



ABN 45 125 301 206

## December 2010 Quarterly Report

### SUMMARY

#### DIRECTORS

**Luke Atkins**

- Non-executive Chairman

**Ric Dawson**

- Managing Director

**Daniel Tenardi**

- Non-Executive Director

**David Brook**

- Non-Executive Director

**Christopher Forrester**

- Non-Executive Director

#### COMPANY SECRETARY/ CHIEF FINANCIAL OFFICER

Piers Lewis

**ASX Code: AKA**

**83.9 million** shares at 31/12/2010

**Market Cap**

**AUD\$8.3 million** at 31/12/2010

**Cash**

**AUD\$7.32 million** at 31/12/2010

#### WEBSITE

[www.ammg.com.au](http://www.ammg.com.au)

#### Meckering Kaolin Tenement Granted with 65Mt JORC Resource Confirmed

- 65Mt kaolin JORC resource verified (16.77mt indicated, 48.28 inferred) and announced post quarter.
- Exploration and historical data review of South West WA Wheatbelt area resulting in six new tenement applications (post quarter) targeting kaolin in areas with significant historical data and potential rail access.

#### Lake Macleod Gypsum Project

- Lake Macleod project advancing – data review ongoing; seeking to develop a gypsum JORC resource.

#### China Marketing Visit for Q1

- China road show of projects planned for late February 2011 to showcase projects.

#### Inaugural Managing Director Appointed

- Subsequent to quarter end, appointment of Ric Dawson, inaugural Managing Director.
- Over 25 years experience in the Australian and international resource industries, and a qualified geologist.

#### New Company Secretary Appointed

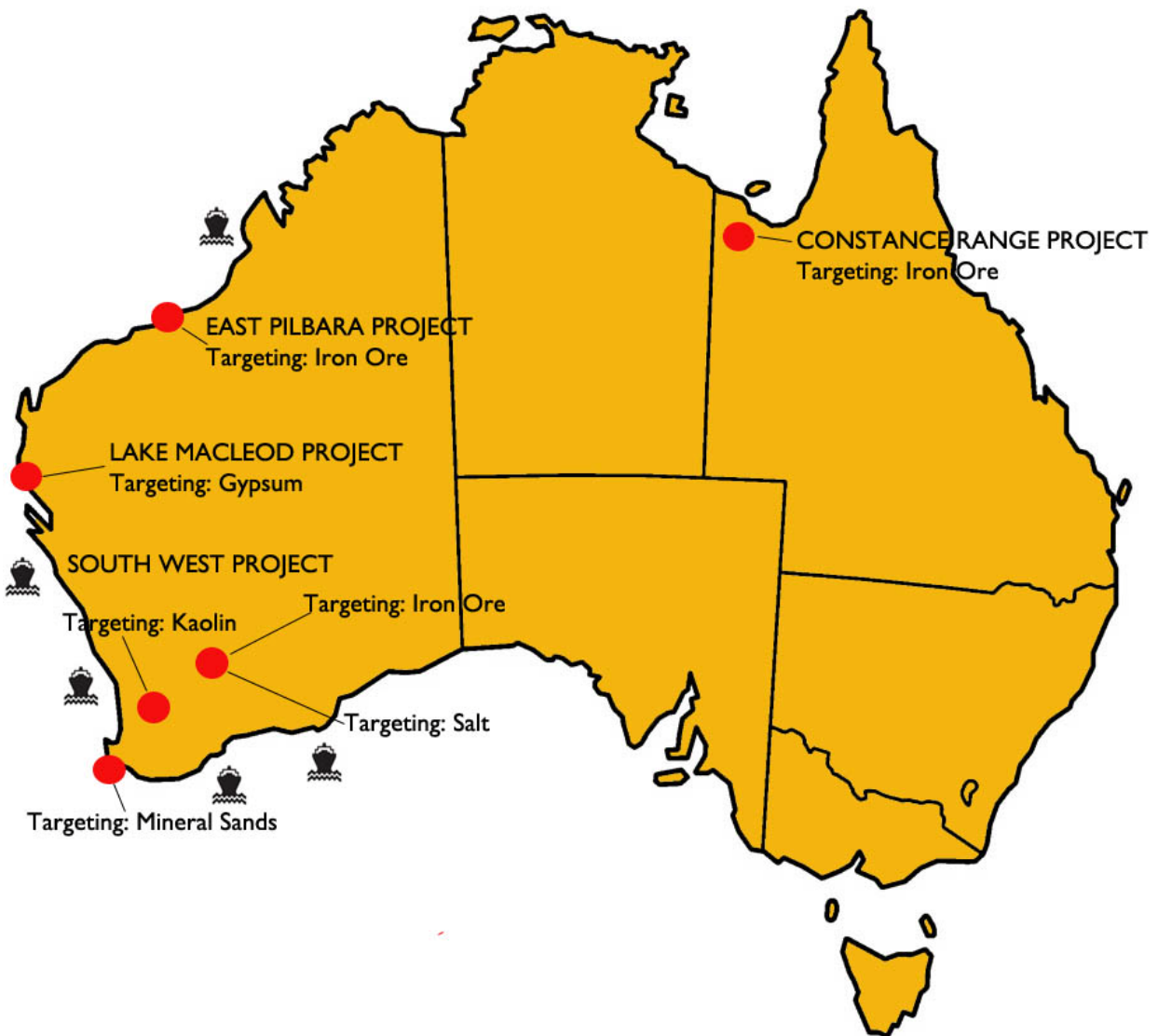
- Appointment of new Company Secretary and CFO, Piers Lewis, subsequent to quarter end.

