

Southdown Extension Magnetite Project

South West, Western Australia



Albany Port, Western Australia

Disclaimer

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the exploration industry, expectations regarding commodity prices, production, cash costs and other operating results, growth prospects and the outlook of Australia Minerals and Mining Group Limited's (AMMG) operations; contain or comprise certain forward-looking statements regarding AMMG's exploration operations, economic performance and financial condition.

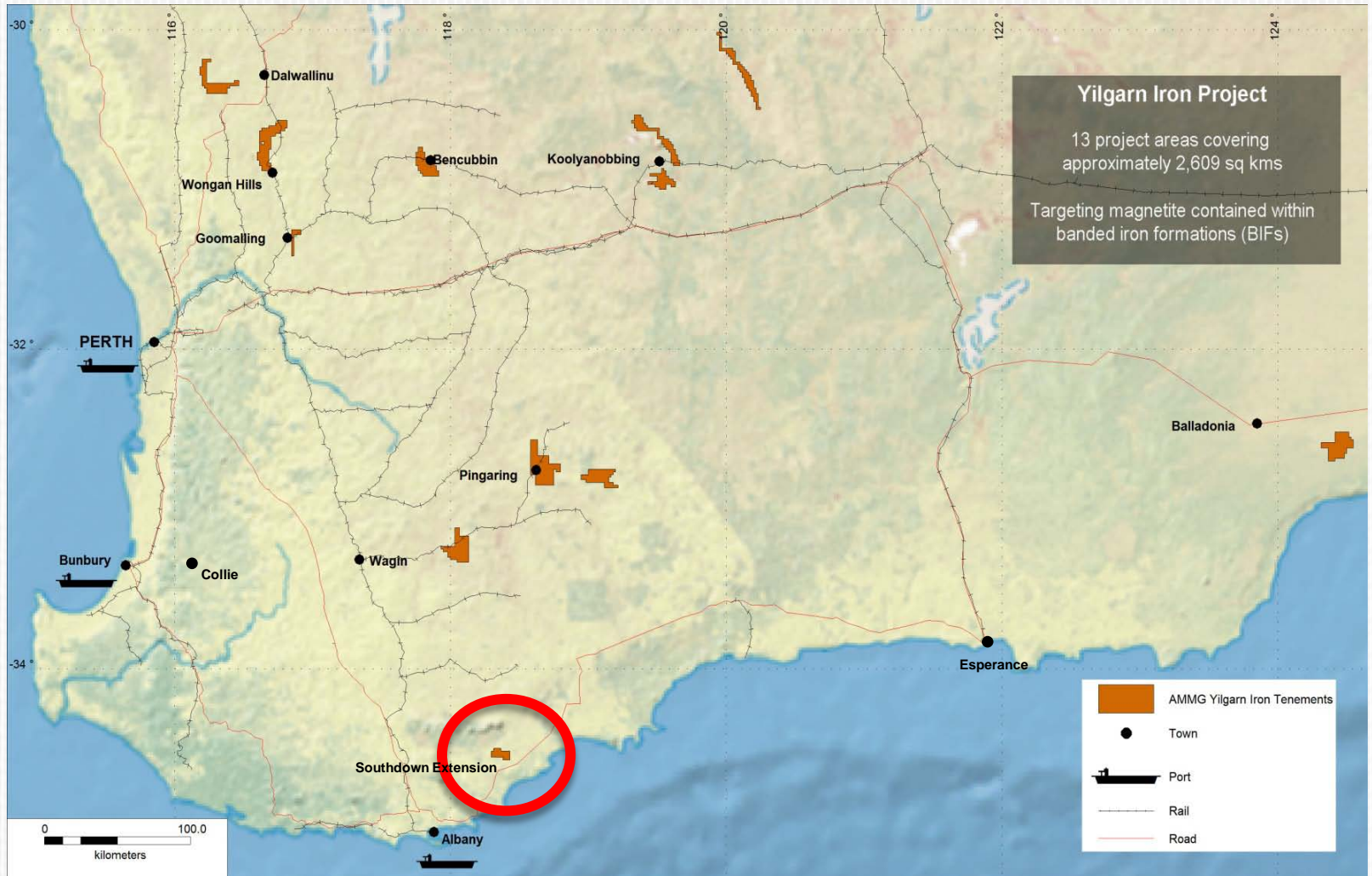
Although AMMG believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in commodity prices and exchange rates and business and operational risk management. AMMG undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

