



31 July, 2012

ASX Release,
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QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 30 June 2012

HIGHLIGHTS

- **Agreement to purchase New Mexico uranium assets**
- **Evaluation of existing projects by new technical team continues**
- **New project identification/evaluation programme continues**
- **Metallurgical testwork completed at the La Paz Rare Earth project**
- **Unmarketable parcel and small share package buy-back programme completed**

The Directors of Australian-American Mining Corporation Limited (“AusAmerican”, “AIW” or “Company”) are pleased to report the following activities occurred in the quarter ended 30 June 2012.

- **Agreement for purchase of New Mexico uranium projects.**

On the 22nd of May 2012, the Directors of AusAmerican announced that they had entered into a Heads of Agreement (“HOA”) with Kaboko Mining Limited (formally Uran Limited) to purchase three uranium properties located in New Mexico in the USA. The three projects are the Grants Ridge Joint venture (earning a 65% interest), Kit Carson and the Northern projects (both 100%).

On 15th June, AusAmerican announced that in order to complete the due diligence on the projects, KAB and AusAmerican have agreed to extend the completion date until 30 June 2012.

AusAmerican now hopes to finalise this agreement in the coming weeks. All of the projects under the HOA are located in the Grants Mineral Belt, New Mexico, USA and are within 60km of AusAmerican’s Rio Puerco uranium project.

The Grants mineral belt produced over 340,000,000lbs U₃O₈ (154,545 tonnes) prior to 1986 and was the largest producing uranium field in the USA in the previous production cycle. The deposits within the belt are located in the Jurassic age Morrison formation and are hosted in sandstone (mainly the Westwater Canyon, Poison Canyon or Jackpile units) or limestone (the Todilto limestone unit). The area is well known for historical high-grade production and there were 15 uranium processing plants operating in the area during the 1980s.

Details of the three projects are as follows:

1. The Grants Ridge Joint Venture (“GRJV”)

The GRJV holds 2270 hectares of mining claims, freehold land and leased mineral rights covering numerous historical uranium mines in the Grants Mineral Belt, New Mexico, USA (outlined in green in figure 1).

Recent focus in the GRJV has been on the Mesa Montanosa project. This project was previously drilled by Homestake and Mid-Continent Uranium and the GRJV has logged records for approximately 640 drill holes. Other projects in the GRJV include the Armijo and F33 projects.

Kaboko is earning 65% in the JV and has completed the expenditure requirements of the JV. To crystallise the interest Kaboko must deliver a feasibility study.

