

AMMG ACQUIRES SOUTHDOWN EXTENSION IRON ORE PROJECT

HIGHLIGHTS

- **AMMG acquires Minemakers' West Southdown Project interest**
- **Consolidates its portfolio of Southdown Extension tenements**
- **Located ~80km from Albany Port on the southern coast of Western Australia**
- **Lying along strike from Grange Resources' Southdown Magnetite Deposit (resource estimate of 654Mt @ 36.5% magnetite)**
- **AMMG will issue to Minemakers**
 1. **5,000,000 ordinary fully paid shares, and**
 2. **Grant 2,000,000 options exercisable at 20 cents**
- **Port of Albany currently upgrading capacity to handle cape-size vessels**
- **Recently announced corridor planning options for a gas pipeline from Bunbury to Albany**
- **Previous exploration of \$1 million involving 1600m of RC and diamond drilling combined, aeromagnetic data**
- **Freehold land, Native Title extinguished**

Australia Minerals and Mining Group Limited (**ASX: AKA**) ("**AMMG**" or "**the Company**") is pleased to announce that it has reached agreement to acquire Minemakers' ("**Minemakers**") (ASX & TSX: MAK) 80% interest in the West Southdown Project. The newly named Southdown Extension Project ("**Southdown Extension**") is a 22-block exploration licence that lies along strike from Grange Resources' Southdown Magnetite Project in south-Western Australia.

Ric Dawson, Managing Director, said "the acquisition of the Southdown Extension Project is a significant addition to the Company's existing Yilgarn Iron Ore Projects as it adds a more advanced project and strengthens the existing MOU relationship with the Chinese Anhui Bureau and other potential joint venturers."

"The close proximity to existing port infrastructure and proposed new infrastructure from Grange Resources' Southdown Magnetite Project could enable a potentially significant reduction in capital costs. This strategic location eliminates the need to duplicate an additional slurry pipeline corridor and other infrastructure requirements", he added.

AMMG has a further five (5) tenement applications (100% interest), bringing the total Southdown Extension Project area to approximately 100 square kilometres.



In addition, the recently announced Department of Regional Development statement (06/10/2011), awarding the tender to determine route alignment options for the conceptual Bunbury to Albany Gas Pipeline, provides additional energy alternatives for any potential magnetite processing operation in the Western Australian region.

AMMG's Southdown Extension Project is located west of the Southdown Magnetite Project and is approximately 80 kilometres from the Port of Albany. The project is a welcome addition to the Company's Yilgarn Iron Ore Projects, which now contain 13 project areas: Wongan Hills, Dalwallinu, Goomalling, Bencubbin, Koolyanobbing, Brontie, Illaara, Ularring, Pingaring, Burngup, Kukerin, Balladonia and newly acquired, Southdown Extension. The total project areas now cover approximately 2,609 square kilometres (see Fig 1 below) representing a substantial project footprint in a strategic location.

Agreement Terms

AMMG entered into a sales agreement with Minemakers (Iron) Pty Ltd, a wholly owned subsidiary of Minemakers (ASX & TSX: MAK), for the purchase of an 80% interest in tenement E70/2640-I for a consideration of and subject to:

1. AMMG issuing 5,000,000 ordinary fully paid shares to Minemakers
2. AMMG granting 2,000,000 20 cents options to Minemakers;
3. Confirmation of tenement renewal and assignment of relevant Access Agreements

