

MEDIA/ASX RELEASE

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## **AMMG SIGNS MOU WITH KALAMAZON MINERALS CORPORATION FOR POTENTIAL KAOLIN TO ALUMINA PROCESS DEVELOPMENT**

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### **HIGHLIGHTS**

- **Memorandum of Understanding (“MOU”) signed by AMMG subsidiary, Kaolin Resources Pty Ltd (“Kaolin Resources”) with Kalamazon Estudos Geologicos Ltda (“KEG”), a wholly owned subsidiary of Kalamazon Minerals Corporation (“Kalamazon”) for potential project development of kaolin/aluminous clay projects in Australia and Brazil.**
- **Terms of MOU include the key targets of:**
  - **a licence agreement from Kaolin Resources or its subsidiaries for any acid-based kaolin to alumina process that Kaolin Resources may develop; or**
  - **the entering into a Heads of Agreement for a Joint Venture for the development of one or more of KEG or Kaolin Resources’ projects.**
- **Kalamazon’s Brazilian subsidiary KEG has mining rights to an area totalling 1,519m<sup>2</sup> hosting a proven 29Mt kaolin/aluminous clay resource 40km north of Manaus, Brazil.**
- **AMMG’s kaolin/aluminous clay projects in Western Australia total approximately 2,934km<sup>2</sup> with a 150Mt global kaolin resource.**

Australia Minerals and Mining Group Limited (**ASX: AKA**) (“**AMMG**” or “**the Company**”), is pleased to announce that, through its wholly owned subsidiary Kaolin Resources Pty Ltd (“**Kaolin Resources**”), it has signed a non-binding memorandum of understanding (“**MOU**”) with Kalamazon Estudos Geologicos Ltd (“**KEG**”), the wholly owned subsidiary of Kalamazon Minerals Corporation (“**Kalamazon**”). Canadian exploration company Kalamazon is a leading industrial minerals corporation, which is developing a world class industrial minerals province within the tax incentive zone near Manaus, Brazil.

The MOU provides both parties with the framework to work together in the future to determine whether a licence agreement can be reached for any acid-based kaolin to alumina process that

AMMG may develop. The MOU further supports a potential Heads of Agreement for a Joint Venture for the development of one or more of AMMG or KEG's projects.

### About Kaolin Resources

AMMG, through its wholly owned subsidiary Kaolin Resources, has one (1) granted exploration licence and 11 applications targeting kaolin/aluminous clay in the Yilgarn Craton, south-west Western Australia. The projects extend across four areas: Meckering, Kerrigan, Kellerberrin and Bobalong (see Figure 1 below).

The Company has delineated two separate resources on its 100% owned Meckering and Kerrigan kaolin projects, for a combined indicated and inferred resource of **150 million tonnes** at approximately 83-85% brightness with an additional exploration target\* ranging from **215 million tonnes to 320 million tonnes**.

*\*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*

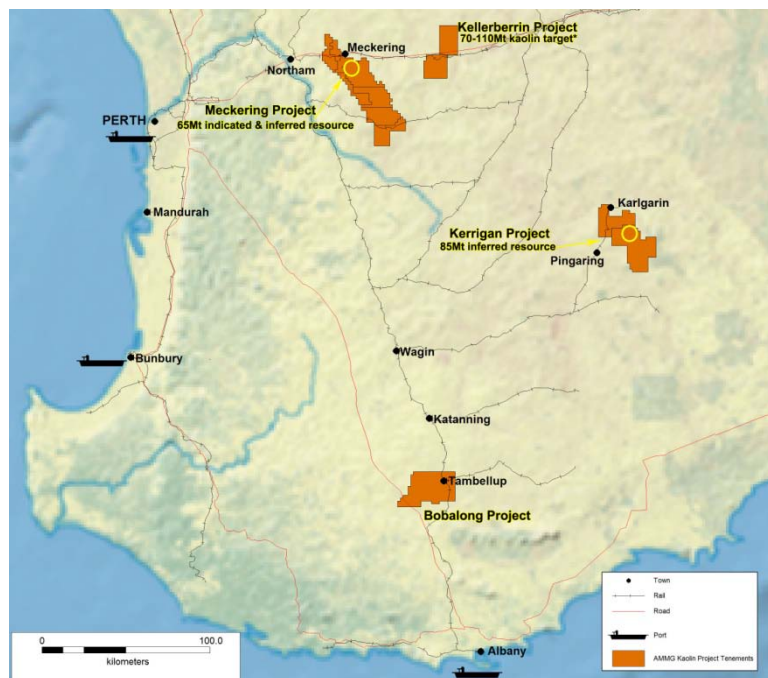


Figure 1: Tenement location of AMMG's South West Kaolin/Aluminous Clay projects

The Company is currently exploring the potential for the development of the processing of kaolin to alumina via an acid-based technology process.

The Company has also signed an exclusive option agreement with the technology holder, Professor Shang, to develop this process. Originally, Professor Shang successfully produced 1.06kgs of 99.5% smelter grade alumina (SGA) and 85gms of 99.99% high purity alumina (HPA) from the Company's Meckering kaolin.

AMMG will continue to work closely with Professor Shang towards advancing and tailoring the unique technology process to the specific attributes of AMMG's particular kaolin material, which has relatively high alumina (38% Al<sub>2</sub>O<sub>3</sub>) and low impurity levels.

### **About Kalamazon**

Kalamazon, through its subsidiary KEG, is developing the Manaus kaolin deposits in Brazil (see Figure 2 below), with proven reserves of 29Mt with total kaolin resources of 48Mt. Kalamazon's target markets include coating clays, white ceramics and pharmaceuticals.

Guangdong Highsun Yongye (Group) Ltd, with a 35% interest in Kalamazon, has an off-take agreement to purchase a minimum of 150,000 tonnes per year of high-grade kaolin from the kaolin deposit in Manaus. Approximately \$150m is expected to be invested by KEG in a kaolin project 40km north of Manaus, according to the Amazonas state government.



Figure 2: Geographic location of Manaus, Brazil

**ENDS**

### **Competent Persons 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.*

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### **About AMMG**

AMMG 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 directors believe may have the potential for the realisation of economic resources of these commodities currently targeted, being - **iron ore, gypsum, kaolin/aluminous clay, mineral sands, salt and coal.**

The Company itself or under joint venture now has **17 granted tenements and 47 applications** for tenements covering approximately **12,213km<sup>2</sup>** over the project areas. AMMG is pursuing a **diversification strategy** at this stage of the Company's development in order to provide additional development options and potential production opportunities.