

AMMG INCREASES GLOBAL KAOLIN RESOURCES TO 150 MILLION TONNES, WESTERN AUSTRALIA

HIGHLIGHTS

- **An inferred resource of 85 million tonnes of kaolin with 85% brightness has been delineated on Exploration Licence E70/4177 at AMMG's wholly owned Kerrigan Project, Western Australia.**
- **AMMG has access to substantial historical work undertaken by Rio Tinto subsidiary, CRA Exploration Pty Ltd (CRA Exploration).**
- **AMMG is currently carrying out a technical marketing study for potential products, customers and joint venture partners in China, South-East Asia and the USA.**
- **Combining the 85 million tonnes inferred resources at the Kerrigan Project with the previously released 65 million tonnes indicated and inferred resources at the Meckering Project, the global resources now amounts to 150 million tonnes of kaolin with 83-85% brightness.**

Australia Minerals and Mining Group Limited (**ASX: AKA**) ("**AMMG**" or "**the Company**"), is pleased to announce an update to its kaolin resource base in its Yilgarn project areas, Western Australia. Independent mineral consultants, Geos Mining on behalf of AMMG delineated an inferred resource of **85 million tonnes of kaolin** at 85% brightness to JORC standards for its **Bradley Deposit** within the **Kerrigan Project, E70/4177**.

The **100% owned** tenement is located in the Wheatbelt shire of Kondinin, Western Australia (see Figure 1 below). The exploration licence covers known kaolin outcrops and targets an area previously explored and evaluated by CRA Exploration.

E70/4177 is a 166 sub-block licence covering approximately 480km² and is located 20km to the south of the rural towns of Hyden and Karlgarin. Hyden is 335km ESE from Perth. This kaolin project lies close to transport infrastructure and is 15km east of the Hyden to Lake Grace operational spur rail line, which links to the port of Albany and is serviced with road access.

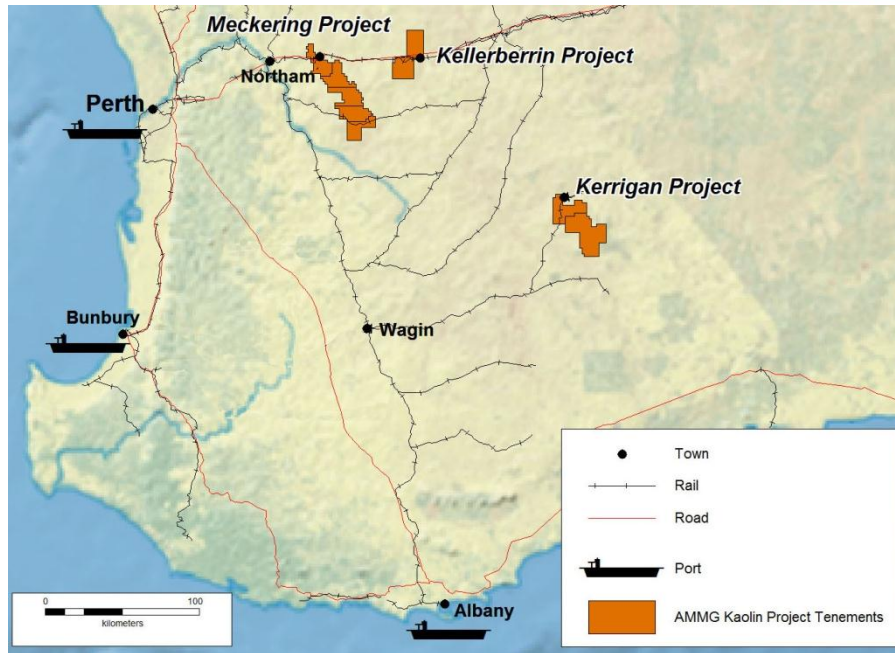


Figure 1: South West Kaolin Project Location Map

Resource Estimation

Volumes of resources have been estimated by wire-framing a geological model using Micromine software. Three separate bodies were interpreted from the drill results. The resource was estimated using minimum cut-off of 80% brightness (where results were available). Average minus 45% and brightness values were estimated for the whole deposit; the limited test results are not sufficiently well spaced to reliably estimate parameters for different parts of the deposit. The logged colour indicates that the periphery of the deposit is likely to be less bright than the central part of the deposit.

