



29 June 2011

ASX Release
By e-lodgement

Gold project update

HIGHLIGHTS

San Marcos Gold project (AIW 100%), Arizona

- *Drilling has commenced at the San Marcos Gold Project*
- *The holes will vary in depth from 30 meters to 120 meters. An estimated 5,000 meters of RC drilling will be done.*
- *Drilling will be done from 29 drill pads and include a maximum of 58 drill holes*
- *10.3 square km of ground acquired by AusAmerican with 125 contiguous lode mining claims*
- *Located within Arizona's detachment fault terrane, which hosts the Copperstone gold mine (1 million ounces)*
- *23% of reconnaissance surface samples (grab, composite, chip and channel) returned assays of greater than 1 gram per tonne (g/t)*
- *High grade assays returned results of 98.2 g/t, 52.9 g/t, 26.3 g/t and 17.4 g/t.*
- *A total field Magnetic survey completed*
- *Mapping and sampling indicate mineralized trend is 1,500 metres in length and width is over 700 metres.*
- *Early mining dates from 1890's with reported production of high-grade ore*
- *Drilling by Westmont (1989-1991) intercepted gold mineralization in all drill holes with values ranging up to 20.57 g/t over 1.5 m. Other Intercepts included 15 m @ 1.4 g/t, 7.6 m @ 2.6 g/t, 3 m @ 11.3 g/t, and 6 m @ 6.1 g/t*
- *2011 drilling will confirm Westmont results and increase the lateral extent of known mineralization*

Australian-American Mining Corporation Limited ("AusAmerican" or 'The Company') is pleased to announce that it has commenced an initial drilling programme at the San Marcos Gold Project located in the state of Arizona in the USA.

The San Marcos Gold Project consists of 10.3 square km of ground acquired by AusAmerican, consisting of 125 contiguous lode mining claims. The mineralization is detachment fault in style and is similar to the 1 million ounce Copperstone gold property which lies 75 km west northwest of the San Marcos Gold Project.



The claims cover the old San Marcos underground mine which dates from the late 1890's and was reported by the US Geological Survey to have produced high grade ore. The Project is located in the detachment fault terrane of western Arizona which hosts numerous gold prospects and mines, including Copperstone.

Reconnaissance mapping and sampling of the company's landholdings around the historic San Marcos mine have defined specific drill targets. The area of interest is approximately 1,500 meters long and 700 meters wide. Numerous surface samples have returned gold concentrations of over 1g/t and an equal number of strongly anomalous samples between 0.1 g/t to 1 g/t. High grade samples returned assay results of 98.2 g/t, 52.9 g/t, 26.3 g/t and 17.4 g/t.

To date, in addition to the sampling programme, a total field magnetic survey has been completed. The magnetic survey results confirm structural trends established during geologic mapping. A more detailed magnetic survey may be conducted over the most prospective ground to identify future drill targets.

A Phase 1 reverse circulation ("RC") drill program has commenced. Some 58 holes are planned to test the vertical and lateral extent of outcropping mineralization. Previous drilling between 1989 and 1991 by a small company called Westmont consisted of 23 vertical RC drill holes up to 134 m deep. All drill holes encountered detectable gold with the better mineral zones having values as high as 20.5 g/t Au. About one-third of the Phase 1 drilling will re-evaluate the Westmont program whilst the remainder will test new ground.

The most recent mapping and sampling work has identified another zone of anomalous gold mineralization running parallel to the main trend.

This project has an exploration target in the range outlined in the table below⁽¹⁾ based on the number of high grade samples, previous drilling, historical mining, and the dimensions of what we are testing:

	Tonnes	@ 2.5 g/t	@ 3 g/t
Lower End	6,000,000	485,000 oz	580,000 oz
Higher End	11,500,000	925,000 oz	1,110,000 oz

The first assay results should be available within the next two to three weeks.



Gold strategy

The Company maintains two highly prospective gold projects; the San Marcos and Bernard gold projects. It is the Company's intention to benefit from currently high gold and silver prices. The two active gold projects also provide fall-back in the event of an extended down-turn in the uranium industry.

Sincerely,

Jim Malone
Executive Chairman

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 is considered a competent person pursuant to paragraph 8 of the JORC Code and 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

Please contact Jim Malone +61 419 537 714 or jim.malone@iinet.net.au

Investor and Media Enquiries: Fortbridge- Bill Kemmery on +61 2 93310655 or +61 400 122 449.

North American Investor Relations Manager: Peter Barnes on +1 646 269 3073.

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.