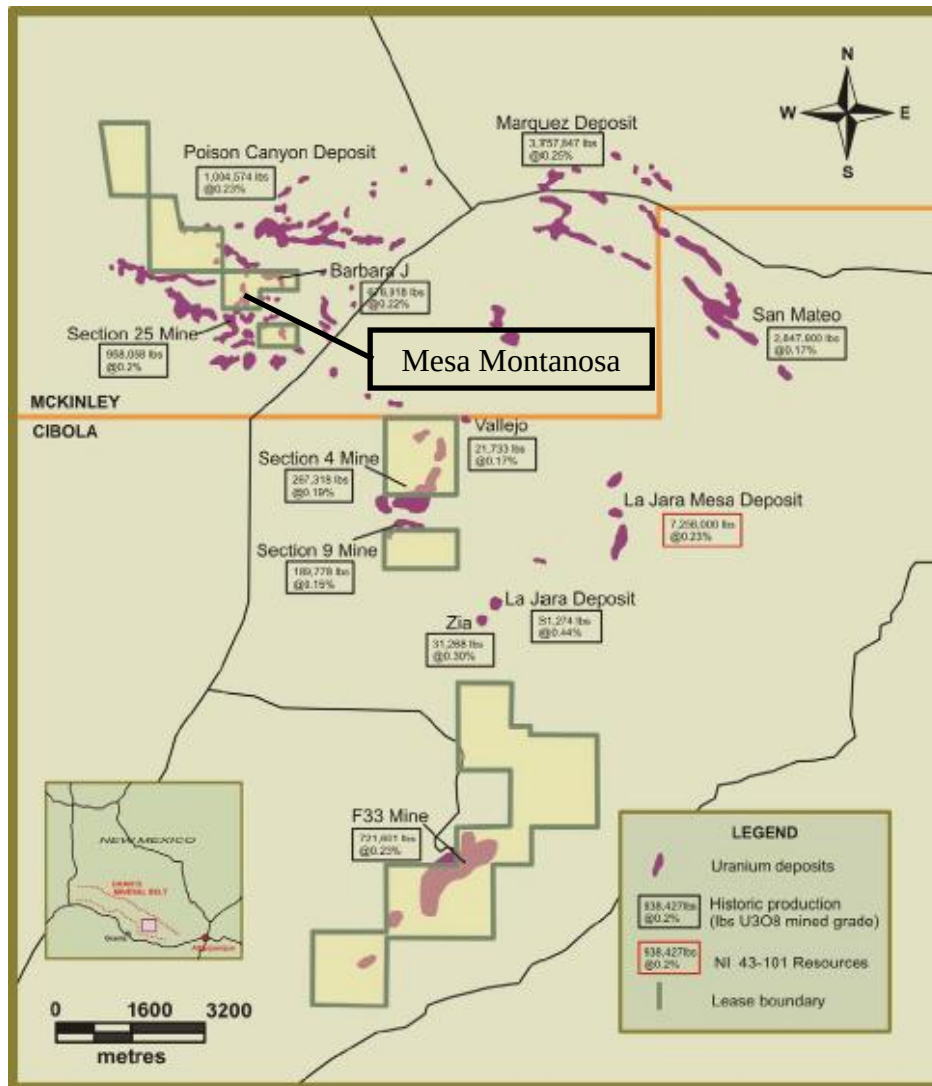


Figure1: Location of the GRJV tenements (outlined in green)

2. Kit Carson project (100%)

Kit Carson abuts the Mesa Montanosa project and covers 1230 hectares. The area includes a number of historical open pit and underground mines which extracted uranium mineralisation hosted in the Todilto limestone. Previous drilling comprising 87 holes within the project demonstrates that mineralization continues through the project. The area is private land and will be a favourable location for any future infrastructure due to simpler permitting requirements.

3. Northern projects (100%)

The Northern projects (see figure 2) cover mineral claims over 518 hectares close to Mesa Montanosa and contains the Poison Canyon sandstone of the Morrison formation. Mines hosted in this stratigraphic unit include the Jackpile (production of over 46million lbs U₃O₈ @ 0.24%), the Marquez (3.7m lbs U₃O₈ @ 0.26% produced) and the Poison Canyon (1m lbs U₃O₈ @ 0.23% produced). The presence of the same host unit within the acquired projects underpins their prospectivity.

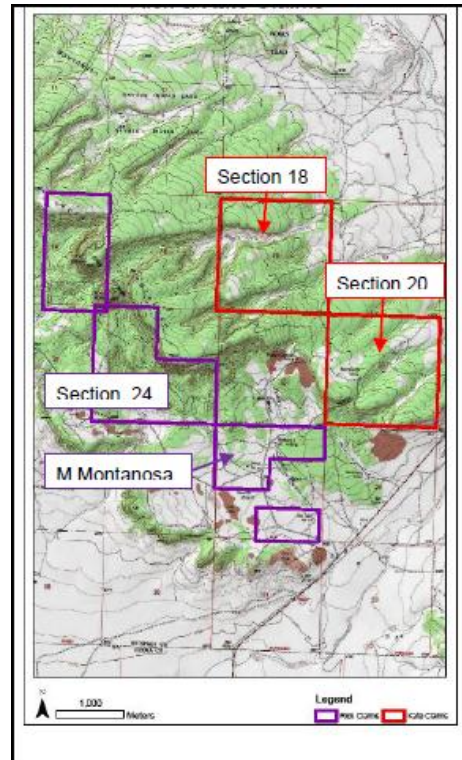
The claims include the historic Gossett mine, which was hosted in the Poison Canyon sandstone and operated in the 1950s. It produced approximately 166,000lbs U₃O₈ at an average grade of 0.21% U₃O₈.