The dry bulk density used is 1.6t/m³, which is based on typical values for similar deposits, and is likely to be conservative.

The estimated inferred resource for a high brightness paper filler product is 85Mt with an ISO brightness of 85.1%.

The minus 45 fraction is estimated to average 52% of the in situ material. The brightness is measured on the minus 10 micron size fraction (typical of a paper filler sizing); the minus 10 micron fraction is estimated from the drill results to form 44% of the in situ resource.

The size fractions must be considered indicative and potentially unreliable due to the following factors:

- Geos Mining does not have sufficient analyses available over all parts of the resource.
- Drilling and sample treatment may affect the measured particle sizes.
- The recovery of filler product from pilot scale test work on a 6t bulk sample was only 20%, significantly less than would be expected from the drill sample results. (The brightness of the products was only 3% less than the brightness of the corresponding drill samples, which is considered a very good result).
- No mining or processing factors have been applied to the resources.

Exploration Potential

Only the central area, which CRA Exploration has termed the 'Bradley Deposit', has sufficient data to be included as an inferred resource at this time.

The resource of bright kaolin lies within a larger volume of logged kaolin, which is estimated to be of the order of 130Mt in the area of the Bradley deposit, plus additional potential tonnages in separate bodies to the east and west. Together, this gives an exploration target* of 140 – 190Mt of undifferentiated kaolin. This material may include some lenses of high brightness kaolin.

In addition, lower brightness kaolin may be suitable for filler use where colour is not critical; however, the economics of production of this material from this site would need to be evaluated before any lower grade kaolin could be included in a resource.

Kerrigan Project's JORC Resources and Exploration Target

	Tonnage	% -45 micron ¹	Brightness ²
Inferred Resource	85m	52%	85.1%
Exploration Target Range*	140 – 190m	-	-

Notes

1. The % minus 45 micron was measured by wet screening.
2. Brightness is the ISO brightness of the minus 45 kaolin.

*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

Potential Products

Test results from the bulk sample pits indicate that a **bright filler sized product** can be produced without any bleaching or other beneficiation (apart from size fractionation), with small yields of a higher brightness fine product (less than 2 micron). Yields of less than 2 micron material may be increased by delamination, but test work will be required to demonstrate whether this kaolin is suitable for this treatment.

Mineral Analysis

During 1993 and 1994 CRA Exploration carried out comprehensive exploration and analytical work on the Kerrigan/Bradley kaolin deposit (Kristensen, 1994). As part of their investigations they undertook mineral and chemical analysis of outcrop, diamond drill core, and aircore samples. An example of this work is tabled below from hole PBD220105B, sample 3792112. XRF analysis of diamond drill samples was undertaken on the minus 2 micrometre kaolinite fraction. All samples were taken from areas now within AMMG's tenements.

SiO ₂ %	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	MgO %	SO ₃ %	Na ₂ O %	K ₂ O %	P ₂ O ₅ %	Ig. loss %	TOTAL
46.0	38.3	0.3	0.1	0.1	0.1	0.4	0.7	0.3	13.6	100.00

Ig. loss: Loss of ignition (chemically bound water)

Highlights:

- 38% alumina (Al_2O_3)
- Low impurity iron (Fe), titanium (TiO_2)

Background and Exploration History

The Kerrigan Project area was identified as containing high quality kaolin in 1992 and was subsequently drilled by Graphite Holdings Pty Ltd and later by CRA Exploration. Only brief logs and approximate hole locations are available for the 47 holes drilled by Graphite Holdings (Kristensen, 1994), and only a few analyses were recorded. The lack of precise locations prevented use of the data from this drilling in this resource estimate.

