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ASX Release
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Quarterly activities report
September 2011

HIGHLIGHTS

Uranium

- **Current 43-101/JORC Uranium resources 12.85 million pounds**
- **Resource target is 23-26 million pounds$_{(1)}$**

Rare Earths

- **Results of the maiden resource estimation and the metallurgical and extraction scoping study at the La Paz Rare earth project expected this year**
- **Large 5,120 metre, 195 hole drilling programme completed at La Paz in July**
- **3,000 samples collected for maiden resource estimate**
- **Additional drilling program expected to commence this December quarter**

Specialty Metals

- **Mineralogy study on the White Picacho pegmatite specialty metals project (Lithium, cesium and rubidium) commenced**

Gold

- **Phase 1 drilling program has recommenced at the San Marcos Gold Project**
- **Results from completed Phase 1 programme highly encouraging**
- **Phase 2 drilling expected to commence this December quarter**
- **Mineralisation in all holes, close to surface (surface to 100 metres), strike extends along 1,200 metres by 600 metres and is open in all directions**

Corporate

- **TSXV dual listing on track for late November 2011**
- **Company share consolidation completed**

The Directors of Australian-American Mining Corporation Limited ("AusAmerican" or "the Company") are pleased to report on the Company's activities for the quarter ended 30 September 2011.

Uranium projects

The Company currently has three advanced “brown fields’ uranium projects being:

- Apex/Lowboy project in Nevada (AusAmerican 100%)
- Rio Puerco project in New Mexico (AusAmerican 100%); and
- The Lone Star joint venture project in Texas (AusAmerican 90%).

Nevada, Texas and New Mexico are three of the most mining friendly, and in particular uranium friendly, states in the US and the Company is continuing to develop these projects towards production. The three projects have a JORC/43-101 resource of 12.85 million pounds U_3O_8 and have an exploration target of 23-26 million pounds [1].

As shareholders are aware, during the quarter the Company received a non binding proposal whereby Crosshair Exploration and Mining Corporation (“Crosshair”) sought to acquire the Apex/Lowboy, Rio Puerco and Lone Star uranium projects. The non-binding proposal specified that the consideration would be US$12.85 million for the US uranium assets above. This proposal provides the Company with comfort that parties dealing with uranium assets in the USA hold the view that our assets have a value significantly greater than the current value ascribed to those assets by the market. The Company will continue to pursue such opportunities in the future.

The Company has now received all of the permits required for a drilling programme at the Lone Star project in Texas and this programme is expected to commence in the near future. The Company had commenced a drilling programme in July at Rio Puerco however due to problems with the drilling rig this programme has been suspended. We are hopeful of securing a replacement rig and re-commencing this drilling program in the near future although at this stage this programme may be restricted due to funding priorities.

Rare Earth Project

The Company announced during this year the discovery of the La Paz Rare Earth project in Arizona. La Paz is located in La Paz County in the west-central section of the state of Arizona, approximately 120 miles west-north-west of Phoenix. The project comprises of 63 unpatented blocks and prospecting permit over one section (640 acres/259 hectares of State Trust Lands. Work completed to date includes;

- Reconnaissance sampling
- Geological mapping
- Evaluation of geochemistry
- Metallurgical studies
- Percussion drilling (5,120 metres)
- Detailed mineralogical study performed by SGS laboratories of Vancouver

A detailed metallurgical and extraction study performed by Saskatchewan Research Council to demonstrate an economic process to produce REE concentrates is expected this year, as will the maiden resource calculation.

The drilling has defined a homogenous mineralised zone 2,500 metres by 1,500 metres from surface to 30 metres in depth. The mineralisation has not been closed off in all directions and is open at depth which indicates the presence of a very large system.

Initial geochemical results indicate the La Paz project has very low thorium and uranium levels (less than 10ppm and 5ppm respectively) which is an environmental positive. Assays also indicate the deposit contains the entire range of naturally occurring REE's with the heavy REE's comprising 15%-20%.