Competent Person Statement

Technical information in this report is based on information compiled by Mr Michael O'Mara, B.Sc. Geology, AMMG Chief Geologist and a member of the Australasian Institute of Geoscientists. Mr O'Mara has sufficient exploration experience, which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC 2004"). Mr O'Mara consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

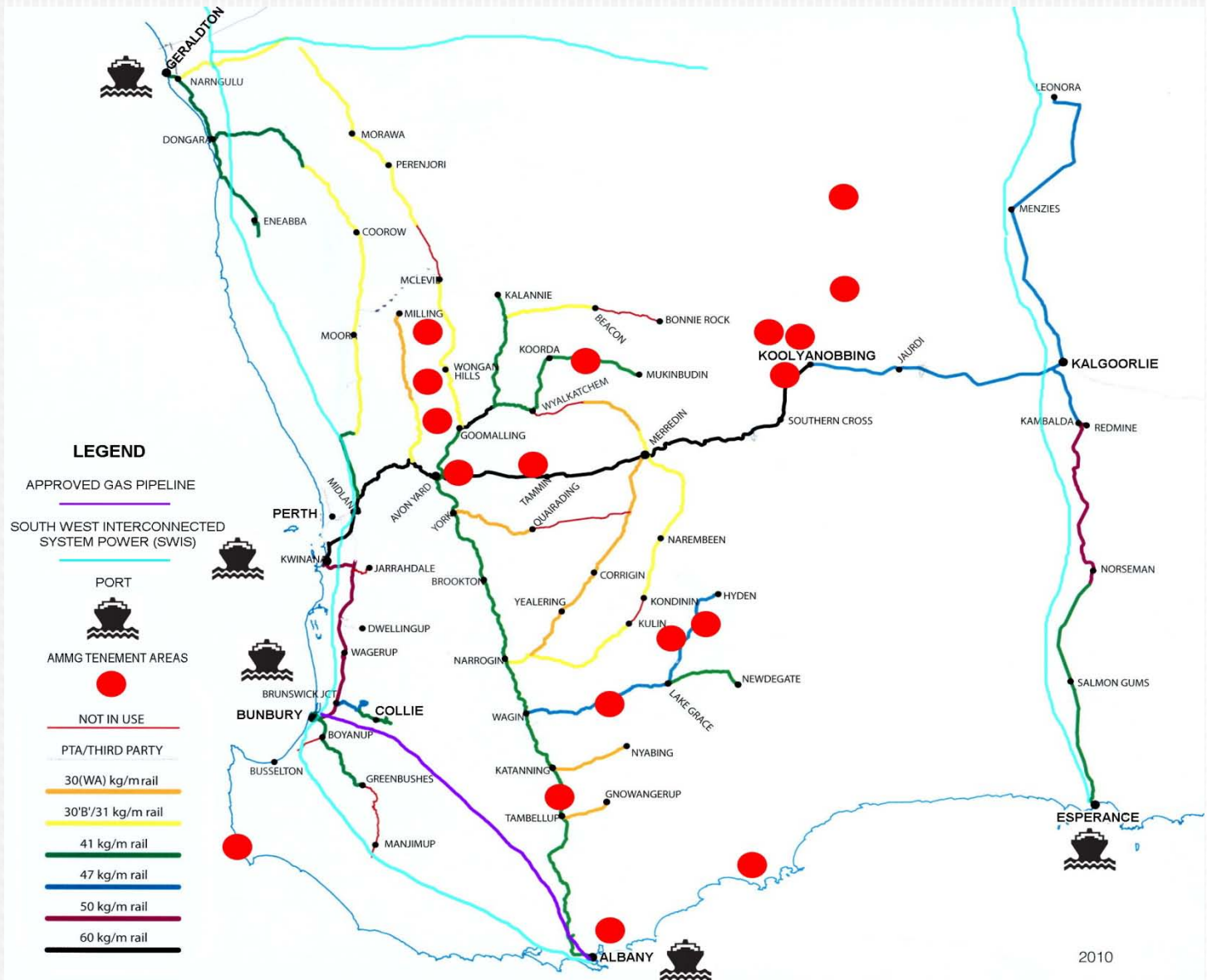
SOUTHDOWN EXTENSION PROJECT

PART OF THE YILGARN IRON ORE PROJECT



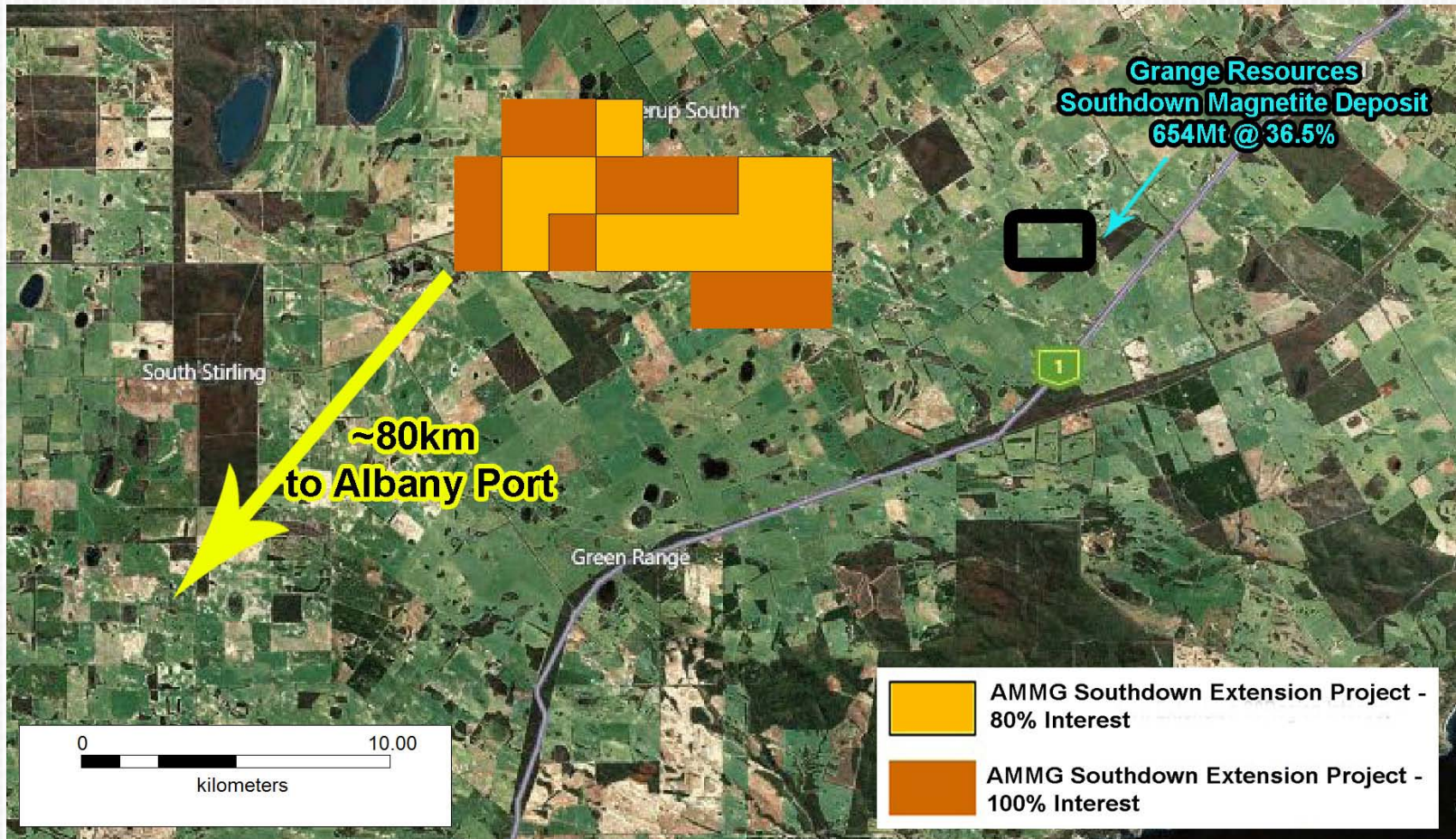
SOUTH WEST WA PROJECTS

RELATIVELY CLOSE PROXIMITY TO ROAD, RAIL, PORTS



TENEMENTS AND LOCALITY

- Southdown Extension project area: E70/2640 – approx 35km²
 - 5 other EL applications – approx 65km²



OWNERSHIP STATUS

- AMMG has acquired an initial **80% equity** in the Southdown Extension Project through its wholly owned subsidiary Yilgarn Iron Pty Ltd
- AMMG is now in a JV with two small original owners
 - They must co-contribute; dilution is to be expected
- AMMG expects to be able to proceed to **95% equity**
 - The original owners would then have either a 5% residual interest, or a 2% gross royalty.
- AMMG is currently in negotiation to acquire the entirety of the original owners' interest.

TARGETS

- AMMG has rights over the western area of the Southdown magnetite deposit.
- Southdown Extension E70/2640 contains ~7km of magnetite strike.
- Grange Resources and China's Australian Bulk Minerals owns 70% of the adjacent Southdown Magnetite Project, and 30% is owned by Japan's Sojitz Corp.
- Grange Resources announced a 654.4Mt JORC resource upgrade grading 36.5% magnetite over a 12km strike length.
- Grange Resources aims to produce 10Mt per annum of high grade magnetite concentrate to be shipped from the Albany Port through slurry pipeline.

