

**MARCH 2011 QUARTERLY REPORT**
**HIGHLIGHTS**
**Lake Macleod WA, JORC Inferred Resource**

- Maiden **30.9Mt JORC inferred resource** of gypsum delineated by independent geological consultants Reynard Australia.
- Located near coast, major highway and privately operated coastal ship loading facilities.
- Adjacent to known gypsum deposit with world class size and quality specifications.

**China Marketing Visit, March 2011**

- Recent marketing China road show to showcase projects to **potential investors** well received, with follow-up ongoing.
- Visited enterprises in Shenzhen, Guangzhou, Beijing, Hainan and Shanghai.
- Presented at PPR Australian Showcase and attended the Mines & Money conference in Hong Kong.

**Land Access Obtained at Meckering Kaolin Project WA**

- Land access to **surface mineral rights** with key landowners obtained within E70/3923, covering freehold degraded farmland.
- Potential for near-term production being investigated.

**Alphabross Joint Venture at Illaara Project, WA**

- AMMG enters into a Heads of Agreement to Joint Venture the mineral rights containing copper, zinc, gold and silver to Alphabross.
- AMMG retains mineral rights to iron ore and associated minerals at granted Illaara Project, WA.

**Canning Coal Project, Kimberley WA**

- Recently applied for a further **six (6)** exploration licence applications. The project now comprises seven exploration licence applications covering approximately 1,402km.

**South West Kaolin Project WA**

- The project now has a further **six (6)** exploration licence applications in Meckering and Kellerberrin. The project area currently totals approximately 1,872km.

**Yilgarn Iron Ore Project WA**

- **One (1)** additional tenement application has been made at Burngup, E70/4060. The total project area is now approximately 1,460km.

**Working Capital**

- The Company remains well funded with \$6.85 million at Bank as at 31 March 2011.

