

## **AMMG SIGNS FURTHER MOU WITH CHINESE EXPLORATION BUREAU ON ITS SOUTHDOWN EXTENSION IRON ORE PROJECT**

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### **HIGHLIGHTS**

- A further Memorandum of Understanding (MOU) signed by AMMG subsidiary, Yilgarn Iron Pty Ltd (“Yilgarn Iron”) with Anhui Lianghuai Pty Ltd, an Australian wholly owned subsidiary of the Anhui Provincial Bureau of Coal and Geology (“Anhui”), to include AMMG’s recently acquired Southdown Extension Iron Ore Project.
- Terms of the further MOU include the key targets of:
  - working towards a direct capital investment by Anhui for ordinary fully paid shares in AMMG or its subsidiaries; and
  - the entering into a Heads of Agreement for a Joint Venture for the development of one or more of Yilgarn Iron’s Western Australian iron ore projects including the new Southdown Extension Iron Ore Project.
- AMMG now has 13 iron ore projects in Western Australia comprising 3,184 square kilometres.
- AMMG continues to progress discussions with other interested parties regarding potential investment in and development of its other diversified mineral projects.

Australia Minerals and Mining Group Limited (**ASX: AKA**) (“AMMG” or “the Company”), is pleased to announce that, through its wholly owned subsidiary Yilgarn Iron Pty Ltd (“Yilgarn Iron”), it has signed a further memorandum of understanding (MOU) with the Queensland-based Anhui Lianghuai Resources Pty Ltd, the wholly owned subsidiary of the Anhui Provincial Bureau of Coal and Geology (“Anhui”).

This further MOU includes the Company’s recently acquired Southdown Extension Iron Ore Project, which is strategically located approximately 80 kilometres from the Albany Port.

Both parties signed an earlier MOU in August 2011 relating to the development of the Company’s Yilgarn Iron Ore Projects.

After acquiring the Southdown Extension Project in October 2011, both AMMG and Anhui have now signed a further MOU to include this recent addition to AMMG’s Yilgarn Iron Ore Projects.

The signing of the further MOU is a result of a number of visits by AMMG to Anhui's head office in Hefei and a number of visits by Anhui to AMMG's projects in Western Australia.

The further MOU provides both parties with the framework to work together over the upcoming months to determine whether agreement can be reached on the terms of a direct capital investment by way of a share placement in AMMG or its subsidiary, Yilgarn Iron. The further MOU targets a potential Heads of Agreement for a Joint Venture Agreement for the development of one or more of Yilgarn Iron's projects (see Figure 1 below).

