



31 October, 2012

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

HIGHLIGHTS

- **Completion of the acquisition of New Mexico uranium projects**
- **Option agreement finalised for the purchase of Arizona copper/gold/silver projects**
- **Data package acquired for the Arizona copper/gold/silver projects**
- **Exploration commences at Bluebell and De Soto copper/gold/silver projects**
- **\$1.578 million raised in successful, fully subscribed placement and Share purchase plan raising**

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 September 2012.

1. **Completion of the Acquisition of New Mexico Uranium Projects**

During the quarter the company announced that it had finalised the agreement with Kaboko Mining Limited ("KAB") to purchase 100% of KAB's subsidiary New Mexico Investments Limited, which via its wholly owned subsidiary Grants Ridge Inc has an interest in three uranium projects in New Mexico.

The acquisition was first announced to the market on 22nd May 2012 and 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.

Details of the three projects are as follows:

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). 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.

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.

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

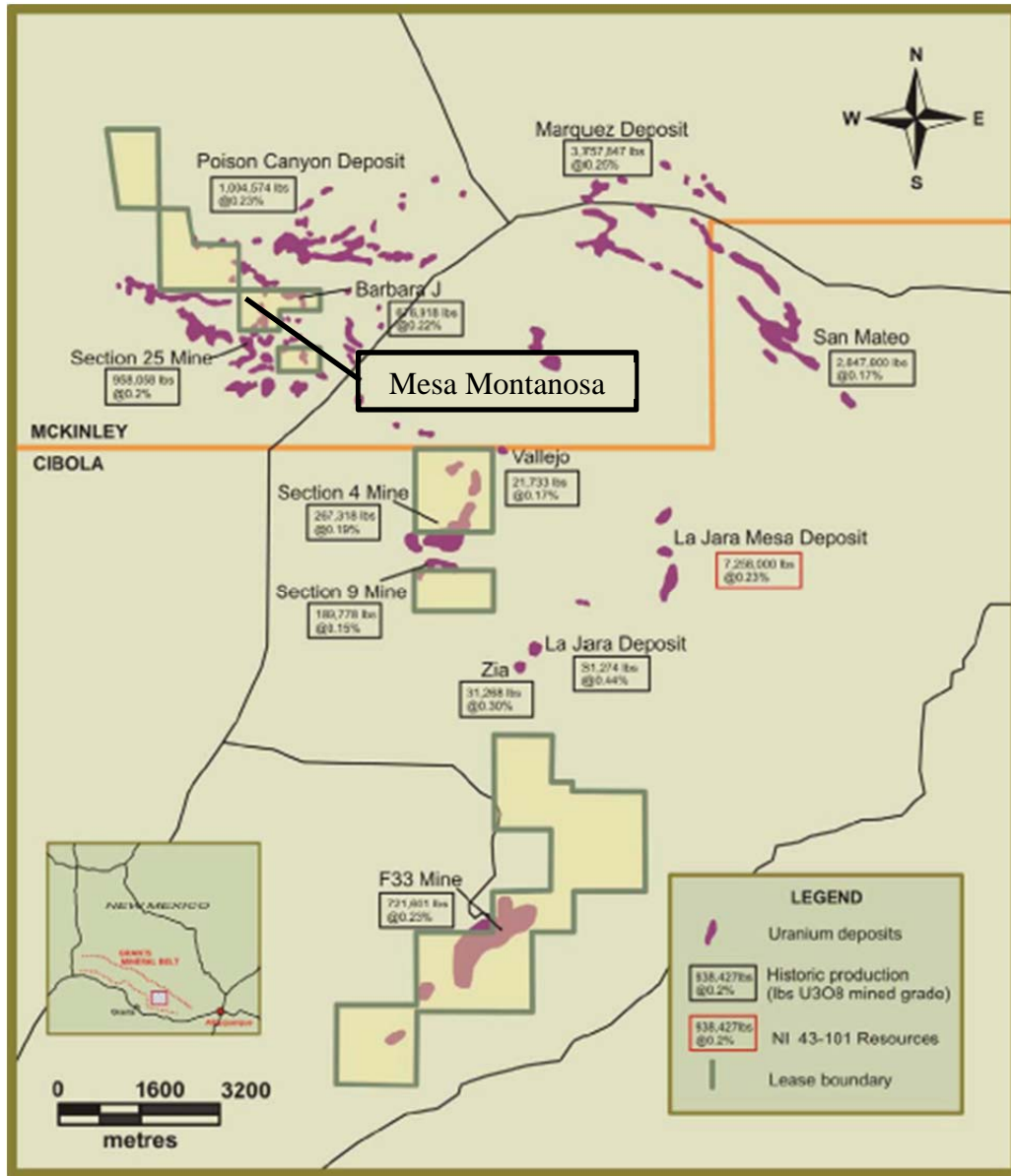


Figure 1: Location of the GRJV tenements (outlined in green)

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.