AusAmerican's Uranium Strategy

Uranium is an important component of AusAmerican's multi commodity portfolio. The company is focussed on building a portfolio of high quality uranium assets in the USA; a location with low sovereign risk, excellent infrastructure, increasingly co-operative regulative and legislative environment.

The addition of the Kaboko projects, which are strategically located close to AusAmerican's Rio Puerco uranium project, enables the company to increase its asset base in the Grants Mineral Belt, a prominent uranium region. The combination of these projects adds significant scope for increasing the potential size of the company's uranium resource in the area and enabling a critical mass to be reached. Furthermore the addition of private land at Kit Carson offers a strategic alternative for potential milling sites as permitting is more favourable on private land than on BLM or state controlled land.

Figure 2: the Northern project consisting of Section 18 and 20



- **Evaluation of existing projects and new project identification/evaluation programme continues**

On March 14th, AusAmerican announced it had appointed Mr Richard Holmes as Managing Director. Mr Holmes is a highly experienced geologist who has worked in, developed and evaluated mining projects throughout the world. Mr Holmes has held senior business development roles with a number of major mining companies, including AngloGold Ashanti and Aditya Birla Minerals Ltd. He has spent the last six years of his career performing technical and financial analysis of mineral/resources projects and companies throughout the world.

Since joining the company, Mr Holmes has been conducting a review of the company's existing projects. This has included two site visits to our US assets as well as technical data compilation and review. Mr Holmes has recently completed a report on the review of the existing assets with recommendations on what the company should do to advance /maximise the various assets and what priority they will have on the on-going exploration/development budgets. The Board of AusAmerican is currently reviewing the recommendations and expects to take some decisions on the report in the near future.

- **La Paz Rare Earth Elements Project – completion of early stage metallurgical test work.**

On May 16th, the company announced an update on the progress of the company's 100% owed La Paz Rare Earth elements ("La Paz") project located in Arizona in the USA.

The La Paz ore body is a homogeneous high tonnage low grade REO which has a high distribution of valuable rare earth elements such as dysprosium, neodymium and europium. The rare earth element ("REE") in the deposit is Allanite contained in a complex matrix, which has a lack of deleterious elements such as thorium and uranium. The project focusses on heavy rare earths elements ("HREE") with the project bearing over 19% HREO/TREO.

The Saskatchewan Research Council Mining and Minerals Division ("SRC") was engaged to conduct metallurgical extraction testing applying gravity, magnetic and flotation separation processes. The objective of the metallurgical test was to define the parameters of an extractable basket of total rare earth oxides ("TREO"). Further tests were then conducted to determine the leaching characteristics of the concentrate.

The test work demonstrated;

- A concentrate with a TREO content of ~1200ppm could be produced
- Beneficiation of test material achieved a mass reduction of 22%
- Leaching recoveries were 60% for LREO (Light Rare Earth Oxide), 35% for HREO (Heavy Rare Earth Oxide) and overall 56% for TREO
- Acid consumption was on a 1:1 ratio (acid to ore)
- Mineralogical study revealed that two species of allanite exist of which only one, in very fine grains, contains extractable REE.

Further test work is now required to optimise the test results and AusAmerican plans to commence this work later in the year. Metallurgical performance is the one of the most important drivers for a successful rare earths project and this test work will help identify the key elements for the project with respect to capital costs, operating costs and development timeline.

- **Unmarketable parcel and small share package buy-back programme completed**

The company announced on 30th May a minor shareholder share facility that offered minor shareholders a cost-effective and voluntary mechanism to sell shares. The company provided this facility because it had, at the time of the announcement, over 1800 shareholders of which 1,645 had either an unmarketable or small holding.

The facility closed on 20 July and a total of 1,888,468 shares were bought from 1,003 shareholders at a price of 3.8 cents and were placed with clients of DJ Carmichael. These shareholders will receive their funds in the next two weeks.

This process has reduced the number of shareholders in the company to 862. The company would like to thank both Computershare Investor Services Pty Ltd and DJ Carmichael for their efforts in managing the transaction.

- **AusAmerican assets**

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

- The La Paz REE project in Arizona.
- The White Picacho pegmatite strategic metal project located in Arizona (lithium, rubidium, tantalum, and niobium);
- The Rio Puerco uranium project in New Mexico.
- The Apex/Lowboy uranium project in Nevada.
- 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 30 June 2012, the Company had cash and liquid assets of approximately \$1.129 million.

