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ASX Release
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Major drilling programme to commence at Rio Puerco uranium project

HIGHLIGHTS

- *Australian-American Mining Corporation Limited to immediately commence a major drilling programme at the Rio Puerco uranium project located in the Grants Mineral Belt, a world class uranium district in the state of New Mexico in the United States of America*
- *A thirty five hole, 7,700 metre programme is planned and will take 4-6 months to complete*
- *Current JORC inferred resource is 11.4 million pounds grading 900 ppm using a 300 ppm cut-off*
- *Positive results from this exploration program could increase the known resource 2-5 times (1)*
- *Objectives of the current drilling programme is to;*
 - (1) Validate/confirm historic data*
 - (2) Increase the current resource from 11.4 million lbs.*
 - (3) Move greater percentage of the current JORC/NI 43-101 resource from inferred into the indicated and measured category*
 - (4) Drill parts of the project that have historic resources but lack detail information in AusAmerican's database*
 - (5) Provide core for metallurgical test work which will, amongst other things, assist in validating the amenability of the project to ISR*
 - (6) Test soil gas hydrocarbon (SGH) methodology over known resource which will assist with Greenfield exploration at the project*

Australian-American Mining Corporation Limited ("AusAmerican" or 'The Company') today announces that the Board has approved the company's major drilling programme at the Rio Puerco uranium project located in the State of New Mexico in the United States of America ("USA").

The company has budgeted \$1.5 million on a 35 hole, 7,700 metre programme that will commence immediately and take between 4-6 months to complete. The programme will utilize both RC (40%) and diamond drilling (60%) and is designed to;

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1. *Validate and confirm historic data.*

The current JORC inferred resource of 11.4 million pounds has been calculated from approximately 800 drill holes, drilled mainly by Kerr McGee in the 1970's. The 800 drill holes were drilled within section 18, a square mile area. Twenty of the thirty five drill holes will be drilled within section 18 and will twin historic drill holes. An additional 15 drill holes will be drilled outside of section 18. The project has over 2,200 historic drill holes. Currently the company retains approximately 60% of the historical data. There are large chunks of data missing and not included in the inferred resource. Drilling outside of section 18 will fill in missing sections of the data.

2. *Increase the current resource from 11.4 million lbs.*

The current exploration program will possibly increase the current inferred resource by drilling historic high grade areas outside of the current estimated resource and test uranium bearing formations within section 18 but not included in the inferred resource. Positive results from this work could increase the current resource 2-5 times (1). The existing JORC inferred resource has been calculated on only 7% of the project.

3. *Move greater percentage of the current JORC resource from inferred to the indicated and measured category*

Given that the company expects to be trading on the Toronto Stock Exchange ("TSX") in the next month, we are currently updating the resource from a JORC compliant resource to a NI 43-101 compliant resource. At the conclusion of the programme this NI 43-101/JORC resource will be updated using the information from the programme. It is hoped that upon completion of drilling and data analysis there will be enough verified historical data to move a percentage of the resource from inferred to the indicated or measured category.

4. *Provide core for metallurgical test work which will, amongst other things, assist in validating the amenability of the project to ISR.*

Current test work indicates the ore has high recoveries and would be amenable to in situ recovery. However the test work to date was performed on material removed from the mine in the 1970's and stored on the surface. Additional test work is required and will be conducted on the core extracted during by the drilling programme. If the project is amenable to ISR, lower cut off grades can be used in resource estimations and substantially increase current and future resources.

5. *Test Soil Gas Hydrocarbon (SHG) methodology for applicability to further exploration and drilling at the Rio Puerco project.*

The company is currently collecting samples which will be submitted to Activation Laboratories Ltd (Actlabs) for SGH analysis. SGH methodology has shown promising results on various uranium projects around the world. The Rio Puerco presents a

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unique opportunity to test this methodology over a known resource that will be concurrently drilled. It is hoped that this technology will aid future exploration and yield cost effective drill targets on the Greenfield portions of the property.

The Rio Puerco property is in the Grants Mineral belt, a world class uranium district, located in New Mexico. Approximately 340 million pounds have been mined from the Grants Mineral belt making it the most prolific uranium district in the United States and one of the most prolific uranium districts in the world.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Malone", with a horizontal line underneath.

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

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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

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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.

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- 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.

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