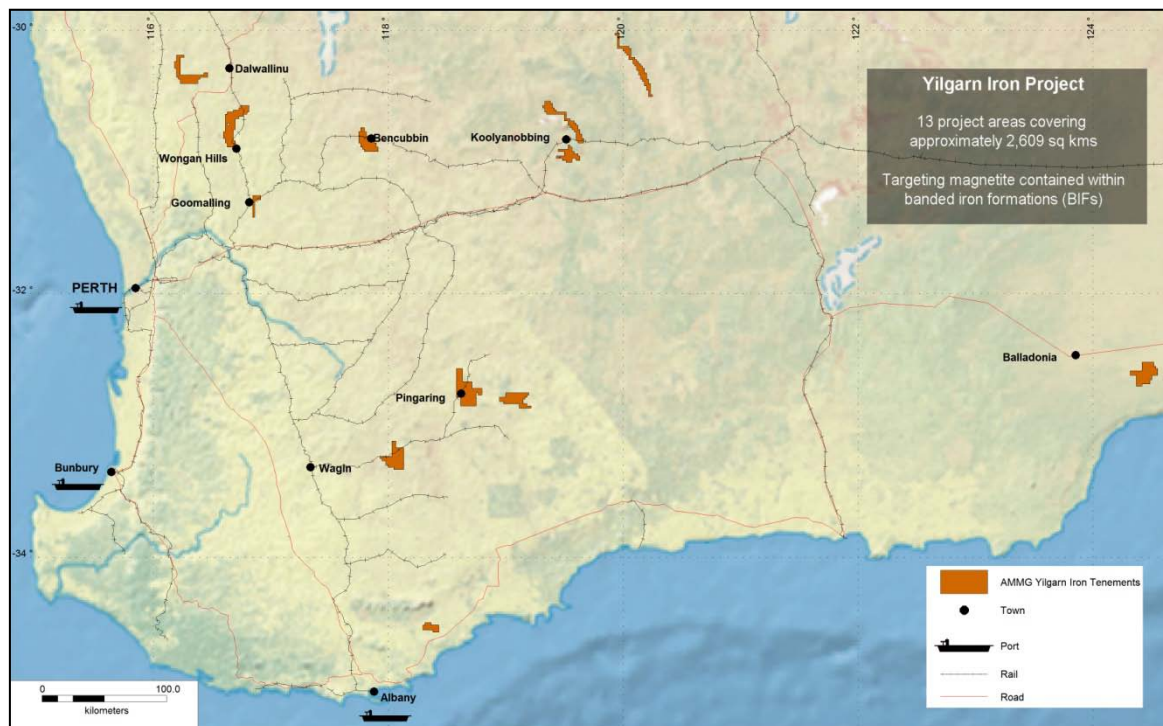


Fig 1: Location map of AMMG's Yilgarn Iron Ore Projects with the Southdown Extension Project approximately 80km to Albany Port