**AUSTRALIA MINERALS & MINING GROUP LTD (ASX:AKA)**

100.9 million shares at 31/03/2011

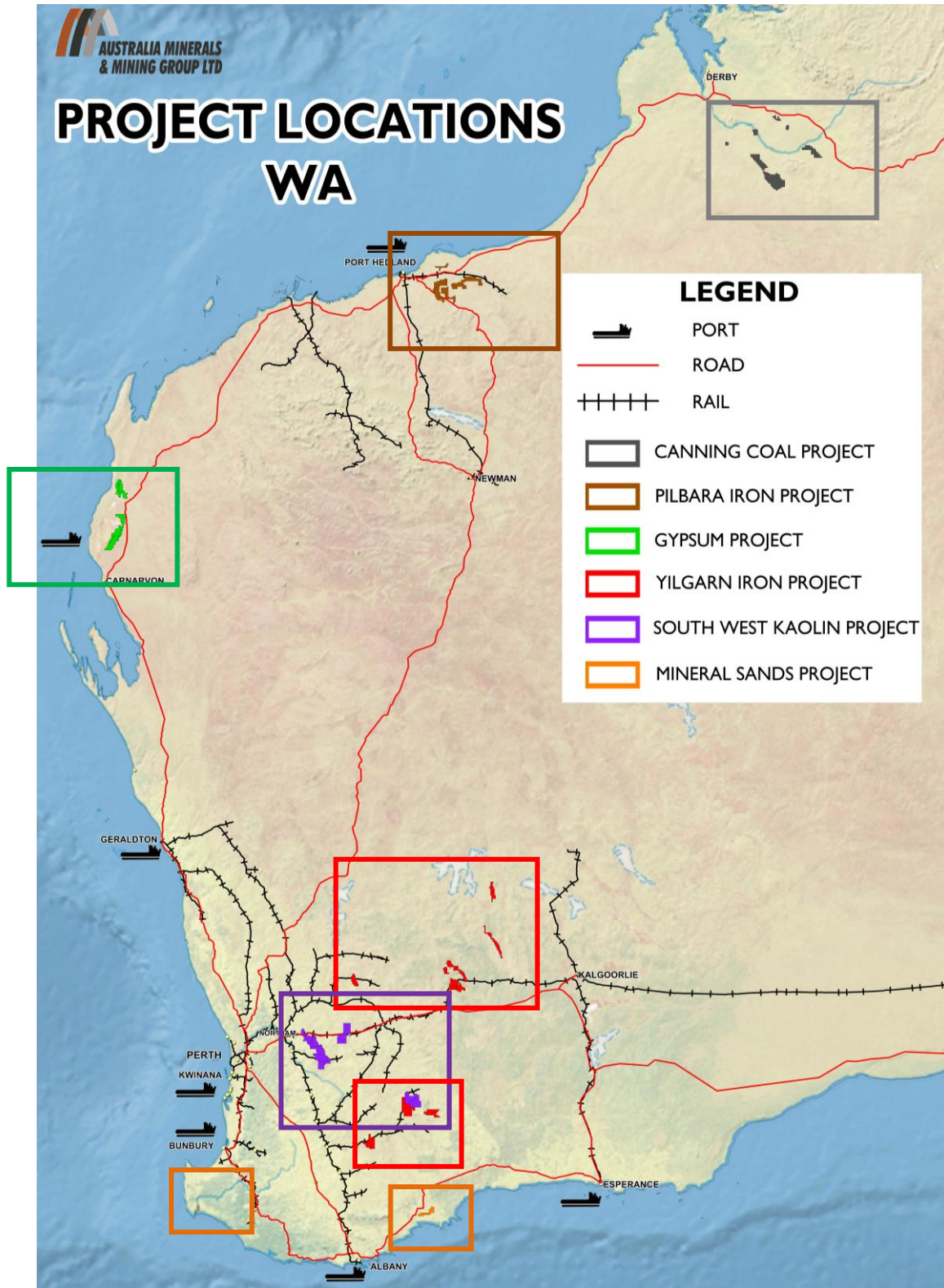
**Market Cap**

\$17.15 million at 31/03/2011

**Cash**

\$6.85 million at 31/03/2011

**DIRECTORS**
**Luke Atkins**
**Non-executive Director**
**Ric Dawson**
**Managing Director**
**David Brook**
**Non-executive Director**
**Chris Forrester**
**Non-executive Director**
**Daniel Tenardi**
**Non-executive Director**



Tenement areas granted and under application or joint venture now totalling approximately **9,098km<sup>2</sup>**. This quarter (Q1), AMMG have applied for **21** tenements, which totals approximately **4,112km<sup>2</sup>**.

