



## March 2010 Quarterly Report

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### ASX Code: AKA

84 million shares at 31/3/10

### Market Cap

A\$16 million at 31/3/10

### Cash

A\$7.6 million at 31/3/10

### CORPORATE DIRECTORY

#### DIRECTORS:

**Luke Atkins**

- Executive Chairman

**Daniel Tenardi**

- Non-Executive Director

**David Brook**

- Non-Executive Director

**Christopher Forrester**

- Non-Executive Director

#### COMPANY SECRETARY:

**Robert (Sam) Middlemas**

### HIGHLIGHTS

- Successful listing on ASX on 27 January 2010, raising A\$7.5 million from IPO, closing early and oversubscribed.
- Additional prospective holdings added in Constance Range, Queensland; and South West, Western Australia targeting iron ore.
- Further prospective Western Australian holdings acquired targeting additional commodities - kaolin and salt.
- Tenement area (granted and under application) increased to approximately 5,450km<sup>2</sup> of prospective ground across eight project areas.
- A further 9 tenement applications made since listing, bringing the total to 28 across Western Australia and Queensland (4 granted, and 24 in application).
- Strong cash position (A\$ 7.65 million) to fund exploration and development programme.
- Appointment of William Witham (BSc Hons.) as Group Geologist.
- Appointment of Robert (Sam) Middlemas as Company Secretary.
- Completion during April of non-renounceable rights issue of one Option for every two Shares, raising \$420,000.

## ABOUT AUSTRALIA MINERALS & MINING GROUP LTD

AMMG was incorporated on 8 May 2007 for the purpose of securing by application, exploration licenses over land that has been subject to historical exploration and where significant geological data was available and/or the land was considered sufficiently prospective due to proximity to existing resources and infrastructure.

To date the Company has identified eight separate project areas, located in Western Australia and Queensland, which the Directors believe have the potential for realisation of economic resources of these commodities, being - iron ore, gypsum, mineral sands, kaolin, salt and gold.

The Company now has four granted tenements and 24 applications for tenements covering approximately 5,450 square kilometers over the eight 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. Accordingly, in addition to expediting exploration and assessment of existing project areas, the Company moved during the quarter to acquire further prospective holdings in additional commodity areas - kaolin and salt - to complement its existing project commodity suite.

## EXECUTIVE OVERVIEW - STRATEGY

AMMG continues to evaluate the pre-existing exploration data available for its tenements and review the historical data of potential joint venture partners on ground in close proximity with a view to pursuing potential joint venture opportunities.

The Company is also working to identify potential strategic investors and potential end users of mineral commodities which the Company is targeting with a view to growing the Company to the mutual benefit of the parties concerned.

AMMG is focused on pursuing investment opportunities that leverage off the Company's management, expertise and local knowledge and which is in a form that is acceptable to all stakeholders.

With the granting of a number of Exploration Licenses the Company intends to move forward with its exploration program to collect samples, investigate potential beneficiation and processing techniques and pursue potential marketing opportunities.

## THE PROJECTS - OVERVIEW

The eight project areas held by the Company target iron ore, gypsum, mineral sands, kaolin, salt and gold:

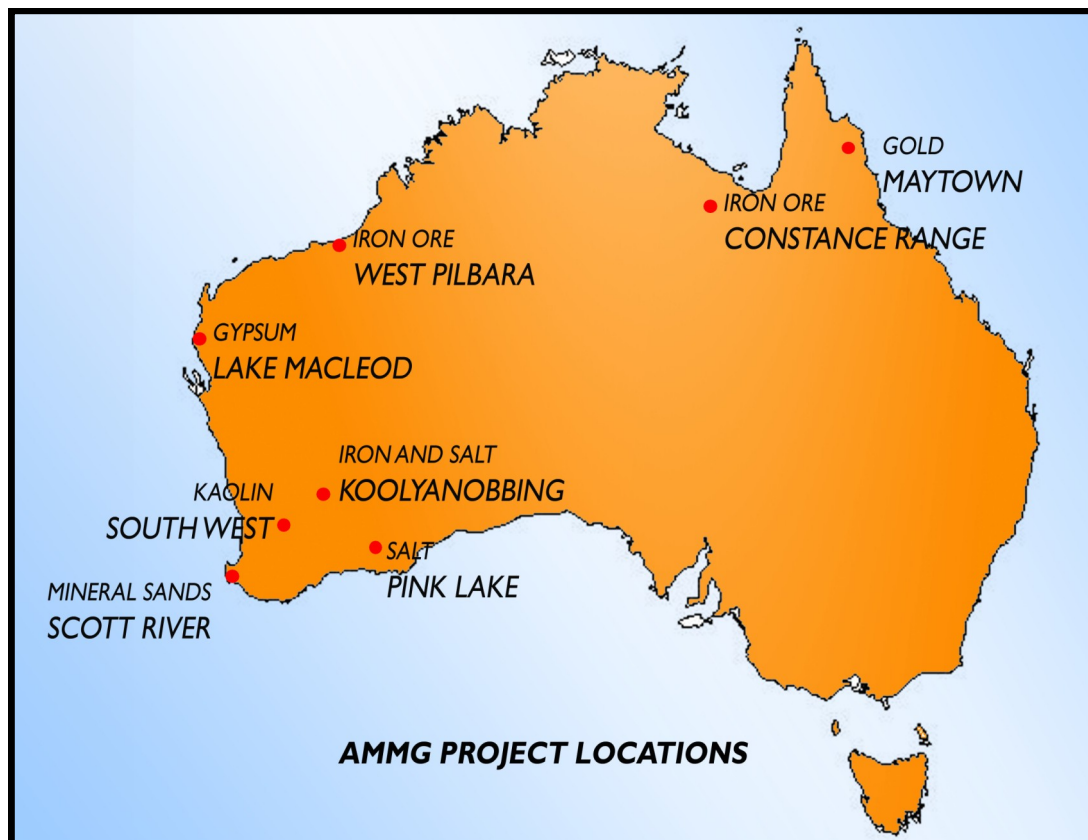
- Iron Ore - Constance Range, Northern Queensland
- Iron Ore - Pilbara, Western Australia
- Iron Ore - Koolyanobbing, South West, Western Australia
- Gypsum - Lake Macleod, North West, Western Australia
- Mineral Sands - Scott River, South West, Western Australia
- Kaolin - South West, Western Australia
- Salt - South West, Western Australia
- Gold - Maytown, North East, Queensland

The Company's projects have been carefully evaluated and selected based primarily on access to existing historical geological reporting. Other considerations include:

- Proximity to existing infrastructure and/or proximity to existing mineral resources
- Ease of extraction
- Leverage to growth markets with attractive medium to long term fundamentals

The Company has commenced preliminary discussions with potential joint venture partners in a number of project areas, is in the process of gathering and evaluating historical data to assess potential resources and the merit of further exploration, and has undertaken field trips to the South West for kaolin sampling and analysis. Initial exploration priorities lie in the Lake Macleod gypsum project in North West, Western Australia and the Constance Range iron ore project in Northern Queensland.

### AMMG PROJECT LOCATIONS



### LAKE MACLEOD GYPSUM

The Lake Macleod project consists of five tenement applications over previously drilled gypsum deposits in the Lake Macleod area, North West, Western Australia.

The first of five exploration licenses [E09/1572] in the Lake Macleod area has now been granted following negotiation by the Company of a heritage agreement with the Gnulli Claimant Group. The Exploration License [E09/1572] lies to the east of Rio Tinto's gypsum and salt operations and contains 3 historical exploration target areas covering approximately 180km<sup>2</sup>.

AMMG's priorities at Lake Macleod are to evaluate the existing non-JORC compliant resources described in historical reports to JORC status, obtain further metallurgical samples for marketing purposes and undertake work on gaining access to existing port infrastructure options in the region.

### CONSTANCE RANGE IRON ORE

The Company's priority in the Constance Range area is to obtain bulk samples for metallurgical testing. Subject to all necessary approvals, drilling and sampling is planned to commence once weather and ground conditions permit. The Company has one granted tenement [EPM16620] and it is expected that a further tenement will be granted in the near future. The Company has also applied for a further tenement in the area since listing, bringing the total area under application and granted status to over 600km<sup>2</sup>.