#### Cash Reserves

- The Company remains well funded with \$7.32 at Bank as at 31 December 2010.

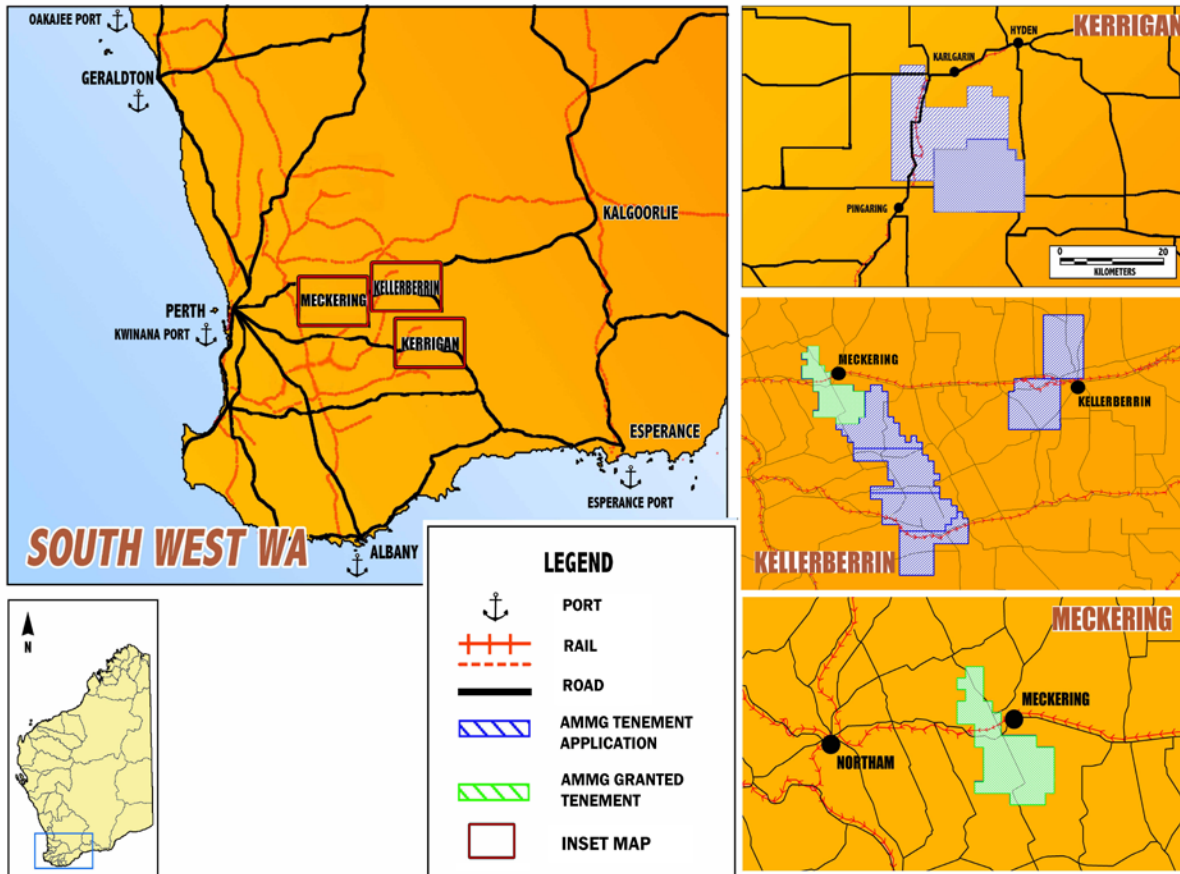
### AMMG PROJECT LOCATIONS AND MINERALS TARGETED