Specialty metals project

The White Picacho specialty metal project is in Arizona. A major sampling programme was completed earlier this year on a number of the 28 pegmatites in the project area. More than 1,300 samples were collected and a large number of the samples returned high grades of lithium, cesium and rubidium.

The Company has recently commissioned a series of mineralogical and metallurgical studies by Actlabs of Ontario, Canada. The results have shown a high lithium sample group (Li from 149 ppm to 1600 ppm) and a low lithium group with exceptionally strong cesium –rubidium relationship with rubidium grades up to 1.6 % and cesium at 0.6%.

Saskatchewan Research Council have provided a metallurgical process flow sheet to test extraction of the various strategic metals which will be reported in the first quarter of 2012.

Gold project

The Company has re-commenced drilling at the San Marcos Project in La Paz County Arizona. This drilling will complete the Phase I Reverse Circulation Drilling Project that is intended to determine the lateral extent of gold mineralization away from the San Marcos Open Cut mine.

The balance of Phase I drilling will consist of sixteen holes to lengths of up to 122 meters. All holes will be drilled at minus 45 degrees to optimize the intersection of both flat and high-angle mineralized structures. An additional 1,950 meters will be drilled with the reverse circulation rig.

At the same time, a core rig has been moved onto the San Marcos Property to drill two of three planned core holes. One of these holes will twin previously drilled hole SM-11A, which intersected gold-bearing sulphides near the end of the hole. The intent of this drilling is to further test the sulphide mineralization at greater depth and to obtain core samples for geologic and mineralogical investigations.

The second core hole will twin Westmont Mining Inc. Hole 89-08, which penetrated several zones of good grade mineralization. Core from this hole will be tested to confirm historic assay results and to make geologic and mineralogical observations pertinent to understanding the mineralizing system at San Marcos.

A third core hole will be drilled when the Phase I Reverse Circulation Drilling has been concluded at a site yet to be determined. Total core drilling at this phase of the project is estimated to consist of 900-950 meters.

Table 1, below gives a listing of important intercepts both by Westmont Mining Incorporated drilling in 1989-1990 and the first 16 holes by Uranium Company of Arizona through August 2011. The Figure following the table shows all outcrop samples, previously completed drill holes and the balance of planned Phase I drill hole locations. Also shown are the first 16 Phase II drill hole locations, which drilling will commence in the fourth quarter of this year.

The drilling of both Westmont and AusAmerican has been extremely encouraging with mineralisation occurring in most holes and some good intercepts including:

3.1 metres @ 1.9 g/t (Westmont)
9.2 metres @ 2.62 g/t (Westmont)
7.6 metres @ 1.87 g/t (Westmont)
5 metres @ 11.9 g/t (Westmont)
3.6 metres @ 2.71 g/t (Westmont)
4.6 metres @ 1.94 g/t (Westmont)
6.1 metres @ 1.41 g/t (Westmont)
3 metres @ 11.3 g/t (Westmont)
4.6 metres @ 2.11 g/t (Westmont)
1.5 metres @ 6.83 g/t (AusAmerican)
16.8 metres @ 2.25 g/t (AusAmerican)
12.2 metres @ 1.45 g/t (AusAmerican)
7.6 metres @ 2.19 g/t (AusAmerican)
4.6 metres @ 18.49 g/t (AusAmerican)
3 metres @ 1.13 g/t (AusAmerican)
(See table 1 below for all results)

Corporate

The Company recently underwent a 1 for 5 share consolidation in order to comply with a request from the TSXV in order to satisfy its listing conditions.

The Company has now completed its application for listing on the TSXV and is awaiting listing committee approval. The Company anticipates being listed effective late November 2011.

The Company currently has 67.8 million shares on issue, trading at 10 cents (or 2 cents on a pre consolidation basis). At this price, the Company has a current market capitalisation of $6.8 million. At 30 September 2011 the Company had cash and cash equivalents of approximately $4.2 million made up of cash of approximately $3 million and ASX listed Forge Resources Limited (FRG) shares making up the balance. With no debt, this gives an enterprise value of the Company's projects of a $2.8 million.