In 1993 and 1994, CRA Exploration drilled 190 aircore holes and approximately 14 diamond holes (being re-drills of selected aircore holes). Some of the diamond holes had unacceptable high core loss (Kristensen, 1994), which is not unusual in this type of drilling. For consistency, the air core data has been preferentially used in the resource calculations. The CRA Exploration holes are at 100 and 200m spacings (see Figure 2 below).

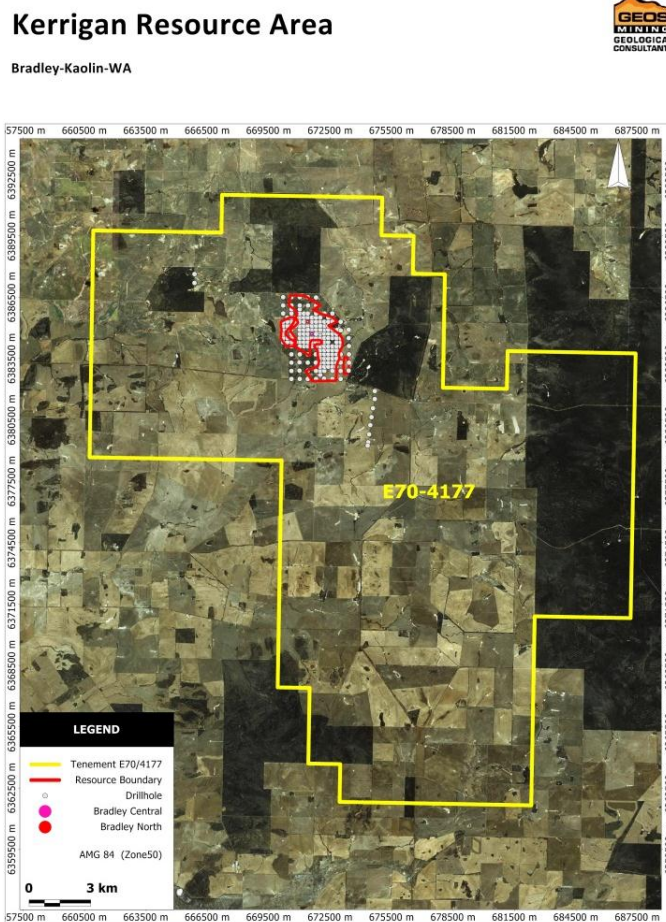


Figure 2: Plan Map of Resource Boundary Outline

CRA Exploration analysed selected samples from twelve holes for brightness, particle size distribution, and whole rock chemistry. The CRA Exploration data is generally well recorded but at least one report is missing from the WAMEX system, so there may have been additional samples analysed.

CRA Exploration used a standardised colour coding during logging, and this has been used as a proxy for brightness where brightness measurements are not available.

Since 1995 the only significant exploration has been the excavation of 6t of kaolin from two test pits and the processing of samples from these pits. The results of this processing confirm the potential for paper and filler products. In addition, economic scoping studies have been carried out on the potential development of the deposit.

Yilgarn Craton Geological Background

The kaolinite is a residual weathering product of granite and granitic-gneiss of the Western Gneiss Terrane in the Archaean Yilgarn Craton. AMMG's Kerrigan project is located within this craton, which is one of the oldest on earth and dates back over 2.8 billion years. The recent leaching has resulted in the kaolin being formed and is illustrated in Figure 3 below. Kaolin is found under overburden of laterite and mottled clays, with overburden thickness ranging from 1 to 12m. High grade kaolin ranges up to 37m thick.