Multi-commodity resources company with tenement areas granted and under application or joint venture now totalling approximately **7,440km<sup>2</sup>**.



**YILGARN WA PROJECT – TARGETING KAOLIN**

AMMG has **one granted** exploration licence and eight applications targeting kaolin in the Yilgarn, South West, Western Australia. The kaolin project extends across three project areas—Meckering, Kerrigan and Kellerberrin. The total area under application and granted status is now over approximately 1,835km<sup>2</sup>.



**Meckering**

(E70/3923, E70/4030-4033)

The primary focus is currently around the granted Meckering tenement (E70/3923), which covers the historical Kelly and Jacobs Well kaolin projects previously held by Minerals Corporation (now in administration).

Only a portion of this tenement (E70/3923) was defined with the known deposits of kaolin and carries a JORC resource of 65Mt comprising 16.77Mt of indicated resource, and 48.28Mt of inferred resource (see Table I below). Further exploration to expand this resource is ongoing through mapping, and future drilling.

A review of the previous JORC resource statement identified by the previous explorer has been evaluated, on behalf of AMMG, by Sydney-based minerals consultants, Geos Mining.



Kaolin test pit located at E70/3923 at Meckering  
- photograph taken 25 August, 2010

The resource is based on information from 157 reverse circulation drill-holes and three bulk sample pits carried out by Minerals Corporation. Holes are from 50 to 200m apart. All resources are within 50m of the surface. The resource volumes were estimated by wire-framing a geological model using Gemcom software. The resource was estimated using a minimum cut-off of 80% brightness. Average kaolin percentage and brightness was estimated using ordinary kriging. The dry bulk density used is 1.6t/m<sup>3</sup>, which is considered conservative by industry norms, based on test work on similar deposits. No bulk density test work is known to have been completed on this deposit.

The Company is currently planning its exploration program for Q1 and Q2, 2011. Exploration work will include researching historical drill data from within the recently applied for tenements, planned air-core drilling, and associated kaolin chemical and physical property analysis. AMMG is also carrying out a technical marketing study to identify potential customers and joint venture partners with particular emphasis on China and South-East Asia. The total area both granted and under application status is now over approximately 966km<sup>2</sup>.

JORC Resources (Table 1)

	Tonnage	% -45 micron <sup>1</sup>	Brightness <sup>2</sup>
Indicated resource	16,770,000	42.3%	83.2%
Inferred resource	48,280,000	41.8%	83.5%
<b>Total resource base</b>	<b>65,000,000</b>	<b>41.9%</b>	<b>83.4%</b>

Refer to our website for greater detail:

[http://www.ammg.com.au/news/meckering\\_project\\_granted\\_-\\_with\\_jorc\\_kaolin\\_resource/](http://www.ammg.com.au/news/meckering_project_granted_-_with_jorc_kaolin_resource/)

**Kerrigan**

(E70/3811, E70/3842)

Currently, the Mt Mallet and Karlgarin exploration licences are at application status. The research from historical data indicates that the work carried out by CRA Exploration in the 1980's with over 165 drill holes, there are several areas of kaolin mineralisation in these tenements and AMMG is currently in the process of determining the most cost effective process to bring them into JORC guidelines. A proposal is being prepared by Geos Mining for this task. The total area under application status is now over approximately 459km<sup>2</sup>.