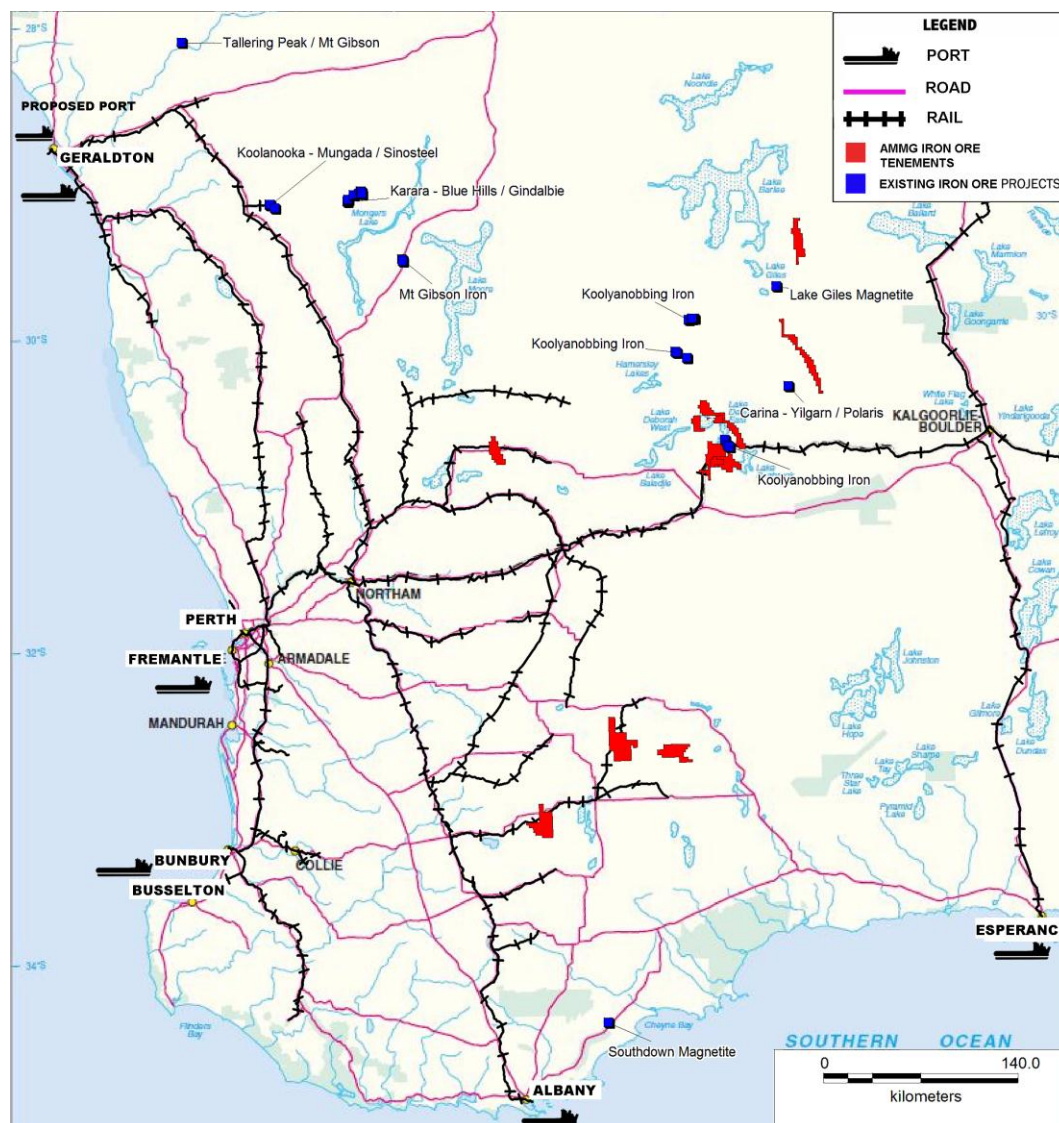
## YILGARN IRON ORE PROJECT

E16/397, E30/417, E70/3853, E70/3909, E70/3913, E77/1769-1770

AMMG has **two (2) granted** tenements at Koolyanobbing and Illaara. The other **six (6)** applications are located at Brontie, Pingaring, Kukerin, Bencubbin, Ularring and recently applied for Burngup. The total area granted and under application status is now approximately 1439km<sup>2</sup>.

During Q1 the Company undertook a site reconnaissance trip to the Bencubbin tenement area and viewed Banded Iron Formation (**BIF**) (quartz/magnetite) outcrop in several localities. Samples were taken for analysing, with a further fieldtrip planned with methodical mapping and rock chip sampling for Q2.

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



Tenement Location of the Yilgarn Iron Projects and Illaara Base Metals Project

## ILLAARA BASE METALS PROJECT

ILLAARA E16/397

In Q1 the Company entered into a Joint Venture Agreement with Alphabross Resources Pty Ltd, who will undertake base metals exploration on AMMG's granted Illaara tenement. Alphabross Resources will use their expertise to explore the Illaara tenement using their proprietary approach to exploration for Volcanic Massive Sulphide (VMS) style copper-zinc-gold-silver deposits. This will enable AMMG to maintain a strategic focus on iron ore exploration while retaining an opportunity to share in a potential new discovery of copper and gold. The Company will provide updated significant exploration results as they come to occur from the joint venture partner.

## SOUTH WEST KAOLIN PROJECT

**MECKERING** E70/3923, E70/4030-33; **KERRIGAN** E70/4086, E70/4053; **KELLERBERRIN** E70/4034-5

AMMG has **one (1) granted** exploration licence and **eight (8)** applications targeting kaolin in the Yilgarn, South West, Western Australia. This tenement package has resulted from recent **six (6)** exploration licence applications. 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>.

AMMG has successfully negotiated land access with the key private rural freehold landowners on some 24 properties for the surface mineral rights on all areas contained within the JORC resource area on E70/3923 at its advanced Meckering Kaolin Project in Western Australia.

The properties are relatively large rural cleared farmland currently used for cropping and grazing. The landowners of the area have expressed a strong desire to pursue alternative land use activities and rehabilitation practices. Native Title is extinguished due to the areas being cleared private freehold land and the original vegetation has been cleared for cropping and grazing many decades ago.

