



AUS AMERICAN
MINING

22 June 2011

ASX Release
By e-lodgement

Rare Earth project update

HIGHLIGHTS

- ***Work advanced on Rare Earth Elements (“REE”) project in Arizona, USA***
- ***5,120 metre, 195 hole drilling programme completed***
- ***Early results and metallurgical test work indicate potential for large tonnage, bulk mineable, low grade REE deposit***
- ***Final metallurgical test work to demonstrate economic recovery of REE’s due in 10-12 weeks***
- ***Early assays indicate mineralisation is low in thorium and uranium levels and contains the entire range of REE’s with a high percentage (15%-20%) of heavy REE’s***

Australian-American Mining Corporation Limited (“AusAmerican” or “The company”) is pleased to announce it has advanced it’s Rare Earth Elements (“REE’s”) Project situated in West-Central Arizona, USA.

This project, which until now has been known as the North claim project but will now be referred to as the La Paz Rare Earth Project, is located in La Paz County in the West-Central section of the state of Arizona, in the United States of America . It is approximately 120 miles west-north-west of Phoenix. AusAmerican have staked over 1,300 acres (527 hectares) comprising 63 unpatented blocks and a prospecting permit over one section (640 acres / 259 hectares) of State Trust Lands.

Work performed to date on this project includes;

- Reconnaissance sampling
- Geological mapping
- Evaluation of geochemistry
- Initial metallurgical studies; and
- Percussion drilling to test the depth extent and subsurface grade

For personal use only



Geological mapping and sampling has defined surface outcrop of REE enriched host rock covering several square kilometres.

The company recently completed a shallow drilling program in which 5,120 meters was drilled with 195 holes. The maximum depth of hole being 30 meters vertical with a number of holes still in mineralization. Initial evaluation indicates a large-tonnage, close to surface, low-grade Rare Earth Element enrichment exists that should be amenable to open-pit mining.

The average grade is currently awaiting final analysis of over 3,000 samples taken from the recently completed percussion drilling program.

The company has recently had a detailed Mineralogical study of the mineralisation carried out by SGS laboratories of Vancouver, Canada which is ISO 9000 accredited. This study has identified some of the REE carriers by using various methods including QEMSCAN, XRD and Electron Microprobe analysis.

Bulk samples taken from the recently completed drilling have been shipped to Saskatchewan Research Council for metallurgical investigation that builds from the recent Mineralogical studies. The aim of this work is to demonstrate economic processes to produce Rare Earth Oxide concentrates.

A timeline of 10 to 12 weeks is expected for the final report on assays and metallurgical results.

Unlike many REE projects, the initial geochemical results indicate the La Paz REE project has both very low Thorium and Uranium levels (less than 10 ppm and 5 ppm respectively) which are a clear environmental positive. Early assay returns also indicate the deposit contains the entire range of naturally occurring REE's with the Heavy Rare Earth Elements comprising 15 to 20% of the total.

Project Infrastructure is excellent with natural gas, power and water supplies within ten kilometres of the project site.