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 46 million lbs U_3O_8 @ 0.24%), the Marquez (3.7m lbs U_3O_8 @ 0.26% produced) and the Poison Canyon (1m lbs U_3O_8 @ 0.23% produced). The presence of the same host unit within the acquired projects underpins their prospectivity.

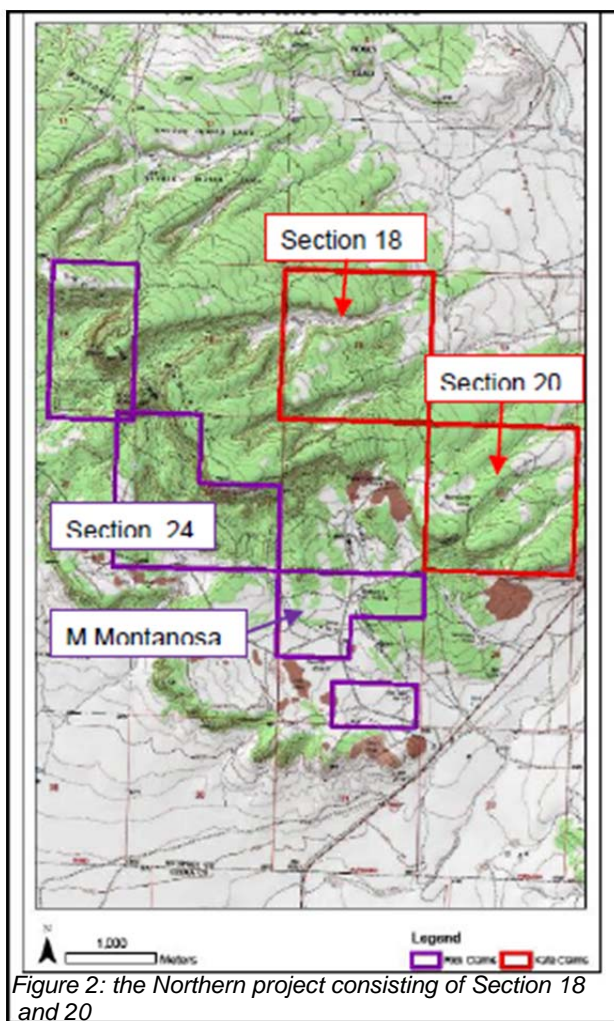


Figure 2: the Northern project consisting of Section 18 and 20

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 U_3O_8 at an average grade of 0.21% U_3O_8 .

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 regulatory 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.

2. Option agreement finalised for the purchase of Arizona copper/gold/silver projects

During the quarter the company finalised an option agreement to purchase the Bluebell and De Soto projects which are located in Yavapai County, Arizona, USA.

The Bluebell and De Soto Mines

The Bluebell Mine was operated from 1906 to 1926 and produced approximately 1.2 million tons at 3.2% copper, 1.7g/t gold and 42g/t silver. The operation had 5 operating shafts with the main shaft sunk to approximately 420m below the surface. Around 9.1km of underground workings were developed. The mining method used was shrink stoping where high grade lenses were selectively mined. Individual high grade lenses were up to

4m wide. The cut-off grade for the mine varied from 2 to 3% copper depending on the price of copper at the time.

The De Soto mine was discovered in 1890 and operated in the early 1900's. Production was approximately 280,000 tons at a grade of 3.7% copper, 1.4g/t gold and 34g/t silver. The mining operation utilised a number of adits and ore was extracted from several small high grade VMS bodies.

Regional Geological Setting

The properties are located on the volcanogenic massive sulphide assembly in the Jerome Greenstone Belt of Middle Proterozoic age in Central North Arizona. The ore bodies of this region are hosted in submarine volcanogenic lithostratigraphies which are a steeply dipping rock sequence extending in a north-south direction over a distance of approximately 50km in length and of 2.4km in width.