The 100% owned tenement E70/3923 is located adjacent to the small Wheatbelt town of Meckering in Western Australia located approximately 130 kilometres from Perth, the capital city of Western Australia. The exploration licence covers known kaolin deposits and carries a JORC mineral resource of **65Mt** comprising **16.77Mt of indicated resource** and **48.28Mt of inferred resource**.

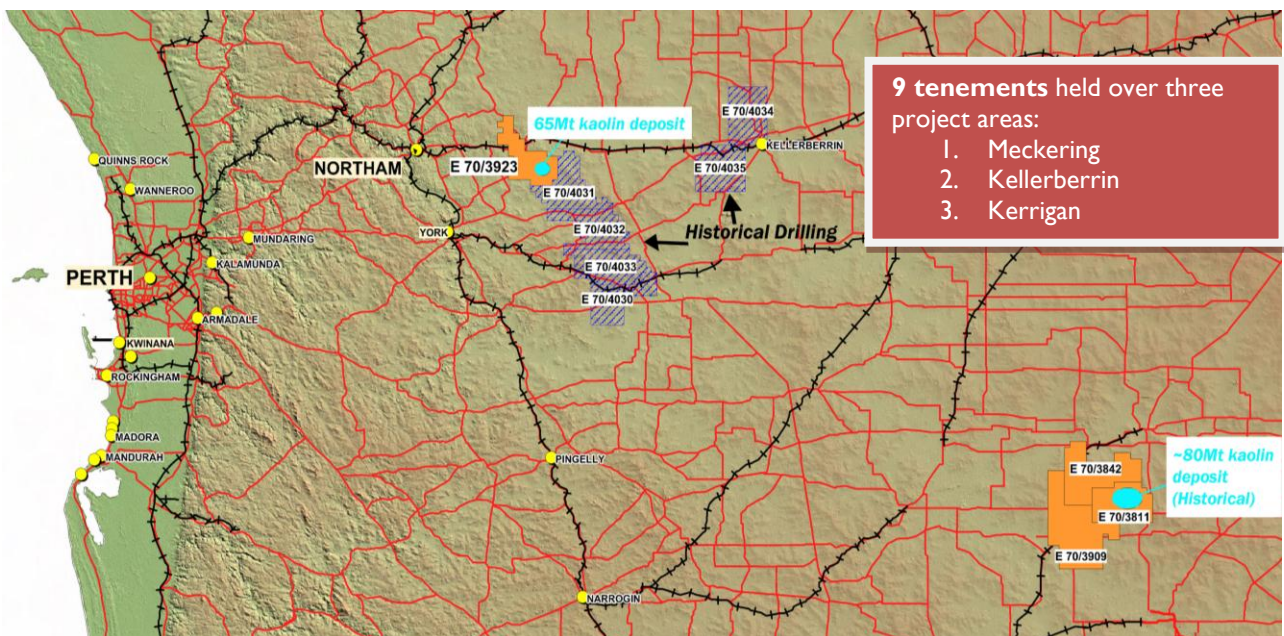
Only a portion of this tenement (E70/3923) was defined with the known deposits of kaolin and carries a JORC resource of 65Mt comprising 16.77Mt of indicated resource, and 48.28Mt of inferred resource (see Table I below). Further exploration to expand this resource is ongoing through mapping, and potential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

The Company is also planning its exploration program for 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. It is anticipated that the work that was engaged by independent consultants on the Kerrigan Project will provide a maiden JORC statement this coming quarter.

The total area both granted and under application status at the Meckering project is now over approximately 966km<sup>2</sup>.

