



3 February 2012

ASX Release
By e-lodgement

COMPANY UPDATE

HIGHLIGHTS

- **AusAmerican arranges \$3,420,000 funding facility:**
 - **provided by New York based institutional investment fund;**
 - **an initial \$350,000 by way of placement at 5.8 cents and convertible note at favorable terms;**
 - **additional \$350,000 available in June 2012;**
 - **additional \$2,720,000 available over 12 months on a needs basis.**
- **Temporary suspension of dual TSX-V listing pursuit.**
- **Changes to the Board and management.**

Australian-American Mining Corporation Limited (“AusAmerican” or “the Company”) (ASX code: AIW; OTC.QX ticker: OZAMY) is pleased to announce that it has recently signed a term sheet to raise new capital for the Company totaling up to \$3,420,000, consisting of:

1. A placement of ordinary shares priced at market (5.8 cents);
2. A placement of unsecured convertible notes; and
3. A commitment to purchase ordinary shares for a 12 month period.

The investment will be provided by The Australian Special Opportunity Fund, LP, an institutional investment fund managed by The Lind Partners LLC; a New York City based, alternative asset management company. The facility will provide a maximum of \$3,420,000 of funding to the Company over 12 months.



An initial tranche of \$350,000 will be received by the Company on the signing of the final executed agreement (approximately one week from today).

The funds will enable the Company to continue the development of the La Paz Rare Earth Elements ("REE") project located in Arizona as well as the other Company assets which include the White Picacho specialty metals (Li, Ta, Ni, Rb & Cs) project in Arizona, its various uranium projects and the San Marcos gold project, all located in mining friendly jurisdictions in the USA.

The Company also announces it has temporarily suspended its pursuit of a TSX-V listing to focus in the immediate term on developing its assets.

With an extended timeline for final TSX-V listing approval, coupled with a falling share price, the decision has been made that rather than incur the uncertainty and significant ongoing costs of continuing this process, we will instead focus at the present time on developing our assets.

We will reassess the situation in a few months when we anticipate market conditions will have improved and when we have received positive results of the test work on our La Paz REE project. Both events should lead to an improved share price and market capitalization of our Company.

In the meantime, the Company has recently gained admission to the OTC.QX in New York and has commenced trading, therefore fulfilling its goal of having a North American trading platform for investors in this region. OTC.QX ticker is OZAMY.

The Company also announces that Simon Jackson and Greg Barns have retired from the Board of Directors. The Board formed the view that faced with on-going difficult market conditions and no immediate TSX-V listing, the size of the Board needed to be reduced. In addition to these Board changes Nerida Schmidt will step down as Company Secretary and Chief Financial Officer. This role will be filled by the Executive Chairman Jim Malone. We thank Nerida, Simon and Greg for their contribution to our Company.

The Company recognizes that it needs to reduce company overheads while continuing to develop our projects as we head into uncertain times in 2012. We have recently managed to bring about changes to the budget resulting in a reduction in the Company "burn rate" to approximately \$100,000 per month going forward from March 2012 and these measures, in conjunction with the new funding provided by Lind Partners, will enable the Company to operate throughout the 2012 year and beyond while continuing to develop our highly prospective resource projects.



Sincerely,

A handwritten signature in black ink, appearing to read "Jim Malone". The signature is fluid and cursive, with a long horizontal stroke extending to the right at the end.

Jim Malone
Executive Chairman

Further information:

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