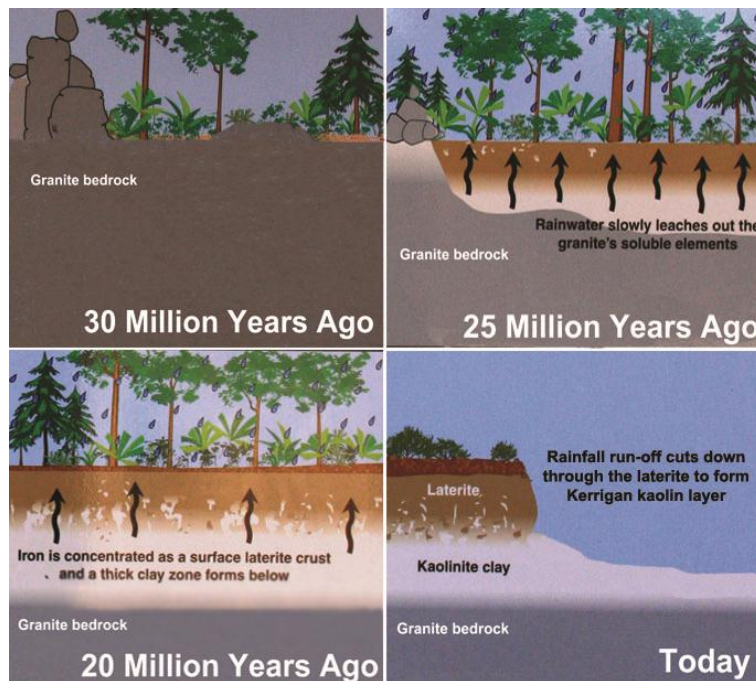


Figure 3: Early formed kaolin development cycle

Exploration program planned for Q3, 2011

AMMG continues to review existing Kerrigan open file exploration data to progress with a kaolin resource upgrade program. The exploration licence application covers both crown and private freehold cleared farmland, which is used for grazing and broad acre cropping programs, therefore extinguishing native title constraints on such private freehold land. The estimated JORC resource is located wholly on private freehold land.

Land access on private freehold land is subject to landowner consent as Western Australian exploration licences on freehold land exclude surface rights until landowner consent is given. AMMG is working on moving the licence to grant and a landowner access strategy is currently being implemented.

Competent Persons Statement

Information in this report relating to kaolin resources is based on information compiled by Sue Border, who is a Fellow of the AusIMM and of AIG and is a consultant employed by Geos Mining. She has sufficient relevant experience to qualify as a competent person as defined in the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC code). Sue Border consents to the inclusion in this report of this information in the form and context in which it appears.

ENDS

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Company Background

Australian diversified resources company, AMMG, listed on the ASX in January 2010. The Company was established for the purpose of securing exploration ground over areas that have typically been subject to historical exploration and where significant geological data was available and/or the land was considered sufficiently prospective. Areas with existing or potential access to infrastructure were also targeted.

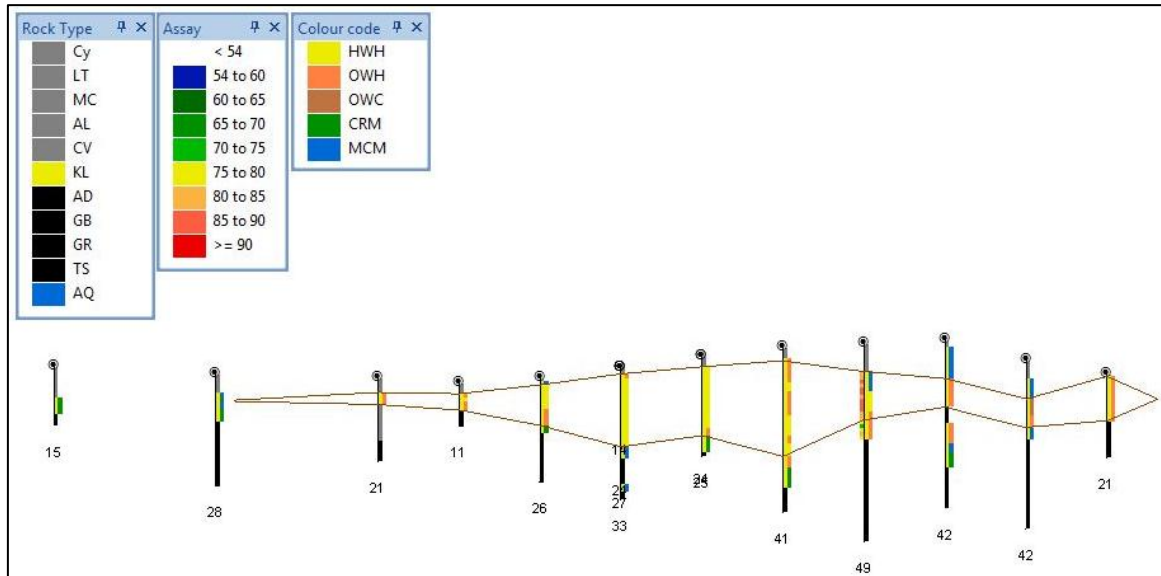
To date, the Company has identified project areas located in Western Australia and Queensland, which the Board believes may have the potential for the realisation of economic resources of these commodities currently targeted - iron ore, kaolin, coal, gypsum, mineral sands and salt.