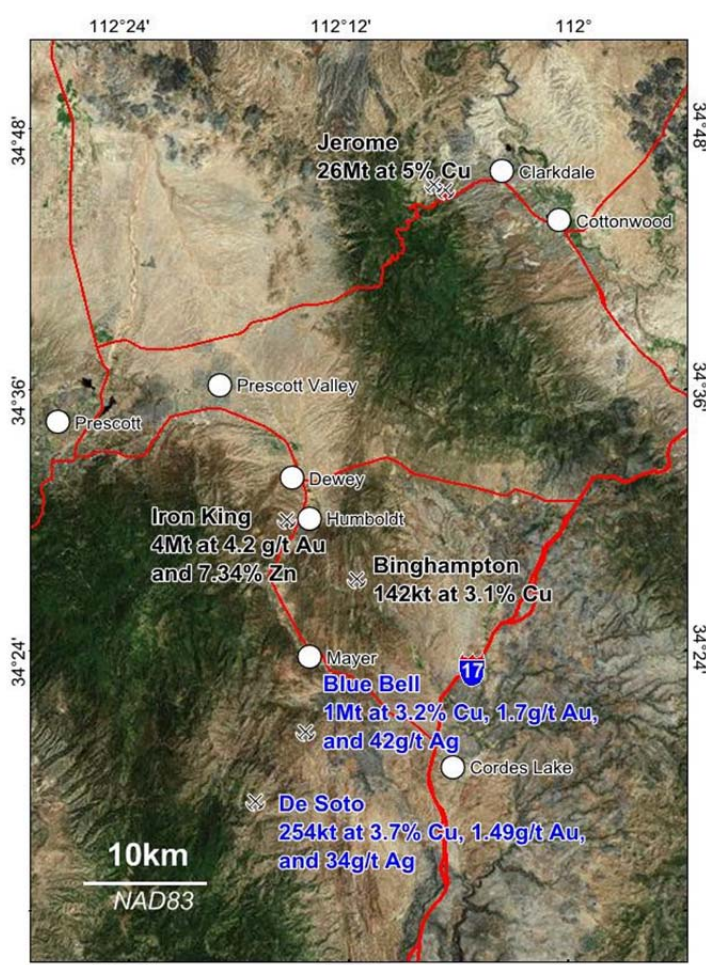


Figure 3: Location of Blue Bell and De Soto projects

Numerous ore bodies were mined historically in this region and ranged in size from less than 1 million tons to 25 million tons of high grade sulphide ores (see figure 3). Typically only the high grade copper core (> 3.0% Cu) was extracted with gold/silver produced as smelter by-product. All mining ceased in the region during the 1930's.

Local Geology and Mineralisation

The ore bodies at both the Bluebell and De Soto mines are hosted in the Yavapai schist; an altered magnesium-chlorite schist with an anastomosing veinlet pattern which suggests a

stock work zone. This unit varies in thickness from 30m – 40m and is believed to extend for the length of both properties (~2.7km at both Bluebell and De Soto).

The tabular strata bound high grade massive sulphide bodies are often located at the foot and hanging wall contacts of the Yavapai schist. Seven massive sulphide lenses were mined at the Bluebell and only one lens outcropped.

Although the massive sulphide lenses had a relatively short strike (~140m max) they displayed excellent down dip continuity, with some lenses mined to more than 400m below the surface. At least 4 of the massive sulphide lenses are open at depth.



The Yavapai schist is also host to lower grade stock work mineralization containing copper, gold and silver. This unit has significant exploration potential and forms the exploration target below.

Exploration Target

The project is viewed as highly prospective for Cu/Au/Ag mineralisation with an exploration target at the Bluebell mine of 15 – 20 million tonnes @ 0.6 – 0.8% copper, 0.2 – 0.4 g/t gold and 15 – 30g/t silver. The exploration target is based upon a combination of historical mining information (geological plans, sections and limited underground drilling/sampling) and surface geological mapping of the prospective horizon.

The potential quantity and grade stated in the Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

The De Soto project is considered equally prospective however due to the limited amount of information available, further work is required to establish an exploration target.

Exploration Work Program

It is AusAmerican's intention to undertake a broad exploration program over the following 6 – 12 months and activities undertaken will include:

- Geological mapping and surface geochemical sampling
- Ground and/or airborne geophysical surveys
- Initial RC/DD drill hole program

3. Data packages acquired for the Arizona Copper/Gold/Silver

During the quarter the company announced that a considerable geological data package has been purchased for the Bluebell and De Soto VMS projects.

The data package contains information from the original operators of the Bluebell and De Soto mines; it includes the original underground mine plans, limited underground sampling information and operational memos/reports. The package also includes geological data from limited modern exploration completed in the 1980's and 1990's.