On 2nd July, the company received a further \$350,000 from the existing facility with Australian Special Opportunity Fund, LP ("ASOF"), a New York based institutional investment fund managed by the Lind Partners LLC. This takes the amount of funds drawn down from the facility to date to \$700,000. There remains \$2,720,000 in funds to be drawn down if required under the agreement.



In July 2012, the company advised it had changed its address to the following;

Address:

Level 6, 5 Mill Street
PERTH WA 6000

Mailing Address:

PO Box 1788
WEST PERTH WA 6872

Contact Details:

Telephone: +61 89481 0799
Fax: +61 89481 1927

Web: www.asuamerican.com

For any further information, please contact the Company on +61 8 9481 0799 or e-mail jim.malone@ausamerican.com or visit the website on www.ausamerican.com.

Sincerely,

Mark Ceglinski
Chairman

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 Mark Ceglinski, Richard Holmes or Jim Malone at jim.malone@ausamerican.com or on +61 894810799

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

APPENDIX 5B

Mining exploration entity quarterly report

(Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001).

Name of entity

Australian-American Mining Corporation Limited

ABN

99 073 155 781

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(218)	(3,003)
(b) development	-	-
(c) production	-	-
(d) administration	(517)	(1,584)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	93	113
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(642)	(4,474)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) investments	-	-
(c) other fixed assets	-	(17)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Contributions from joint venture	-	-
1.13 Payments for joint venture operations	-	-
1.14 Movement in security deposits	-	-
Net investing cash flows	-	(17)

1.15	Total operating and investing cash flows (brought forward)	(642)	(4,491)
	Cash flows related to financing activities		
1.16	Proceeds from issues of shares, options, etc.	-	71
1.17	Proceeds from auction of partly paid shares	-	-
1.18	Proceeds from borrowings	-	-
1.19	Repayment of borrowings	-	-
1.20	Proceeds from convertible notes	-	300
1.21	Other (share issue costs)	-	-
	Net financing cash flows	-	371
	Net increase (decrease) in cash held	(642)	(4,120)
1.22	Cash at beginning of quarter/year to date	677	4,265
1.23	Exchange rate adjustments to item 1.20	192	82
1.24	Cash at end of quarter	227	227

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.25	Aggregate amount of payments to the parties included in item 1.2	(56)
1.26	Aggregate amount of loans to the parties included in item 1.10	-
1.27	Explanation necessary for an understanding of the transactions	
	Payments to directors for services to the group.	

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	None.
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	None.

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	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	400

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	227	677
5.2 Deposits at call	-	-
5.3 Commercial Bills	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	227	677

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

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)	Amount paid up per security (see note 3)
7.1 Preference ⁺securities (description)	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions		-	-	-
7.3 ⁺Ordinary securities				
Fully Paid	75,767,021*	75,767,021*		
7.4 Changes during quarter				
(a) Fully paid Increases through issues	7,026,316	7,026,316		
7.5 Convertible debt securities (description)	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Listed	35,355,252*	35,355,252*	\$0.50	31 December 2012
Unlisted	1,600,000*	-	\$0.231	15 September 2013
Unlisted	61,729*	-	\$0.2105	6 October 2013
Unlisted	37,037*	-	\$0.2105	13 October 2013
Unlisted	55,556*	-	\$0.2105	20 October 2013
Unlisted	60,000*	-	\$0.325	16 November 2013
Unlisted	600,000	-	\$0.0595	1 March 2015
Unlisted	9,000,000	-	\$0.09	1 March 2015
7.8 Issued during quarter	9,000,000		\$0.09	1 March 2015
7.9 Exercised during quarter				
7.10 Expired during quarter	100,000* 80,000*	-	\$6.00 \$1.00	18 February 2012 01 January 2012
7.11 Performance Rights (totals only)	26,000,000	-		
7.12 Unsecured notes (totals only)	-	-		
	-	-		

| | |

*Note: A 1 for 5 share consolidation was completed on 28 September 2011

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Date: 31 July 2012

Company Secretary

Print name: Jim Malone

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.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* applies to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.