



31st January 2012,

ASX Release,
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QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2011

HIGHLIGHTS

- **Advanced the La Paz REE project - completed initial metallurgical test work study and an Independent NI 43-101 report, released maiden indicated resource, and diamond drill programme commenced;**
- **Continued to advance the Company's uranium projects – completed Independent NI 43-101 report at Rio Puerco;**
- **Advanced the San Marcos gold project - second phase diamond drill programme and Independent NI 43-101 report completed;**
- **Continued to advance the White Picacho specialty metals projects; and**
- **Continued to pursue the strategy of seeking a North American listing.**

The Directors of Australian-American Mining Corporation Limited (“AusAmerican”, “AIW” or “Company”) are pleased to report the following activities occurred in the last quarter ended 31 December 2011:

1. Advanced the La Paz REE project.

This project was discovered in 2010. In 2011, the Company completed the following:

- Early stage exploration, mapping, sampling, and geochemistry;
- Further claims staked in surrounding area;
- 195 hole, 5,200 metre percussion drilling campaign completed;
- Initial metallurgical test work completed by Saskatchewan Research Council (“SRC”);
- Independent NI 43-101 completed;
- Maiden indicated and inferred resource announced;
- Independent Scoping Study commenced;
- Second phase diamond drilling programme commenced; and
- Second phase of metallurgical test work started.

During the December quarter the Company completed the initial metallurgical test work study and an Independent NI 43-101 report. The maiden indicated resource of 16.2 million tonnes at 373.4 ppm (using a 300 ppm cut off) for 12.1 million pounds (lbs) Rare Earth Elements (“REE”) and an inferred resource of 112 million tonnes at 371 .5 ppm (using a 300 ppm cut off) for 83.5 million pounds (lbs) REE was announced.



The total resource currently stands at 128.2 million tonnes at 371.5 ppm for 95.6 million pounds (lbs) REE.

Further, preliminary test work to date is most encouraging, with overall TREO (“Total Rare Earth Oxides”) recovery of 68.1% after concentration to an average grade of 1248 ppm.

A second stage metallurgical study commenced and a second phase diamond drilling programme commenced in the December quarter. Results of these studies and the drilling are pending and we expect to receive them in the first quarter of 2012.

2. Continued to advance the Company’s uranium projects.

- During the quarter an Independent NI 43-101 report was completed at the Rio Puerco uranium project. The comprehensive report confirmed the inferred resource of 11.3 million pounds grading 900ppm using a 300 ppm cut off, identified potential to increase the current resource and confirmed potential for insitu recovery (“ISR”) mining.
- Other work performed during the quarter on the Company’s uranium projects included exploration and permitting work completed at Lone Star JV as well as continued project and property evaluation undertaken in Texas.

3. Advanced the San Marcos gold project.

- During the quarter a second phase, 5 hole, 878 metre diamond drill programme was completed; and
- An Independent NI 43-101 report was completed.

4. Continued to advance the White Picacho specialty metals projects.

- During the quarter a number of samples were sent to SRC for metallurgical/extractive test work which will commence this quarter; and
- A detailed report on the sampling programme carried out at the White Picacho property in 2011 has been prepared and is currently being reviewed by the Company.

5. Continued to pursue the strategy of seeking a North American listing.

- During the quarter the Company advanced its efforts to be listed in North America in addition to its ASX listing. The Company is now trading ADR’s on the highest tier of the OTC market, OTC.QX–New York; (ticker: MNOMY). Leading market agency Standard and Poor’s has commenced coverage of the Company; and
- The Company achieved conditional listing status on the TSX-V.



AusAmerican assets

At the end of the quarter the Company owned a number of high quality assets - all located in low risk, mining friendly jurisdictions in the USA. They comprise:

- The La Paz REE project in Arizona. NI 43-101 and JORC compliant indicated and inferred resource of 128 million tonnes of REE (95.6 million pounds) grading 0.0371% (371ppm) with +16% HREE;
- The White Picacho pegmatite strategic metal project located in Arizona (lithium, rubidium, tantalum, and niobium);
- The Rio Puerco uranium project in New Mexico. NI 43-101 and JORC compliant inferred resource of 11.3 million pounds U_3O_8 grading 0.09% (900ppm) at a 0.03% (300ppm) cut off grade;
- The Apex/Lowboy uranium project in Nevada. NI 43-101 and JORC compliant inferred resource of 1.5 million pounds U_3O_8 grading 0.07% (700 ppm) using a cut off grade 0.01% (100ppm);
- The Lone Star uranium JV (AIW 90%) in Texas, with a number of leases on prospective uranium properties with historic resources;
- The Apache Basin uranium project in Arizona;
- The San Marcos gold project in Arizona; and
- The Bernard gold project (AIW 90%) in Arizona.

In addition to these mineral properties, the Company also has an investment of 3 million shares in ASX company Forge Resources Limited (ASX code: FRG) currently valued at approximately \$900,000.

As at 31 December 2011 the Company had cash and liquid assets of approximately \$2 million.

For any further information please contact the Company on +61 9325 5568 or e-mailing jim.malone@ausamerican.com or visiting the website on www.ausamerican.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Malone', with a horizontal line extending from the end of the signature.

Jim Malone
Executive Chairman

**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.
- Our 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:

For further information please contact Jim Malone at jim.malone@ausamerican.com or on +61 89325 5568

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