SOUTHDOWN EXTENSION

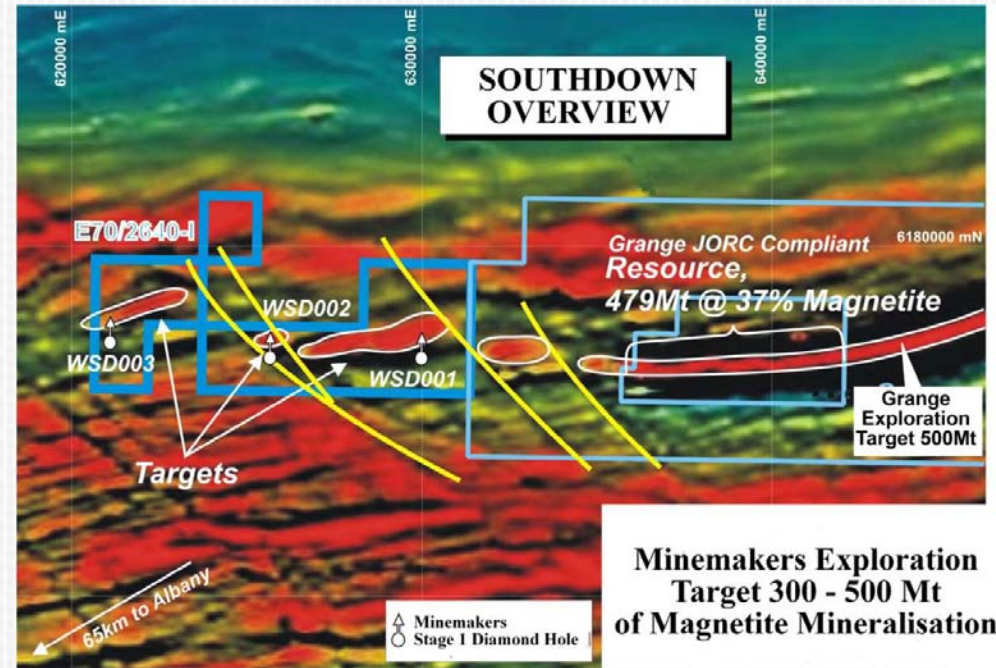
MAGNETITE



Drilling: 9m @ 41% magnetite