Sincerely,

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Jim Malone
Executive Chairman

Table 1:

TABULATION OF HISTORIC AND PHASE I DRILLING RESULTS
SAN MARCOS PROJECT
LA PAZ COUNTY, ARIZONA

WESTMONT MINING INC. 1989-1990			
DRILL HOLE ID	**INTERVAL**	**LENGTH**	**GRADE**
89-01	13.7-16.8 M	3.1 M	1.9 G/T
	18.3-19.8 M	1.5 M	0.34 G/T
	35.1-36.6 M	1.5 M	1.03 G/T
89-02	16.8-21.3 M	4.5 M	0.43 G/T
	29.2-35.1 M	5.9 M	0.65 G/T
	39.6-41.1 M	1.5 M	0.34 G/T
89-03	51.8-53.3 M	1.5 M	0.48 G/T
89-04	45.7-48.8 M	3.1 M	0.45 G/T
	62.5-64.0 M	1.5 M	0.48 G/T
89-05	48.8-56.4 M	7.6 M	0.24 G/T
89-06	32.0-33.5 M	1.5 M	1.87 G/T
	33.5-38.1 M	4.6 M	0.25 G/T
	53.3-54.8 M	1.5 M	0.27 G/T
89-07	65.6-68.6 M	3.0 M	0.31 G/T
	71.6-80.8 M	9.2 M	2.62 G/T
	80.8-88.4 M	7.6 M	0.22 G/T
89-08	3.1-10.7 M	7.6 M	1.87 G/T
	33.5-36.6 M	3.1 M	0.61 G/T
	42.7-45.7 M	5.0 M	11.9 G/T
	47.2-48.7 M	1.5 M	0.41 G/T
89-09	6.1-10.7 M	3.6 M	2.71 G/T
	27.4-28.9 M	1.5 M	0.48 G/T
	33.5-38.1 M	4.6 M	1.94 G/T
	56.4-57.9 M	1.5 M	0.34 G/T
89-10	6.1-13.7 M	6.6 M	0.56 G/T
	16.8-18.3 M	1.5 M	0.2 G/T
	19.8-21.3 M	1.5 M	0.2 G/T
	24.4-30.5 M	6.1 M	1.41 G/T
	35.1-39.6 M	4.5 M	0.65 G/T
89-11	BARREN		

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89-12	6.1-10.6 M	4.5 M	0.34 G/T
	13.7-15.2 M	1.5 M	0.2 G/T
	67.1-68.6 M	1.5 M	0.41 G/T
	73.2-76.2 M	3.0 M	0.24 G/T
	79.2-80.7 M	1.5 M	0.2 G/T
89-13	12.2-13.7 M	1.5 M	0.24 G/T
	70.1-85.3 M	5.2 M	0.24 G/T
89-14	32.0-35.0 M	3.0 M	11.3 G/T
89-15	39.6-42.6 M	3.0 M	1.04 G/T
89-16	25.9-27.4 M	1.5 M	0.34 G/T
89-17	15.2-16.7 M	1.5 M	0.41 G/T
	19.8-27.4 M	7.6 M	0.71 G/T
	67.1-68.6 M	1.5 M	0.61 G/T
	103.6-105.1 M	1.5 M	0.2 G/T
	105.1-108.2 M	3.1 M	0.75 G/T
	109.7-115.8 M	6.1 M	0.35 G/T
90-01	9.1-13.7 M	4.6 M	2.11 G/T
90-02	67.1-68.6 M	1.5 M	0.24 G/T
90-03	27.4-28.9 M	1.5 M	0.2 G/T
	56.4-61.0 M	5.6 M	0.22 G/T
90-04	64.0-67.0 M	3.0 M	0.22 G/T
90-05	47.2-48.7 M	1.5 M	0.27 G/T
	53.3-56.3 M	3.0 M	0.41 G/T

AUSAMERICAN DRILLING 2011 (JULY- AUGUST 2011)