A geological assessment of the data is underway and this will assist in planning the first drill program, which is expected to be undertaken in Q1 2013. The company's recently published exploration target will also be re-examined in light of the new data.

4. Exploration commences at Bluebell Copper/Gold/Silver project

During the quarter the company announced that exploration fieldwork has commenced on the Bluebell copper/gold/silver project in Arizona.

Highly experienced exploration geologists will be undertaking detailed geological and structural mapping. The mapping program will be complimented by surface geochemical sampling. The program will focus on delineating the geological formation which is known to host VMS mineralisation.

The results from this program will aid in the targeting of a drilling program, which is planned to be undertaken in Q1 2013.



5. \$1.5 million raised in successful, fully subscribed placement and Share purchase plan raising

During the quarter, the company finalised a Share Purchase Plan (“SPP”) and a Placement which has raised \$1,578,000 before costs.

The placement, which was made to sophisticated clients of Peloton Capital and DJ Carmichael and was subject to shareholder approval at the General Meeting held on Thursday 27 September, 2012, was done at 3 cents as was the SPP. Peloton Capital had agreed to underwrite \$1 million of the SPP. Both the full amount of the placement and the SPP was taken up.

Funds will be used for exploration primarily at the Bluebell and De Soto VMS gold/copper/silver project in Arizona. The company will drill both these projects in the next three months.

Funds will also be used to continue to develop the company’s New Mexico uranium projects including the recently acquired Grants Ridge, Northern and Kit Carson projects.

Corporate

The shares on issue for the company are 143,924,217. At the time of the report the company shares last traded at 3.5 cents giving it a market capitalisation of approximately \$5 million. At the end of the quarter the company had cash and cash equivalents of approximately \$1.5 million.

About Australian American Mining Corporation (“AusAmerican”)

AusAmerican is a multi-commodity internationally focused exploration company. All of its projects are currently located in the United States of America (“USA”).

The company’s gold projects are the San Marcos (100%) and Bernard (90%) gold projects which are both located in the state of Arizona.

The company’s uranium projects are as follows;

- Rio Puerco (100%) - New Mexico
- Grants Ridge JV (earning 65%) - New Mexico
- Kit Carson (100%) - New Mexico
- Northern project (100%) - New Mexico
- Apex/Lowboy (100%) – Nevada
- Lone Star JV (90%) – Texas
- Apache Basin (100%) – Arizona

The company’s REE project is La Paz which is located in Arizona.

The company’s specialty metal (Lithium, rubidium, niobium and tantalum) project is the White Picacho project which is located in Arizona.



Competent Persons Statement

The information in this document that relates to exploration results is based on information compiled by Richard Holmes, Managing Director, AusAmerican Mining who is a Member of the Australian Institute of Mining and Metallurgy. Mr Holmes is a full-time employee of AusAmerican Mining and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Holmes consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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:

For further information please contact Mark Ceglinski, Richard Holmes or Jim Malone or on +61 8 94810799

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

APPENDIX 5B

Mining exploration entity quarterly report

Name of entity

Australian-American Mining Corporation Limited

ABN

99 073 155 781

Quarter ended ("current quarter")

30 September 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	(468)	(468)
(b) development	-	-
(c) production	-	-
(d) administration	(258)	(258)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
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	(724)	(724)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(55)	(55)
(b) investments	-	-
(c) other fixed assets	(19)	(19)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) investments	299	299
(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	225	225
1.15 Total operating and investing cash flows (brought forward)	(499)	(499)

Cash flows related to financing activities			
1.16	Proceeds from issues of shares, options, etc.	1,130	1,130
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	350	350
1.21	Other (share issue costs)	-	-
Net financing cash flows		1,480	1,480
Net increase (decrease) in cash held		981	981
1.22	Cash at beginning of quarter/year to date	227	227
1.23	Exchange rate adjustments to item 1.20	(104)	(104)
1.24	Cash at end of quarter	1,104	1,104

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	(122)
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	-	-
3.2	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	600

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	1,104	227
5.2 Deposits at call	-	-
5.3 Commercial Bills	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	1,104	227

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	77,425,741	77,425,741	-	-
7.4 Changes during quarter				
(a) Fully paid Increases through issues	1,658,720	1,658,750		



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7.5	Convertible debt securities <i>(description)</i>	-	-	-	-
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	300,000		\$0.059	02 July 2015
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Rights				
	<i>(totals only)</i>	26,000,000	-		
7.12	Unsecured notes	-	-		
	<i>(totals only)</i>	-	-		



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: _____

Print name: _____

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.