### PILBARA IRON ORE

The Company continues to work towards negotiation with native title groups for removal of the objections to the five Exploration License applications as listed in the IPO Prospectus.

Since listing, the Company has lodged one more application in the Pilbara region, which is subject to ballot.

### SCOTT RIVER MINERAL SANDS

AMMG's existing application in Scott River [E70/3198] has been granted. As outlined in the Company's IPO Prospectus, this project covers approximately 90km<sup>2</sup> and includes a number of areas previously reported by BHP as containing mineral sands, including ilmenite and zircon.

AMMG has recently moved to widen its exposure to Western Australia's South Coast mineral sands province with an application over a new project area near Gairdner, east of Albany. The project is located close to major roads and lies approximately 140km from the Albany Port.

### SOUTH WEST KAOLIN

In line with its strategy of exploring potential near term production opportunities, AMMG has moved to gain exposure to Kaolin.

AMMG has one granted Exploration License and three applications targeting kaolin in South West, Western Australia. The kaolin project extends across three project areas—Mt Kokeby, Gabbin and Mt Mallet.

The Exploration License [E70/3673] in the Mt Kokeby area is held by AMMG, and was granted late last year. The remaining applications are held under Kaolin Resources Pty Ltd, a wholly owned subsidiary of AMMG. All of the projects areas have been subject to previous mining or exploration, and are generally near railways and major roads.

The Company's initial priority is focusing on securing the necessary land access arrangements and approvals to obtain bulk samples from all three project areas for initial metallurgical testing.

### KOOLYANOBBING IRON ORE

AMMG made four Exploration License applications during the quarter around Koolyanobbing, Western Australia, focusing on prospective iron (Banded Iron Formations, BIFs). The applications are located at Bencubbin, Mt Manning, Illaara, and Bronte.

The exploration targets are magnetite, and potentially hematite/goethite, contained within Archaean quartz/magnetite/BIF units.

### SOUTH WEST SALT

The Company has a positive view on the growing strength of the export and domestic salt markets, and is looking to extend its project footprint to potential production opportunities in salt. The Company has three Exploration License applications around the Wheatbelt area of Western Australia at Lake Bidy, Lake Seabrook and Pink Lake.

Current priorities include gathering and evaluating the available data on the world salt industry and historical exploration undertaken in the areas, to assess the potential of the salt projects, and the merits of further exploration.

The Company is also in discussion with other tenement holders and exploring potential joint venture opportunities.

### CORPORATE

#### Successful IPO

AMMG listed on the ASX on 27 January 2010 after its initial public offering closed almost six weeks early, and significantly over-subscribed, raising \$7.5 million, including \$2.5 million in over-subscriptions, bringing the total public issue to 37,500,000 shares at an issue price of 20 cents each.

### Appointment of Group Geologist

On 8 February 2010, the Company announced the appointment of Mr. William (Chub) Witham, who had previously been acting in a consulting capacity with the Company, to the position of consulting group geologist.

### Appointment of Company Secretary and CFO

On 4 February 2010, the Company announced the appointment of Mr. Robert (Sam) Middlemas to the role of Company Secretary and Chief Financial Officer.

### Cash position – well funded

The Company remains well funded with \$7.65 million cash at Bank at 31 March 2010.

### Successful Non-renounceable Entitlement Issue

During April, the Company successfully completed a one-for-two non-renounceable entitlement issue of Options, pursuant to the Company's prospectus dated 25 March 2010.

86% of the 41,987,501 options available under the Entitlement Issue were taken up and the board agreed to place the remaining 6,031,259 Options with clients of CPS Securities, ensuring 100% of the Offer was taken up.

The \$420,000 in funds raised will be applied to exploration and working capital.

The securities are currently trading on a deferred settlement basis with the ASX code (AKAO). Securities will be dispatched by 3rd May 2010, and normal trading will commence on 4 May 2010.

The Options issued under the Rights Issue will have an exercise price of 20 cents any time prior to the expiry date of 30 October 2011.

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*Technical information in this report is based on information compiled by Mr. William Witham B.Sc. Geology (Hons), AMMG Group Geologist and a member of the Australian Institute of Geoscientists. Mr. Witham 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. Witham consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.*