3.2m @ 8.67 g/t Au and 11.71 g/t Ag
			0.5	20	11.7	
			1	15.05	20.1	
			1	2.33	10.9	
	L35ZK2	128	1	0.73	0.8	2.5m @ 1.11 g/t Au and 2.62 g/t Ag
			0.7	0.54	1	
			0.8	2.09	6.3	
	L27ZK3	47.4	1	0.54	0	2.6m @ 0.92 g/t Au and 0.96 g/t Ag
			0.6	0.37	0	
			1	1.62	2.5	
	L43ZK1	95.4	0.9	2.43	5.4	0.9m @ 2.43 g/t Au and 5.4 g/t Ag
	L43ZK2	170.1	1.3	2.07	5	1.3m @ 2.07 g/t Au and 5.0 g/t Ag
	L43ZK2	176.4	1	1.18	0.7	1m @ 1.18 g/t Au and 0.7 g/t Ag

Table 3: Drilling results for the Lady Franklin project area.

Project Area	Drill-Hole Number	From (m)	Sample Length	Au (ppm)	Ag (ppm)	Significant Intrecepts
West Goldsmiths	G17ZK2	57.9	0.8	2.55	8.8	0.8m @ 2.55 g/t Au and 8.8 g/t Ag
	and	102.7	0.5 0.8	1 0.85	1 37	1.3m @ 0.91 g/t Au and 23.15 g/t Ag
	and	111.3	0.7	6.48	3	0.7m @ 6.48 g/t Au and 3.0 g/t Ag
	and	175.1	1.1	0.84	7.3	12.3m @ 5.74 g/t Au and 34.39 g/t Ag
			1	6.59	69	
			1	9.81	25.4	
			1	14.5	210	
			1	1.53	3.5	
			1	8.32	52	
			1	15.7	15.4	
			1	5.4	15.2	
			1	5.35	10.7	
			1	0.52	1.8	
			0.7	0.04	0	
			0.9	1.7	9.7	
			0.6	0.67	5.3	
	and	190	1	0.91	1.4	3m @ 1.02 g/t Au and 1.03 g/t Ag
			1	1.35	1.7	
			1	0.8	0	
	G17ZK3	197.8	1 0.5	2.51 3.04	3.2 25	1.5m @ 2.69 g/t Au and 10.47 g/t Ag
	G17ZK3	202.3	0.75 0.95	17.5 6.53	126 25.6	1.7m @ 11.37 g/t Au and 69.89 g/t Ag
	G25ZK1	119.4	1	1.68	3.8	1m @ 1.68 g/t Au and 3.80 g/t Ag
	G17ZK1	No Significant Intersection				

Table 4: Drilling results for the West Goldsmiths project area.

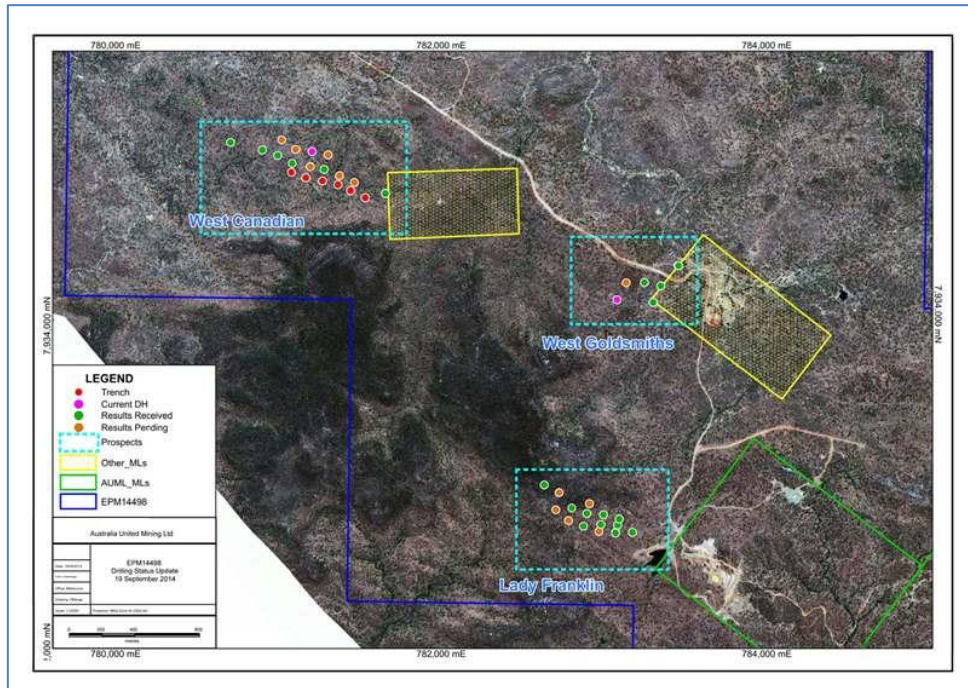


Figure 7: Overview of drilling program to date. Blue dotted lines outline the project areas corresponding to the detailed figures below.