The Company has 5 lpending and granted tenements covering approximately 9,255km² over the project areas.

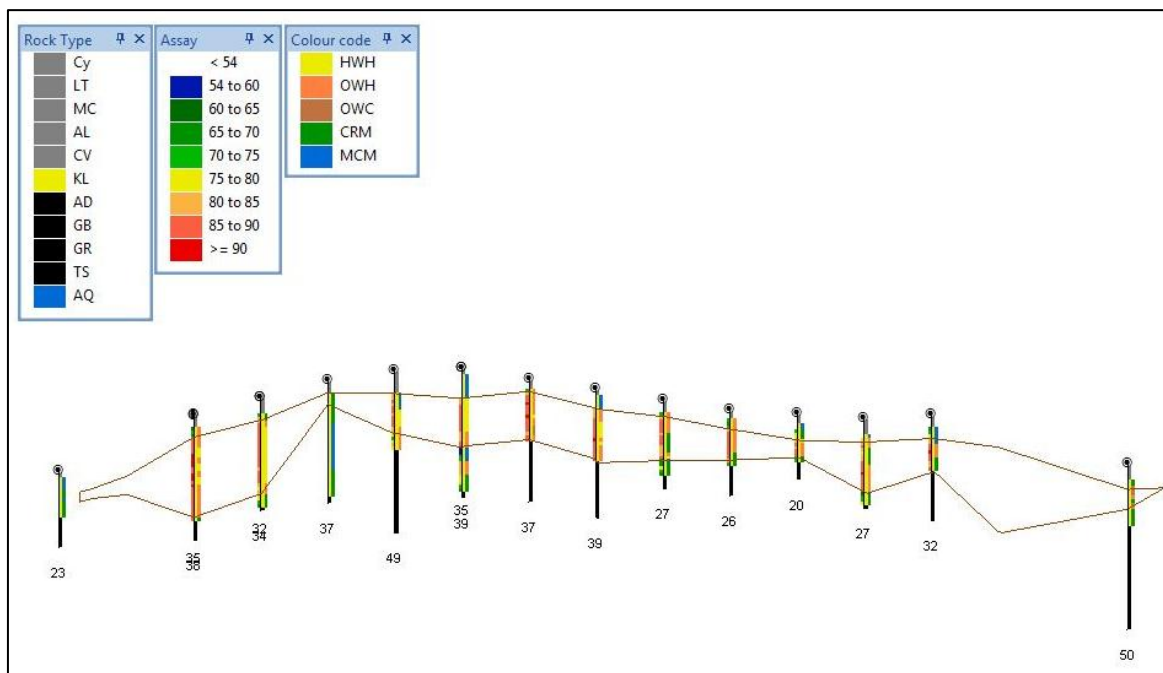


Figure 4: AMMG personnel on location at Kerrigan Project showing surface kaolinite on road

APPENDIX



Appendix A: Cross Section east west across the resource



Appendix B: Cross Section north south across the resource

Note: Assays (where available) are shown to the left of the hole trace, rock type and colour code (only for intervals logged as kaolin) to the right of the hole trace.