**Kellerberrin**

(E70/4034-4035)

These recent tenements in application status have kaolin mineralisation occurring and exploration will continue this coming quarter. This will involve historical data review, assembling in the database and a planned drill program, subject to statutory requirements and granting. The total area under application status is now over approximately 408km<sup>2</sup>.

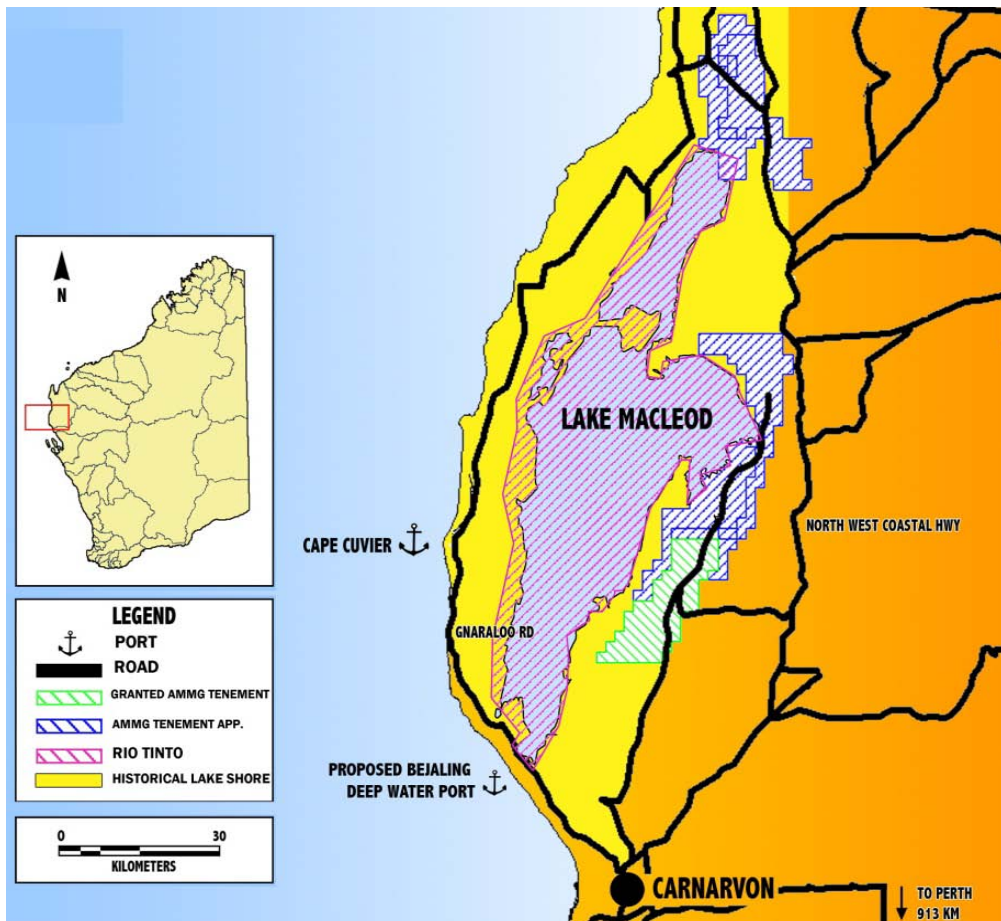
**LAKE MACLEOD PROJECT – TARGETING GYPSUM**

(E08/1686, E08/1891, E08/2007, E09/1572, E09/1592)