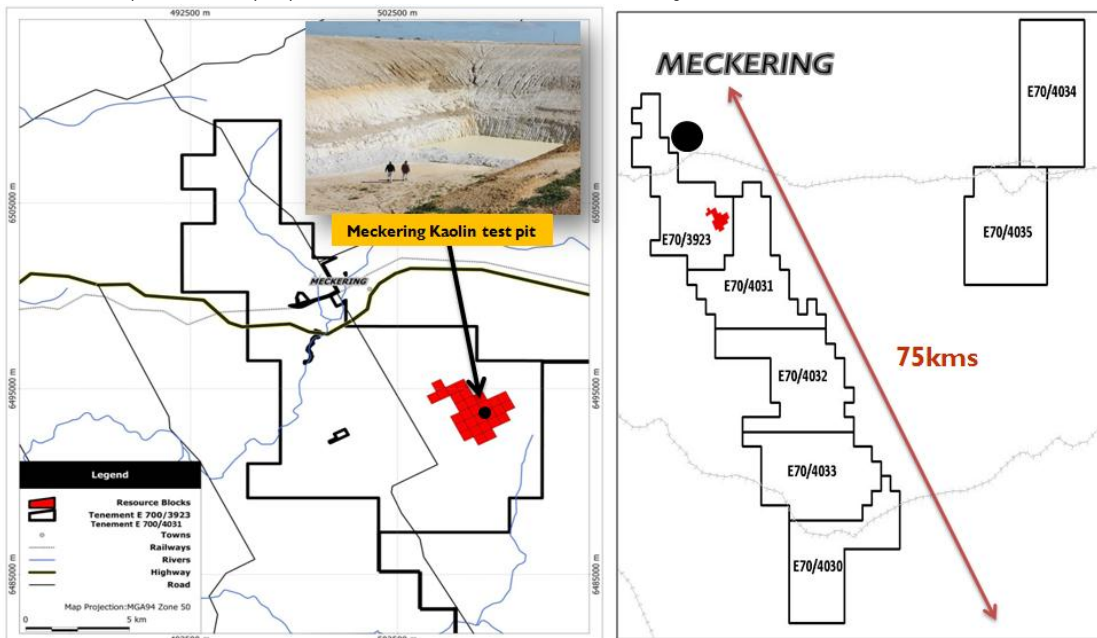
**Table I - Meckering Kaolin Project JORC Resources**

	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>



Tenement Location of the South West Kaolin Projects

\*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.



Tenement Location of the Meckering Project including resource blocks

## LAKE MACLEOD GYPSUM PROJECT

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

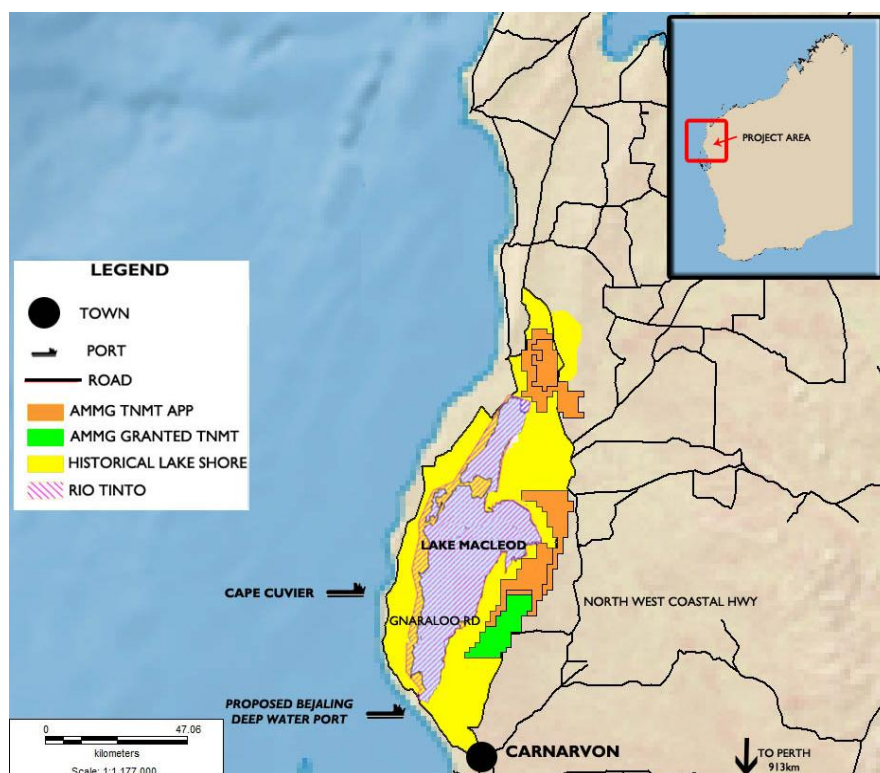
The Lake Macleod project consists of **four (4)** tenement applications and **one (1) granted** tenement over previously drilled gypsum mineralisation in the Lake MacLeod area, North West, Western Australia. The total area granted and under application status is now over approximately 990km<sup>2</sup>. 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 announced the Lake Macleod North Project had an **inferred mineral resource of 30.9Mt of gypsum at a grade of 89.5%** using a cut-off of 85% contained CaSO<sub>4</sub> (calcium sulphate) as detailed in the resource estimation below prepared by independent geological consultants, Reynard Australia.