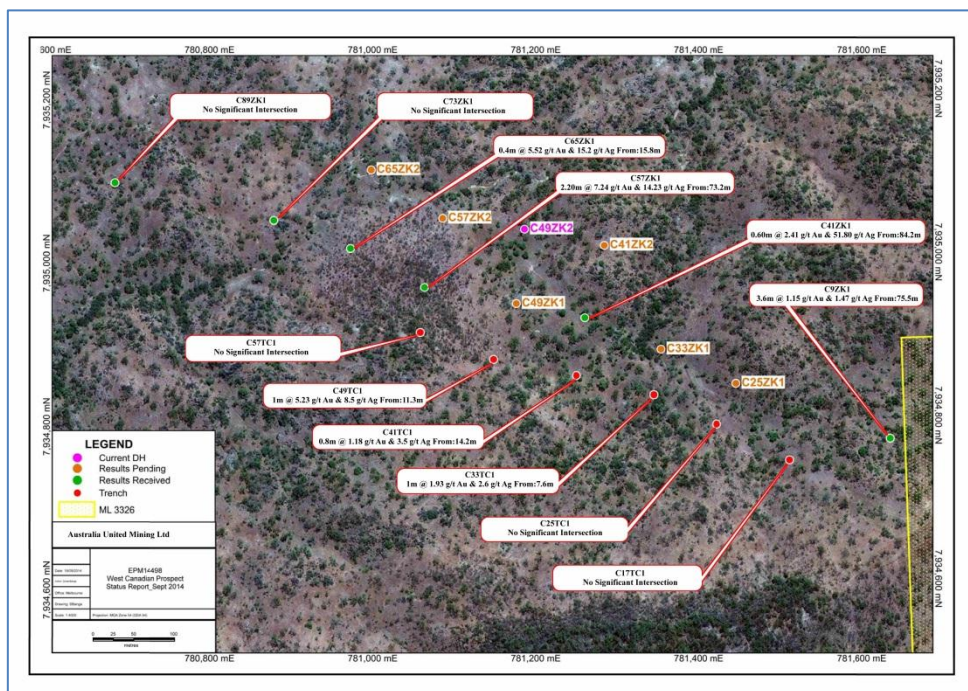


Figure 8: Drill holes in the West Canadian area.

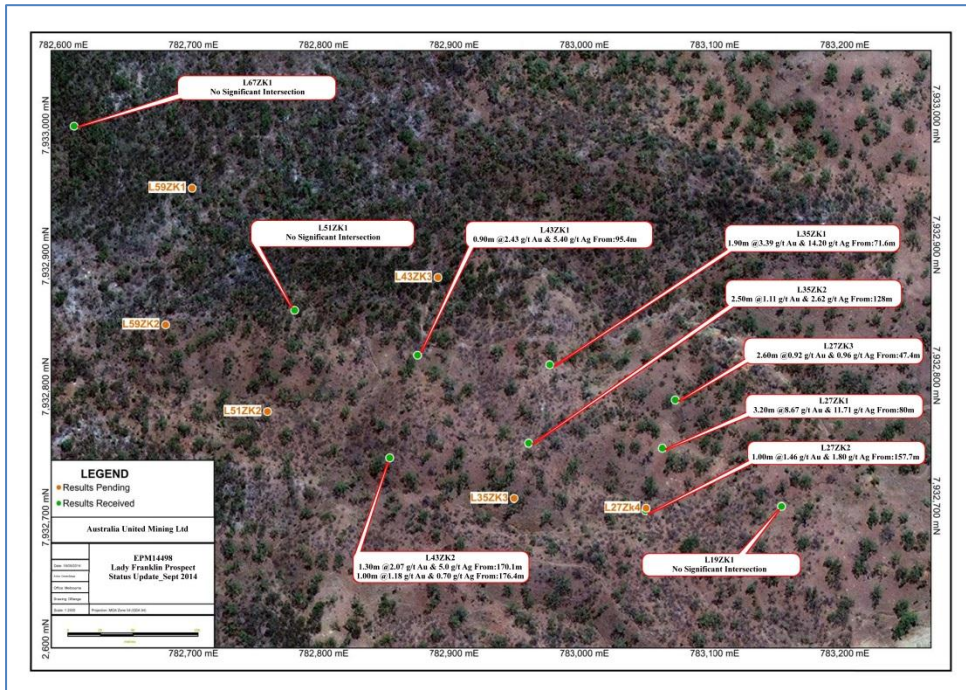


Figure 9: Drill holes in the Lady Franklin area.