from 101-110m



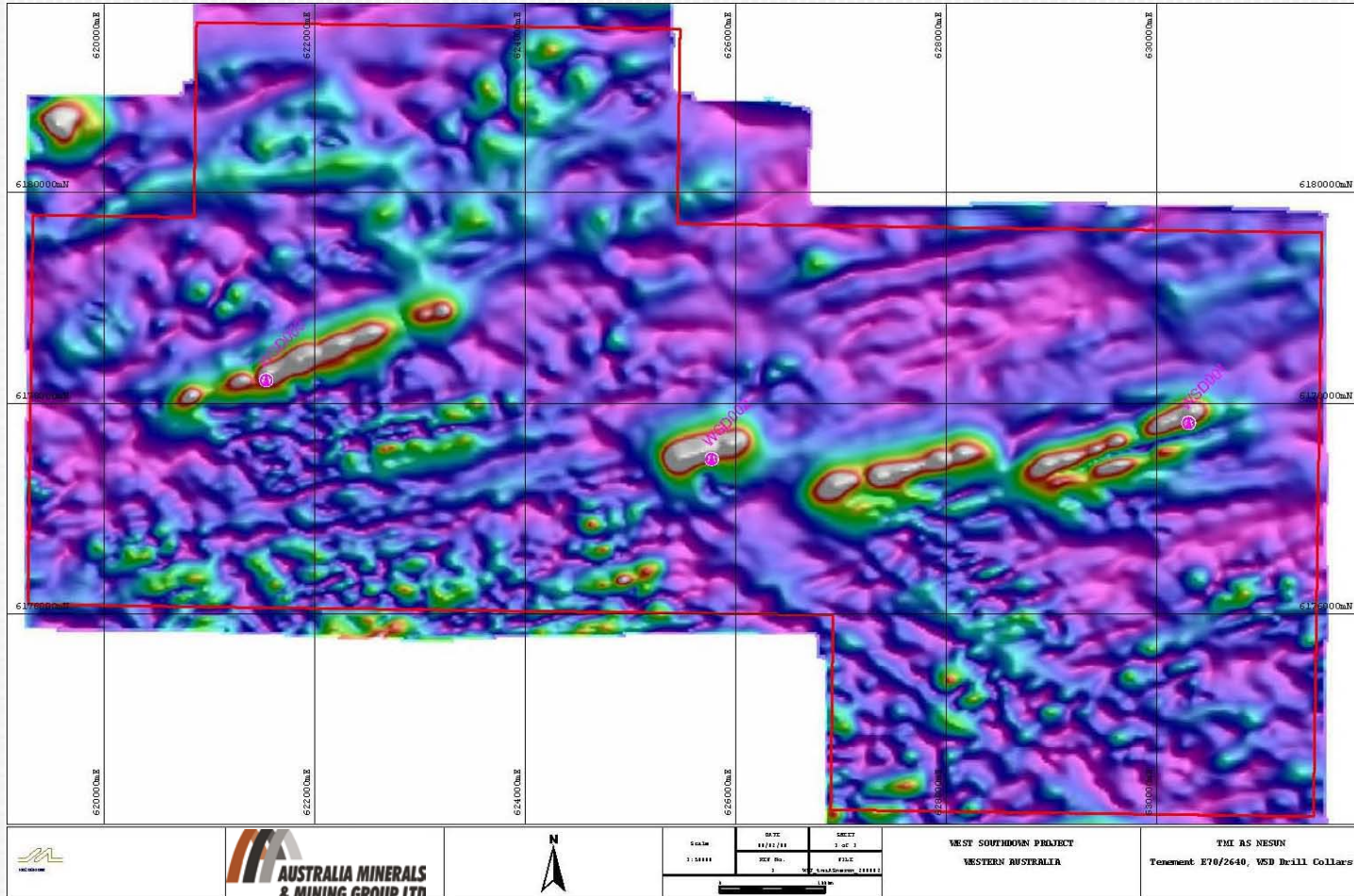
Drilling: 6m @ 36% magnetite from 121-127m