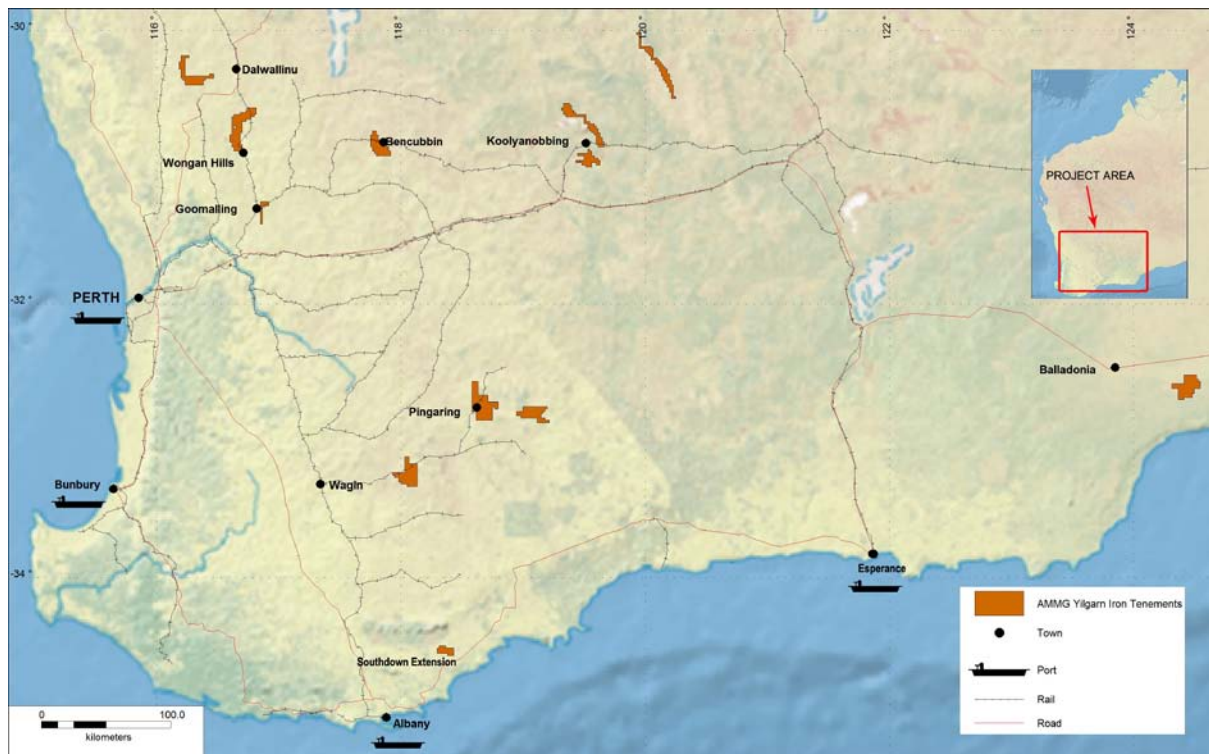


Figure 1: Yilgarn Iron Ore Project Location Map

AMMG, through its 100% owned subsidiary Yilgarn Iron, has been actively exploring and extending its tenement base in the Yilgarn Craton, accumulating 13 projects extending over 3,184 square kilometres.

Mr Ric Dawson, Managing Director of AMMG, said “the further MOU demonstrated that Anhui recognised the mineral potential of the Company’s projects and was particularly interested in the close proximity of the project to the port and city of Albany, being only approximately 80kms away.

“With drilling at the Southdown Extension project scheduled to commence at the beginning of next calendar year, Anhui were particularly interested in this recent addition to the Yilgarn Iron project portfolio. Anhui plan to send a delegation to return to Western Australia at the time of drilling for a site inspection as part of their ongoing due diligence ahead of any possible future involvement in advancement of the MOU key targets”, he said.

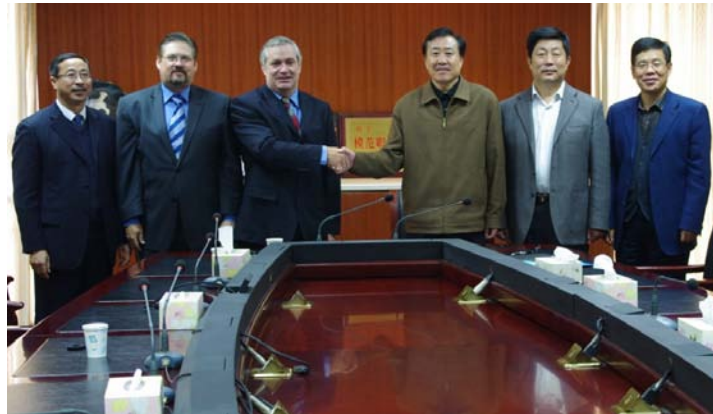


Figure 2: AMMG personnel with Commissioner Li and other senior Anhui personnel signing further MOU in Hefei, Anhui Province, China

### **About Anhui Bureau of Coal and Geology**

The Anhui Bureau is based in the Anhui Province, which is earmarked for development by the central government. The Anhui Provincial Government has been actively encouraging the Anhui Bureau to explore and develop mineral resources in Australia and overseas to help underpin its future economic growth.

Anhui Bureau was established in 1952 and currently has 8280 employees, with eight county-level geological institutions located in major cities of Anhui Province, with several subsidiaries to develop its diverse business. Its business includes geological exploration, mining, engineering and construction, real estate development, hotel operations and machinery manufacturing.

### **About Anhui Province**

Anhui is an inland province located in eastern China, west of Shanghai and located across the basins of the Yangtze River and the Huai River (see Figure 3). The population of Anhui Province is approximately 60 million and the nominal GDP for 2010 was US\$181 billion, a 12.9% rise from 2008. As one of the high potential economic growth provinces in China, Anhui has a substantial requirement for strategic minerals to support its industrialisation and economic restructuring. Its steel industry is home to **Ma Steel**, reportedly the ninth largest steel producer in China, with a reported capacity of 16 mtpa.



Figure 3: Map showing location of Anhui Province



Figure 4: Anhui Commissioner Li and Anhui personnel with AMMG Chairman, Mr Luke Atkins and Managing Director, Mr Ric Dawson inspecting Anhui's drill rig and fabricating workshops in Hefei, Anhui Province

**ENDS**

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#### **About AMMG**

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/aluminous clay, coal, gypsum, mineral sands and salt.

The Company has 12 granted tenements and 53 applications for tenements covering approximately 11,213km<sup>2</sup> over the project areas.