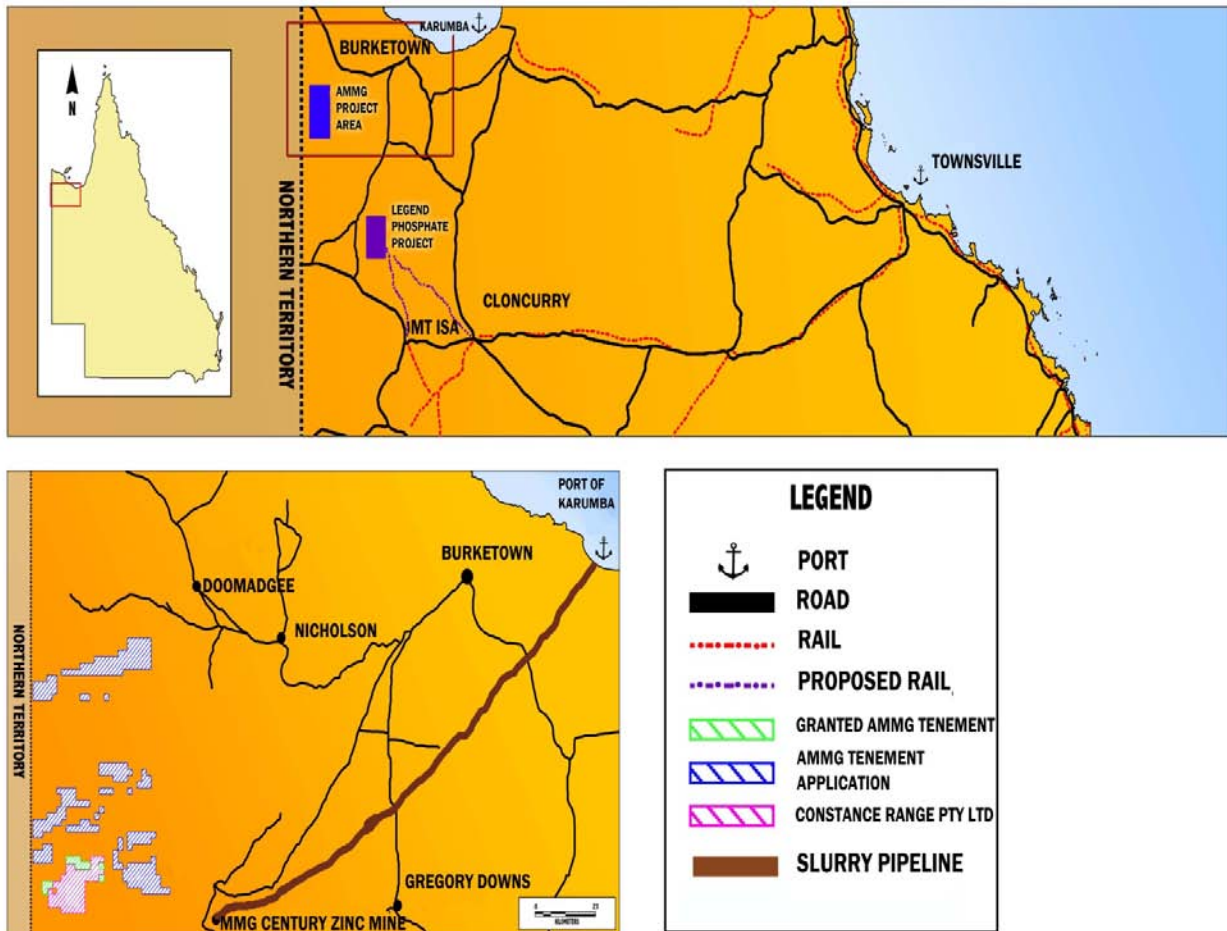
The Lake Macleod project consists of four tenement applications and **one granted** tenement over previously drilled gypsum mineralisation in the Lake Macleod area, North West, Western Australia. The total area granted and under application status is now over approximately 990km<sup>2</sup>. Two tenements to the north are expected to be granted in the near future, following the removal of objections and reaching agreement on Native Title.

The Company’s investigations indicated that gypsum within the licence area had been deposited in distinct ponds, swales or lakes linked and fed by brines from the main Lake Macleod lake system to the west during times of high water levels.

Following the 2010 drilling program, the Company engaged an independent consultant to provide a resources estimation that is expected to be completed in Q1, 2011.



**CONSTANCE RANGE PROJECT – TARGETING IRON ORE**  
 (EPM16620, EPM17164, EPM17919-17920, EPM18375, EPM18710)



The Company has **one granted** tenement (EPM16620), which has now been renewed for a further two years, and anticipates the granting of further tenements in the nearer term. The total area under application and granted status is now over 690km<sup>2</sup>. Field sampling was conducted within the Train Range Ironstone Member over EPM16620 during the June quarter, and a review of metallurgical testing of Constance Range ore is ongoing.