- Target WSD 001 12m @ 40.65% Magnetite
- Target WSD 002 6m @ 36.0% Magnetite
- Target WSD 003 9m @ 41.0% Magnetite
- Historical work by Anglo American
- Average iron in magnetite, 66%
(from Davis Tube Recovery)
- Coarse grind magnetite estimated at >20micron metres

NEW TMI MAGNETICS

SOUTHDOWN EXTENSION



SOUTHDOWN EXTENSION

EXPLORATION COMMENCED

- Drilling to commence in December 2011.
- Access agreements achieved with private landowners (no native title).
- Historical drilling showed magnetite at grades similar to Grange's Southdown magnetite deposit.
 - Grange Resources declared our project has similar mineralisation as their Southdown magnetite deposit.
- Historical exploration by Anglo American and Minemakers ~\$1m spent on RC and diamond drilling, and aeromagnetic data acquisition.
- Minemakers originally estimated exploration target* of ~ 300-500Mt of magnetite mineralisation.

*The term target should not be misunderstood nor misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the term has not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve.

INVESTMENT TERMS SOUGHT

➤ FARM-IN/JOINT VENTURE

- Incoming party to earn equity by expenditure.
- Incoming party can be involved in management.
- Major equity position available.

GRANGE RESOURCES' RESOURCE UPGRADE

3 July 2009



Grange Resources Limited
 ABN 80 000 432 405
 Level 11, 230 St Georges Terrace
 Perth Western Australia 6000
 PO Box 1005, Golders Square
 Perth Western Australia 6000
 T +61 8 9327 7931
 F +61 8 9327 7932
 info@grangeresources.com.au
 www.grangeresources.com.au

SOUTHDOWN MAGNETITE PROJECT RESOURCE UPGRADE

Grange Resources Limited (Grange or the Company) is pleased to announce a substantial increase in the *in situ* Mineral Resource at the Southdown Project (Southdown) (Grange 70%, Sojitz Resources & Technology Pty Ltd 30%) located 90km northeast of the Port of Albany on the south coast of Western Australia.

The total Mineral Resource has increased by 37% from 479 million tonnes grading 37.3% magnetite reported to the ASX on 27 September 2006 to 654.4 million tonnes grading 36.5% magnetite.

This increase in Mineral Resources includes the substantial conversion (51%) of Indicated Resources to Measured Resources and meets one of the key goals of the definitive feasibility study into the development of the Southdown Magnetite Project. A comparison between the previously advised 2006 resource estimate and the new 2009 resource estimates is summarised in the following table.

Classification	2009		2006	
	Tonnes (Mt)	Grade (DTC wt%)	Tonnes (Mt)	Grade (DTC wt%)
Measured	219.7	37.4	-	-
Indicated	210.3	38.9	427.3	36.2
Inferred	224.4	33.4	51.6	30.1
Total	654.4	36.5	479.1	37.3

Managing Director, Russell Clark, commented: "This Mineral Resource increase significantly improves our confidence in the ore body characteristics and in the expectation that the Mineral Resource will continue to grow as we drill additional holes in the eastern portion of the deposit within the exploration lease that surrounds the mining leases. The ability to finance this project is significantly enhanced through the conversion of the Indicated Resource to a Measured status."



SOUTHDOWN RESOURCE MODEL

Golder Associates Pty Ltd (Golder) has updated the 2006 Southdown resource model using all geological and assay data available as at 28 April 2009 and prepared a Mineral Resource statement (Table 1).

The 2006 resource model was updated to include geological data and 1,795 analyses collected from 53 diamond drill holes (10,689m) completed over the Southdown deposit by Grange Resources in 2008. In addition, this resource model now includes magnetite mineralisation within the eastern 6km portion of the Southdown deposit which Grange purchased from Rio Tinto in September 2007.