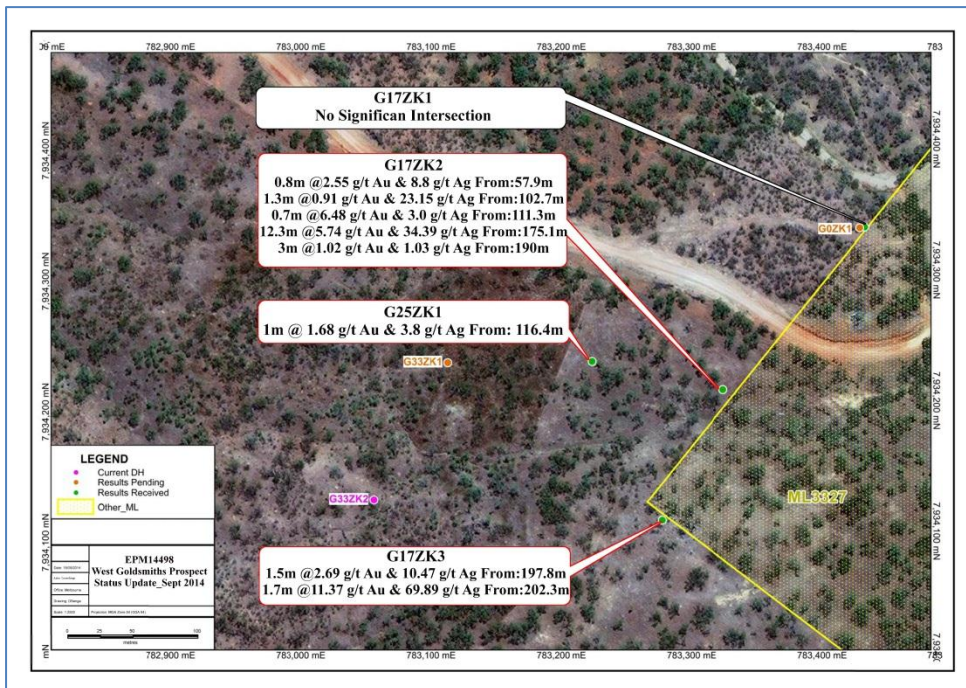


Figure 10: Drill holes in the West Goldsmiths area.

1.2.3 OTHER NSW TENEMENTS

All other NSW tenements are in good standing and activities are being carried out in accordance with the Company's regional exploration work program.

2 TENEMENT HOLDINGS

Lease	Lease Name	Location	Beneficial Percentage Interest
EL7041	Honeybugle	NSW, Australia	100%
EL7045	Wamboyne	NSW, Australia	100%
EL7155	Puggoon	NSW, Australia	100%
EL7332	Karangi	NSW, Australia	100%
EL7423	Sofala	NSW, Australia	100%
EPM14498	Forsayth	QLD, Australia	100%
ML3417	Ropewalk 1	QLD, Australia	100%
ML3418	Ropewalk 2	QLD, Australia	100%

Exploration licenses EL7041, EL7045 and EL7332 have been reduced in size to 61 km², 17km² and 209 km² respectively. EL7423 and EL7155 are currently under the appeal process with regards to a size reduction with the NSW Department of Trade and Investment. EL7036, EL7195 and EL7159 were relinquished.

The Company did not acquire any new tenements, and did not increase, decrease or acquire any new percentage interests in any farm-in or farm-out agreement.

2.1 EXPLORATION LICENCE APPLICATIONS

The Company currently has no pending exploration licence applications.

3 CORPORATE INFORMATION

3.1 SECURITIES ON ISSUE AS AT 30 SEPTEMBER 2014

SECURITIES	NUMBER
Fully paid ordinary shares on issue	670,487,770

3.2 DIRECTORS

Mr Xiao Jing Wang	Chairman	2 May 2012 – present
Mr Edward McCormack	Non-Executive Director	14 May 2012 – present
Ms Jia Yu	Non-Executive Director	2 May 2012 – present
Mr Jianbing Zhang	Non-Executive Director	31 July 2013 - present
Mr John Zee	Executive Director Company Secretary	14 May 2012 – present 31 May 2012 – present

4 COMPETENT PERSON

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Graeme Fraser, a Competent Person who is a member of Australian Institute of Mining & Metallurgy. Mr Fraser is a full-time employee of Australia United Mining limited. Mr Fraser has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Graeme Fraser consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

AUSTRALIA UNITED MINING LIMITED

ABN

35 126 540 547

Quarter ended ("current quarter")

Sept 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (3 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1136)	(1136)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(380)	(380)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	6	6
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(1512)	(1512)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(4)	(4)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(1516)	(1516)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1516)	(1516)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1516)	685
1.20	Cash at beginning of quarter/year to date	1757	1072
1.21	Exchange rate adjustments to item 1.20	-	-
		-	-
1.22	Cash at end of quarter	241	1757

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	104
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Directors' fees and reimbursements.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	600
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	900

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	36	7
5.2 Deposits at call	205	1750
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	241	1757

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	NIL		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	NIL		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	N/A			
7.2				
7.3	670,487,770	670,487,770	Fully Paid	Fully Paid
7.4	151,862,400 shares issued during the quarter under capital raising placements	151,862,400	\$0.01 per share	Fully Paid (\$0.01 per share)
7.5	N/A			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	-	-	Exercise price	Expiry date
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	Debentures (totals only)	N/A			
7.12	Unsecured notes (totals only)	N/A			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



 (Director/Company secretary)

Date: 31 October 2014

Print name:JOHN ZEE.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* applies to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.