DRILL HOLE ID	INTERVAL	LENGTH	GRADE
SM-01A	9.1-10.4 M	1.5 M	0.21 G/T
	21.3-22.8 M	1.5 M	0.38 G/T
	117.3-120.3 M	3.0 M	0.37 G/T
SM-01B	57.9-59.4 M	1.5 M	0.27 G/T
	117.3-120.3 M	3.0 M	0.34 G/T
SM-09A	3.0-7.6 M	4.6 M	0.44 G/T
	12.2-16.8 M	4.6 M	0.23 G/T
	25.9-27.4 M	1.5 M	0.58 G/T
	80.8-82.3 M	1.5 M	0.22 G/T
	85.3-88.3 M	3.0 M	0.60 G/T
SM-09B	4.6-6.1 M	1.5 M	0.48 G/T
	13.7-16.7 M	3.0 M	0.32 G/T
	25.9-27.4 M	1.5 M	0.97 G/T
	30.5-32.0 M	1.5 M	0.40 G/T
	38.1-39.6 M	1.5 M	6.83 G/T
	70.1-74.7 M	4.6 M	0.60 G/T

AUSAMERICAN DRILLING 2011 (JULY- AUGUST 2011)

DRILL HOLE ID	INTERVAL	LENGTH	GRADE

AUSAMERICAN
MINING

SM-10A	1.5-18.3 M	16.8 M	2.25 G/T
SM-10B	0-1.5 M 3.0-15.2 M 24.4-29.0 M 30.5-32.0 M 33.5-35.0 M 39.6-41.1 M	1.5 M 12.2 M 4.6 M 1.5 M 1.5 M 1.5 M	0.26 G/T 1.45 G/T 0.24 G/T 0.46 G/T 0.50 G/T 0.23 G/T
SM-11A	7.6-15.2 M 16.8-18.2 M 19.8-21.3 M	7.6 M 1.5 M 1.5 M	2.67 G/T 0.24 G/T 0.26 G/T
SM-11B	1.5-3.0 M 7.6-15.2 M 16.8-18.3 M 22.9-30.5 M 33.5-35.0 M	1.5 M 7.6 M 1.5 M 7.6 M 1.5 M	0.63 G/T 0.69 G/T 0.26 G/T 2.19 G/T 0.53 G/T
SM-12A	0-4.6 M 6.1-7.6 M 10.7-18.3 M 19.8-21.3 M 48.8-50.3 M 54.9-56.4 M	4.6 M 1.5 M 8.6 M 1.5 M 1.5 M 1.5 M	18.49 G/T 0.94 G/T 0.47 G/T 0.32 G/T 1.37 G/T 0.19 G/T
SM-12B	0-3.0 M 6.1-7.6 M 9.1-15.2 M	3.0 M 1.5 M 6.1 M	1.13 G/T 0.19 G/T 0.47 G/T
SM-13A	0-4.6 M 13.7-15.2 M	4.6 M 1.5 M	1.34 G/T 0.24 G/T
SM-13B	0-1.5 M 41.1-42.6 M 62.5-65.5 M 67.1-68.6 M 88.4-89.9 M	1.5 M 1.5 M 3.0 M 1.5 M 1.5 M	0.49 G/T 0.43 G/T 0.48 G/T 0.40 G/T 0.26 G/T
SM-14A	3.0-6.1 M 7.6-10.7 M 22.9-24.4 M 97.5-100.5 M 118.9-120.4 M	3.1 M 3.1 M 1.5 M 3.0 M 1.5 M	0.66 G/T 0.43 G/T 0.28 G/T 0.32 G/T 0.26 G/T
SM-14B	0-3.0 M 4.6-10.7 M 12.1-13.6 M 29.0-30.5 M 71.6-73.1 M	3.0 M 6.1 M 1.5 M 1.5 M 1.5 M	0.29 G/T 0.29 G/T 0.24 G/T 0.32 G/T 0.23 G/T
DRILL HOLE ID	**INTERVAL**	**LENGTH**	**GRADE**
SM-15A	68.6-70.1 M 109.7-111.2 M	1.5 M 1.5 M	0.28 G/T 0.27 G/T
SM-15B	50.3-51.8 M 53.3-54.8 M	1.5 M 1.5 M	0.74 G/T 0.86 G/T

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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 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.

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.

Further information:

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