The magnetite deposit within the Company's Mining Leases has a strike length of approximately 12,000 metres and a vertical depth ranging from approximately 50 to 500 metres below surface. The available data has enabled Golder to estimate the resource contained within 8,500 metres of strike with variable depths ranging from 50 metres below surface in the west to 480 metres below surface in the east. The average thickness of the deposit is 85 metres with the deposit increasing in width towards the east as the thicknesses of low-grade and non-mineralised internal geological units increases.

MINERAL RESOURCE STATEMENT

The resource estimates were classified in accordance with guidelines provided in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code, 2004). The classification of Mineral Resources was considered appropriate on the basis of drill hole spacing, sample interval, geological interpretation and representativeness of all available assay data.

The resource estimate is based on the Ordinary Kriging interpolated block model *sdok_300609.bmf* and is reported below the depth of oxidation (Table 1).

This Mineral Resource has been defined using geological boundaries and a cut-off grade of 10 wt% DTC and includes minor internal dilution. All reported concentrate grades were weighted by DTC.

There is further potential to increase the total Southdown magnetite resource by extending the drilling at closer spacing along strike within the eastern 6km portion of the deposit.

Classification	Measured Resources	Indicated Resources	Inferred Resources	Total Resources
Tonnes (Mt)	219.7	210.3	224.4	654.4
DTC wt%	37.4	38.9	33.4	36.5
DTC Fe%	69.2	69.3	69.1	69.2
DTC SiO ₂ %	1.72	1.94	2.07	1.91
DTC Al ₂ O ₃ %	1.43	1.27	1.29	1.33
DTC S%	0.46	0.40	0.54	0.46
DTC LOI%	-3.04	-3.06	-2.96	-3.02

GRANGE RESOURCES' RESOURCE UPGRADE



ASSUMPTIONS AND METHODOLOGY

This Mineral Resource estimate is based on a number of factors and assumptions:

- All of the available historic and current drilling data was used for the Mineral Resource estimation.
- Estimates representing extrapolations greater than 200 m from drilling are not included in this resource statement.
- Geological domains were interpreted and modelled in three dimensions. The geological domains were based on stratigraphy and Davis Tube concentrate (DTC).
- The survey control for collar positions was considered adequate for the purposes of this study. There is a degree of uncertainty (possibly ± 10 m) associated with some of the historical collar coordinates. Downhole surveys of the historical holes used acid-etch tubes and are also imprecise.
- A review of the field duplicates, sample preparation duplicates and lab repeats as well as the certified and laboratory reference materials was completed. With the exception of standards submitted in 2009, no obvious discrepancies were identified with the duplicates, repeats and laboratory reference materials. For samples from the 2009 analytical program, Fe values reported by the laboratory for the two certified reference materials were consistently lower than the reference value; whereas, the reported DTC SiO₂ and DTC S were consistently higher than the reference value. The values reported for Al₂O₃ and LOI by the laboratory were higher for one certified reference material and lower than the reference value for the other.
- Statistical and geostatistical analysis was carried out on drilling data composited to 3 m downhole. This included variography to model spatial continuity relationships in the geological domains.
- The Ordinary Kriging (OK) interpolation method was used for resource estimation of DTC, DTC Fe, DTC SiO₂, DTC Al₂O₃, DTC S and DTC LOI, using variogram parameters defined from the geostatistical analysis.
- Wet bulk density was routinely recorded using water displacement and calliper methods. The Inverse Distance Squared interpolation method was used for the estimation of wet bulk density.
- Estimations for concentrate grades were weighted by DTC in order to appropriately reflect the relationship between DTC and the DTC assays. Weighting was completed by calculating the accumulation (DTC * DTC assay) and subsequently back calculating the DTC assay estimates by dividing by relevant estimated DTC values.
- For Type 3a in the Eastern Zone, four high DTC composites were identified as outliers and excluded from the estimation.
- Oxidised mineralisation is not included in this statement of Mineral Resources.

-ENDS-

For further information, please contact:
Russell Clark
Managing Director & CEO
Grange Resources Limited
+ 61 8 9321 1118

Or visit www.grangeresources.com.au