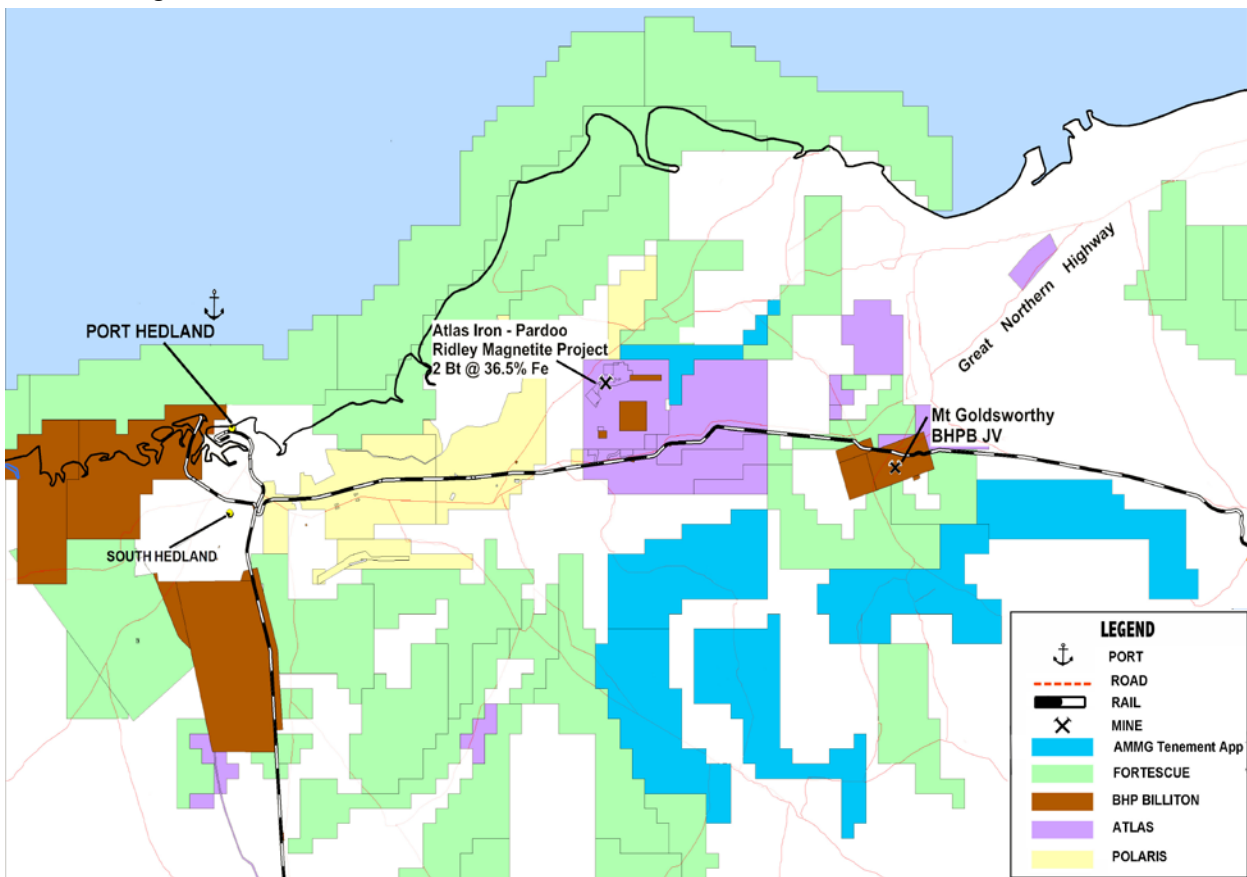
The Company has engaged an external consultant to carry out a high level analytical review of BHP's historical data, and to investigate possible beneficiation options. Initial metallurgical work commissioned by AMMG show that the relatively high siderite content allows for significant beneficiation options with simple low intensity magnetic separation. Further, the expected beneficiation grade indicates: the potential for better iron content than the Pilbara DSO; very low alumina content; and very low sulphur content after roast.

The Company's priority in the Constance Range area is to continue the work outlined and obtain further samples as deemed necessary. Negotiations continue on a possible joint venture amalgamation, which are advancing with a view to the creation of a significant land holding in the region.