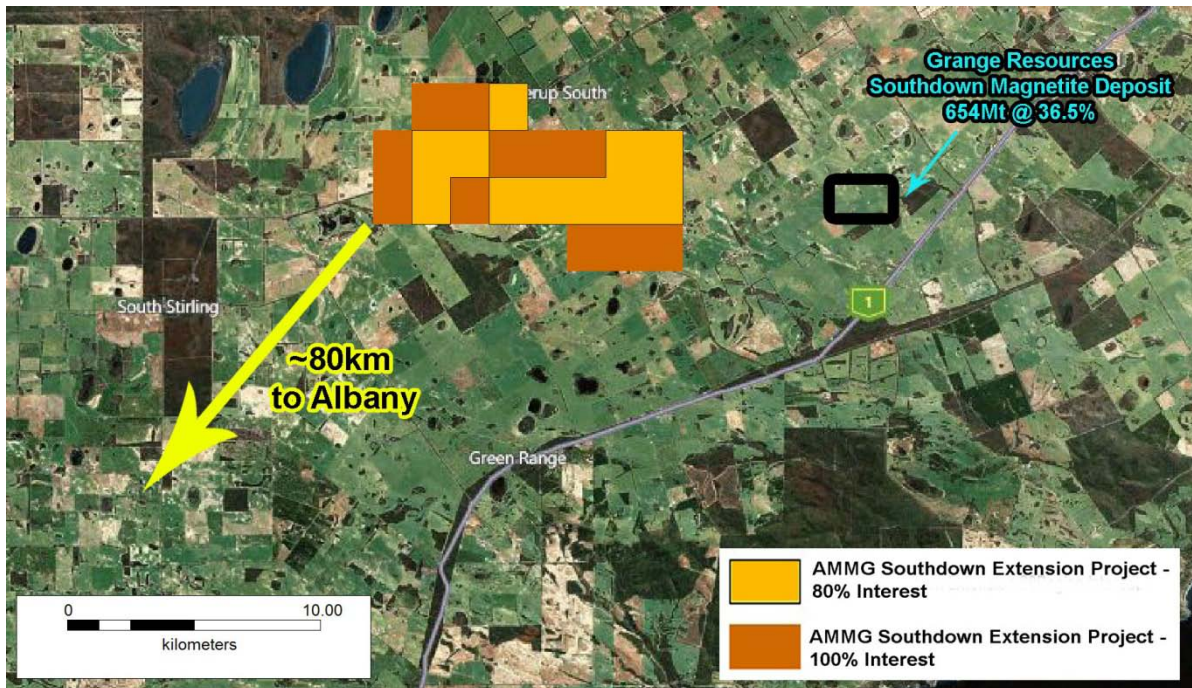


Fig 2: AMMG's Southdown Extension Project and Grange Resources' Southdown Magnetite Project

These southern magnetite projects have the advantage of moderate to coarse grind size to liberate the iron in the beneficiation process. Grange Resources has reported a P80 (80%) of minus 34 to 45 micron grind size, which has a significant reduction in energy input compared to other magnetite projects in Western Australia.

(Grange Resources, <http://www.grangeresources.com.au/php/page.php?grangeS+23>)

Southdown Extension Background

Minemakers initially acquired the West Southdown tenement to target the western extension of the Southdown Magnetite Deposit. The tenement was granted in 2005, and in 2007 the company announced that strong magnetite mineralisation had been intersected during their successful diamond drill-hole program (refer to Fig 3 below). Three targets over 8.5km strike length were targeted (ASX: MAK, 25/03/07):

- Hole WSD01 149-161m, 12m @ 40.65% magnetite, containing 65.5% iron
- Hole WSD02 121-127m, 6m @ 36.0% magnetite, containing 64.8% iron
- Hole WSD03 101-110m 9m @ 41.0% magnetite, containing 69.0% iron

