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ASX Release
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COMPLETION OF AQUISITION FOR LONE STAR URANIUM PROJECTS

HIGHLIGHTS

- Australian-American Mining Corporation Limited completes the acquisition of the Lone Star Joint Venture ("JV") which includes a number of leased uranium projects in the state of Texas, United States of America ("USA").
- The major project of the JV, the North Trend project, was drilled out in the 1960's by Union Carbide and has significant potential based on historical data for uranium. Exploration target is 3-4 million pounds U_3O_8 (1)
- Highly experienced technical team to work on the JV.
- JV partner Lone Star LLC to receive 5 million shares in AIW, will have a 10% free carry in all projects under the JV and have further incentives to earn AIW shares based on proving up JORC /NI 43-101 resources on the various uranium projects identified and developed by the JV.

Australian-American Mining Corporation Limited ('the Company') today announces the completion of a JV agreement with Lone Star LLC ('Lone Star') which involves the acquisition, exploration and development of a number of uranium properties in the State of Texas in the USA.

Under the JV agreement Uranium Company of Texas ("UCT") has been established as a 90% owned subsidiary of the Company and Lone Star will be free carried to the remaining 10%. The Company is the Manager of the JV. Lone Star personnel will work for the JV and will be responsible for identifying and acquiring leasehold properties with a track record of being drilled out and with historic drilling results.

One such property, the North Trend project, has been identified and leased on a five plus five year lease arrangement. Permits are currently being acquired for a drilling programme aimed at identifying a resource, and it is hoped that this will commence in the next two months.

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Under the JV agreement Lone Star receives shares in the Company based on the acquisition of these projects and on proving up JORC/NI 43-101 resources at the various uranium projects under the JV. As consideration for entering into the JV agreement, Lone Star being are entitled to 5 million shares in the Company which are to be issued immediately. These shares will be escrowed for a period of 6 months.

Under the JV agreement UCT will employ as contractors four of Lone Star's technical staff including Mr Chet Nichols (geologist) who managed much of the drilling on the identified projects for Union Carbide in the 1960's and 1970's. Their experience in uranium exploration and development and their specific knowledge of this area and these projects is significant and will be a great asset to the Company.

The projects are sandstone roll front style uranium mineralisation ranging in depths from 150 feet to 200+ feet. Down-hole gamma logging identified the grade of uranium ranging from 0.12 to 0.15 U_30_8. The deposits are amenable to In Situ Recovery ("ISR") methods, utilising a semi – portable resin adsorption plant to recover the uranium and then transport it to a processing facility. Discussions have been held with parties who own a uranium recovery processing plant fully licensed to produce yellow cake, and is within trucking distance.

The JV has also identified a number of other projects with considerable mineralisation potential based on historic drilling and data and is in the process of negotiating with the land owners over leasing terms. The Company hopes to be in a position to announce further acquisitions in the very near future.

Sincerely,

Jim Malone
Executive Chairman

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Precautionary Notes

Note (1) - These exploration targets are speculative in nature and are not yet classified a resource JORC or NI 43-101. There is insufficient data or work completed by the company to define a mineral resource other than that already reported under the JORC or NI 43-101 and it is uncertain if further exploration will result in the determination of a mineral resource.

Competent person

The review of exploration activities and results contained in this report is based on information compiled by Mr. Denis Geldard, Chief Executive Officer and Executive Director of Australian-American Mining Corporation Limited ("AusAmerican" or "Company"). Mr Geldard is a member of the Australasian Institute of Mining and Metallurgy. Mr Geldard has significant experience relevant to the style of mineralisation and types of deposits under consideration. Mr Geldard consents to the inclusion of this information in the form and context of this announcement.

Further information

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Cautionary note to U.S investors

The United States Securities and Exchange Commission limits disclosure for US reporting purposes to mineral deposits that a company can economically and legally extract or produce. We may use terms in the release such as "reserves", "resources", "geological", "proven", "probable", "measured", "indicated" or "inferred" which may not be consistent with the reserve definitions established by the SEC. US investors are urged to consider closely the disclosure in our annual reports. You can review and obtain copies of these filings from our website.

This announcement contains forward looking statements. These statements relate to future events, or our future financial performance. We have attempted to identify forward looking statements by terminology including "anticipates", "believes", "can", "continue", "could", "estimates", "expects", "intends", "may", "plans", "potential", "predicts", "should" or "will" or the negative of these terms or other comparable terminology. The statements are only predictions and involve known and unknown risks, uncertainties and other factors. The following factors, among others, could cause our actual results and performances to differ materially from the results and performance projected in, or implied by, the forward looking statements:

- Our history of losses and expectation of further losses.
- The effect of poor operating results on our company.
- Our ability to expand our operations in both new and existing prospects and our ability to develop or acquire new prospects.
- Or ability to develop new prospects and our performance in detecting and producing uranium for yellow cake.
- Our ability to raise capital.
- Our ability to fully utilize and retain new executives.
- Negative publicity surrounding our product.
- Trends in consumer tastes in energy.
- The impact of litigation.
- The impact of Federal, state, local or foreign government regulations.
- The effect of competition in our industry.
- Economic and political conditions generally.