**EAST PILBARA PROJECT – TARGETING IRON ORE**

(E45/3774-3778, E45/3653)

The Company has five applications in the northern margin of the Pilbara Craton. A further application has been made since listing, which covers an area to the east of the Ridley Magnetite Project held by Atlas Iron Limited. Tenements cover approximately 1100 km<sup>2</sup> and the Project was acquired on the basis of establishing a presence in this iron ore province on which to build through ground acquisitions or possible joint venture. The area is surrounded by some significant iron ore projects and also remnant greenstone considered to have precious metals potential. The project lies about 110km east of Port Hedland and is near BHP Billiton’s Mount Goldsworthy JV where iron ore products are derived from Nimingarra bedded ore type. Atlas Iron has completed a pre-feasibility study on their Ridley Magnetite Project and quotes a resource of 2.01Bt at 36.5% Fe with a concentrate mass recovery of 37.2% and a concentrate grade of 68.9% Fe.



AMMG proposes a staged exploration program at the Pilbara Project. A compilation of available magnetics, radiometrics and Landsat imagery will form the basis for the identification of targets\* with potential for magnetite iron ore mineralisation as well as uranium mineralisation. Subsequently, it is proposed that more detailed aeromagnetics and radiometrics will be acquired to refine these targets, with ground magnetics and then drilling to follow. The Company continues to work towards negotiation with native title groups for removal of the objections to the five exploration licence applications.

\*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.

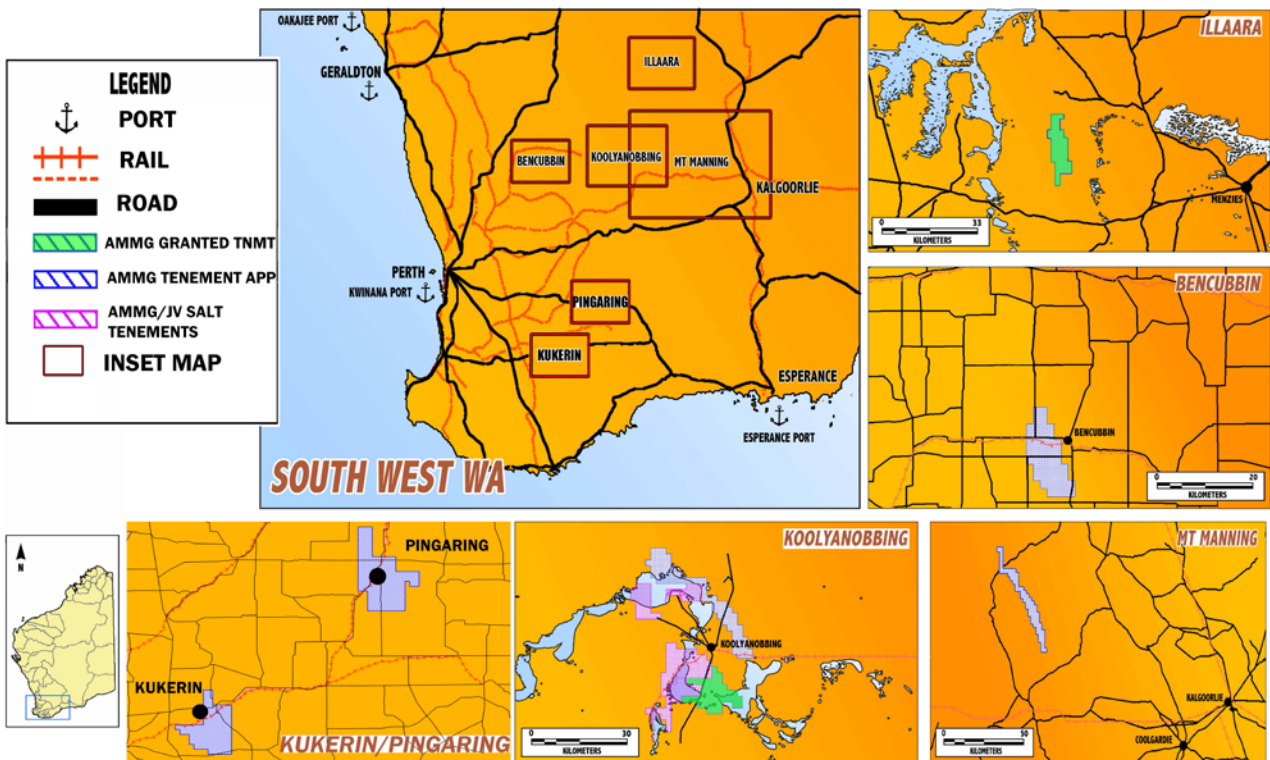
**YILGARN WA PROJECT – TARGETING IRON ORE AND BASE METALS**  
 (E16/397, E30/417, E70/3853, E70/3909, E70/3913, E77/1769-1770)