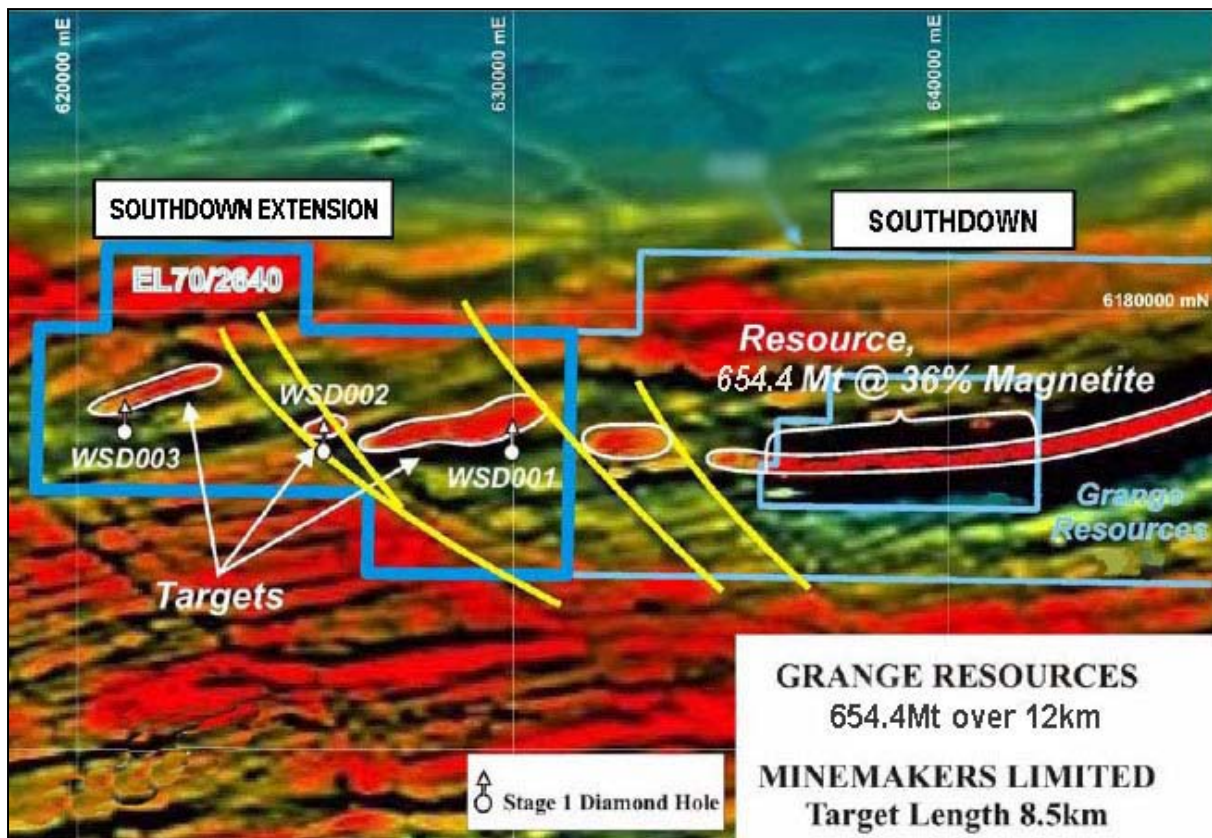


Fig 3: Map showing AMMG's Southdown Extension target areas along 8.5km strike length

Due to the limited outcrop, this area has been under explored and provides scope for intensive exploration.

Historical exploration by Anglo American and Minemakers resulted in approximately one (1) million dollars of expenditure towards exploration, involving 1600m of RC and diamond drilling combined, aeromagnetic data acquisition and interpretation.

Minemakers estimated an exploration target* of approximately 300-500Mt of magnetite mineralisation (July 2010).

Minemakers has chosen a strategy to divest its non-primary projects to focus on its Woomera Phosphate Project, and in taking equity in AMMG maintains an ongoing interest.

Conceptual haematite mineralisation may be evident in the demagnetised fault structures from the geophysical data interpretation which will be tested at the appropriate time.

AMMG's planned drill program for the coming quarters is to test the width of the magnetite mineralisation and also determine the economic depth extent.

*The term "Exploration 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

Albany Infrastructure Upgrade

Currently, the Albany Port is expanding its capacity through the Grange Dredging Project, a project initiated by Grange Resources to assist its magnetite off-take process. The project will increase the port's annual tonnage throughput from approximately 4 million tonnes to 11 million tonnes through the export of magnetite iron ore. The upgrade will deepen and extend the existing shipping channel to allow passage of iron ore vessels through dredging programs. The installation of a separate berth, capable of handling cape size vessels, will adhere to the significant shipping demands of the growing Western Australian iron ore exporting industry.

The State Government recently announced its plans for determining a new gas pipeline corridor between Bunbury and Albany. The potential new pipeline will help facilitate Grange Resources' construction plans when deciding on its energy source when constructing a new mine at their Southdown Project.



Fig 4: Photograph of Albany Port

Background

Southdown Magnetite Project

Grange Resources Ltd (ASX: GRR) acquired the Southdown Magnetite Project in 2007 from Rio Tinto Exploration Pty Ltd. Their Southdown Magnetite Deposit is located approximately 90 kilometres north-east of the Albany Port (refer to Fig 2 above) and extends approximately 12 kilometres in length over three granted mining leases.

In 2009, Grange Resources announced a total mineral resource upgrade to 654.4 million tonnes, grading 36.5% magnetite, as shown in Table I below (ASX: GRR, 03/07/2009). The project aims to produce 10 million tonnes per annum of high grade magnetite concentrate to be shipped from the Albany Port through a slurry pipeline.

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

Table 1: Southdown Magnetite Project in situ mineral resource estimate

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.

For more information on Australia Minerals and Mining Group please see below or contact:

Ric Dawson
 Managing Director
 T: +61 8 9389 5557
ric@ammg.com.au

Tony Dawe
 Professional Public Relations Pty Ltd
 T : +61 8 9388 0944
tony.dawe@ppr.com.au

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, coal, gypsum, mineral sands and salt.

The Company has eleven (11) granted tenements and 49 applications for tenements covering approximately 10,640km² over the project areas.