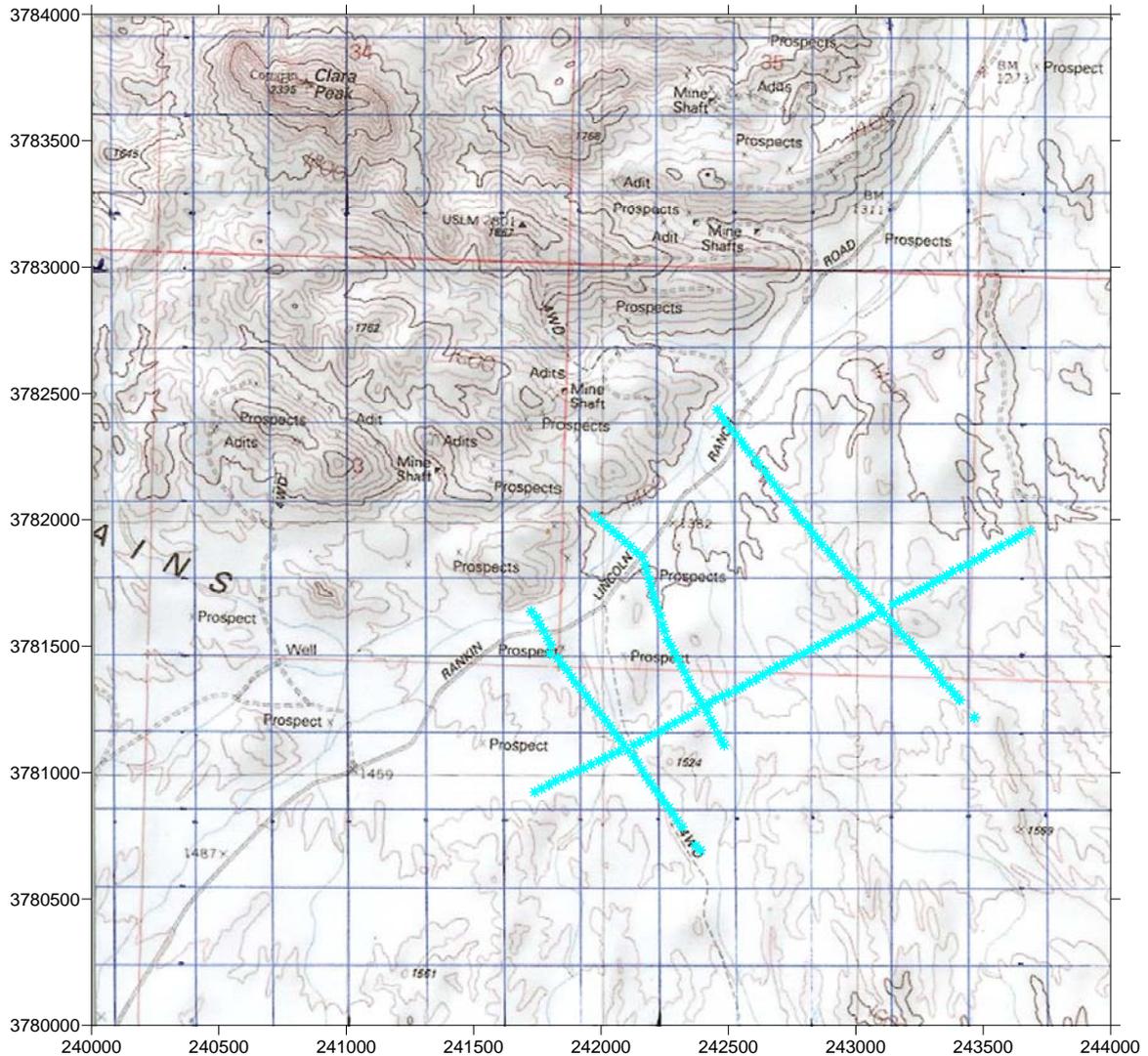
AusAmerican Executive Chairman, Jim Malone said "The recently completed 5,120 metre, 195 hole drill programme, preliminary results from assays and the significant test work performed by SGC laboratories in Canada on metallurgy, mineralogy and chemistry have given us great hope that the La Paz project can be a large tonnage, bulk mineable economic REE mineral deposit containing the entire range of naturally occurring REE's with a high percentage of the very valuable heavy REE's. The area drilled covered 2,500 metres by 1,500 metres and was 30 metres in depth and has not been closed off in all directions so you are potentially looking at a very large system. We are looking forward to receiving the results of the 3,000 samples and drill assays

For personal use only



AUS AMERICAN
MINING

as well as the results of the economic process study by SRC of Canada in the next two months”



Map showing extent of drilling patterns. 195 hole drilling programme was over an area 2.5 km long by 1.5km wide at depths to 30 metres

Regards,

Jim Malone
Executive Chairman

Australian American Mining Corporation NL
ABN 99 073 155 781
PO Box 1788, West Perth, WA, Australia, 6872
572 Hay Street, Perth, WA, Australia, 6000
Telephone: (08) 9325 5568, Facsimile (08) 93255574

For personal use only



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.

Further information

Please contact Jim Malone +61 419 537 714 or jim.malone@iinet.net.au

Investor and Media Enquiries: Fortbridge- Bill Kemmery on +61 2 93310655 or +61 400 122 449.

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

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.

For personal use only