AMMG has **two granted** tenements at Koolyanobbing and Illaara. The other five applications are located at Pingaring, Kukerin, Bencubbin, Mt Manning and Brontie. The total area granted and under application status is now approximately 1439km<sup>2</sup>.

In November, the Company undertook a fieldtrip to the projects southeast of Perth, where only one prospective rock chip sample was sent for analysis due to lack of suitable outcrop and land owner access. The results of the sample analysis included the following:

Sample ID		Fe	SiO2	Al2O3	P	TiO2	CR2O3	NiO	LOI (1000)
KM-011-000991	Method	XRF001	XRF001	XRF001	XRF001	XRF001	XRF001	XRF001	CGA001
<b>Location</b>	Units	%	%	%	%	%	%	%	%
657,123E	LLD	0.01	0.01	0.01	0.001	0.001	0.0001	0.0001	0.01
6,371,548N	-2mm Crush	<b>51.340</b>	5.330	4.660	<b>0.015</b>	0.185	2.9846	0.8016	11.30

Analyses conducted by Nogram using X-Ray Fluorescence Spectrometry with Loss on Ignition (LOI) determined using Thermo Gravimetric Analyses at 1000°C. Co-ordinates are MGA Zone 50



The fieldtrip concluded that shallow drilling over magnetics was needed at Karlgarin in order to acknowledge the outcrop of iron.

Furthermore, a thorough investigation into the iron rich belt located at Pingaring is required. The anomaly occurs in an area where surface iron formation has not been mapped and/or there is minimal outcrop.

Field reconnaissance involving possible ground magnetics and then aircore/RC drilling will be required to determine if the anomaly is related to the development of hematite, magnetite in this meta iron formation.

### **Illaara** (E30/417)

Negotiations continue with regards to the Illaara tenement on a possible joint venture and are advancing towards an anticipated announcement in Q1, 2011. This potential joint venture is based around the philosophy of exploring in previously under-explored greenstone belts that contain potentially the correct rock sequence for volcanogenic massive sulphide (VMS) style deposits. The GSWA geologic 1:250,000 map sheet identifies these rock types for this type of exploration.

The tenement is now granted and it is anticipated that reconnaissance geochemistry sampling will take place during Q1, 2011.

## **CORPORATE**

### **APPOINTMENT OF INAUGURAL MANAGING DIRECTOR**

Subsequent to quarter end, Ric Dawson was appointed inaugural Managing Director of the Company. A former geologist, stockbroker and mining analyst, Mr Dawson has extensive previous corporate and ASX-listed Managing Director experience, with a background in fundraising and corporate promotion.

### **NEW COMPANY SECRETARY/CHIEF FINANCIAL OFFICER**

Piers Lewis was appointed the new Company Secretary/CFO late in the quarter. Mr Lewis replaces Mr Robert (Sam) Middlemas, who has stepped down to pursue other business interests.

Mr Lewis is a Chartered Accountant with 13 years corporate experience. He has held executive and senior management positions in Australia and London. Currently, Piers is the Company Secretary and Chief Financial Officer with several ASX listed resources companies.

## **CASH**

The Company remains well funded with \$7.32 million cash at Bank as at 31 December 2010.

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*Technical information in this report is based on information compiled by Mr. Derek Judkins B.Sc. Geology, AMMG Chief Geologist and a member of the Australasian Institute of Mining and Metallurgy. Mr. Judkins 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. Judkins consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.*

**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, mineral sands, kaolin, salt and bentonite.**

The Company itself or under joint venture now has **nine granted tenements** and **35 applications** for tenements covering approximately **7,440 km<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.