Table 2 below summarises the Inferred Resources calculated for Lake Macleod North Project at cut off grades of 75%, 80%, 85% and 90% CaSO<sub>4</sub> using an assumed bulk density of 2.0 t/m<sup>3</sup>.

**Table 2: Inferred Resources, Lake Macleod North Project**

	M Tonnes	M Tonnes	M Tonnes	M Tonnes
Block 1 (North)	5.6	5.5	4.9	3.5
Block 2 (South)	35.2	34.1	26.1	9.8
<b>Total</b>	<b>40.8</b>	<b>39.6</b>	<b>30.9</b>	<b>13.2</b>
<b>Overall Grade</b>	<b>87.7%</b>	<b>88.0%</b>	<b>89.5%</b>	<b>92.1%</b>
Cut-off Grade	>75%	>80%	>85%	>90%



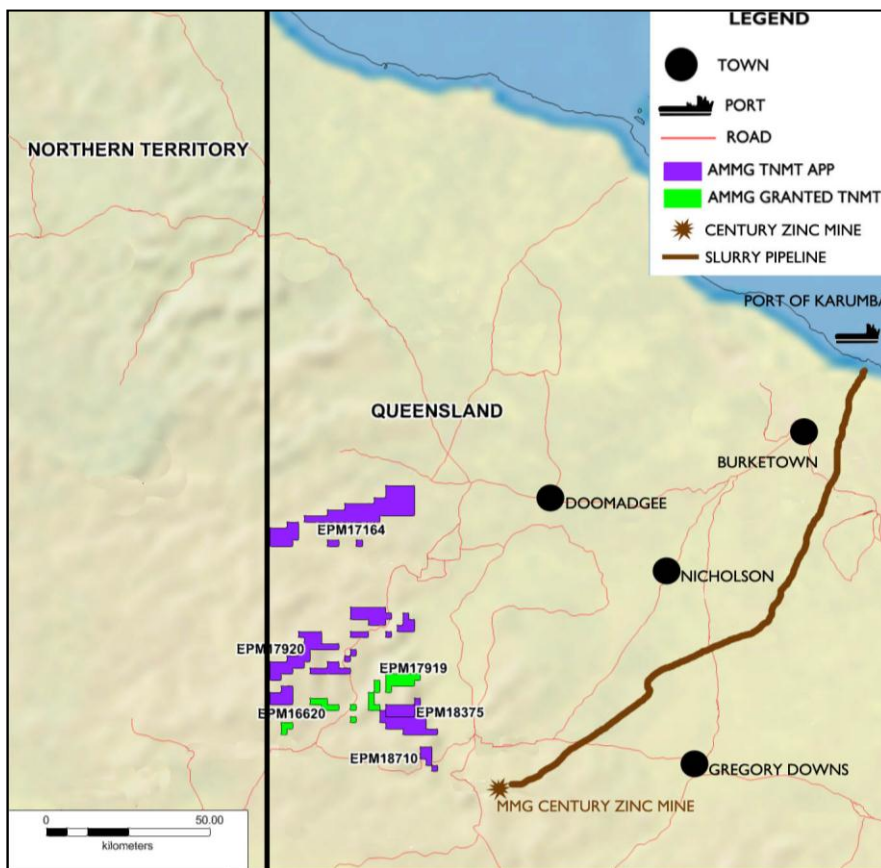
*Tenement Location of the Lake Macleod Gypsum Project*

## CONSTANCE RANGE IRON ORE PROJECT

EPM16620, EPM17164, EPM17919-17920, EPM18375, EPM18710

The Company has an additional **granted** tenement (EPM17919) bringing the total to **two (2) granted** tenements, 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>.

The Company is pursuing an amalgamation strategy of a number of tenement holders in the area under a proposed Constance Range Iron Ore Alliance.



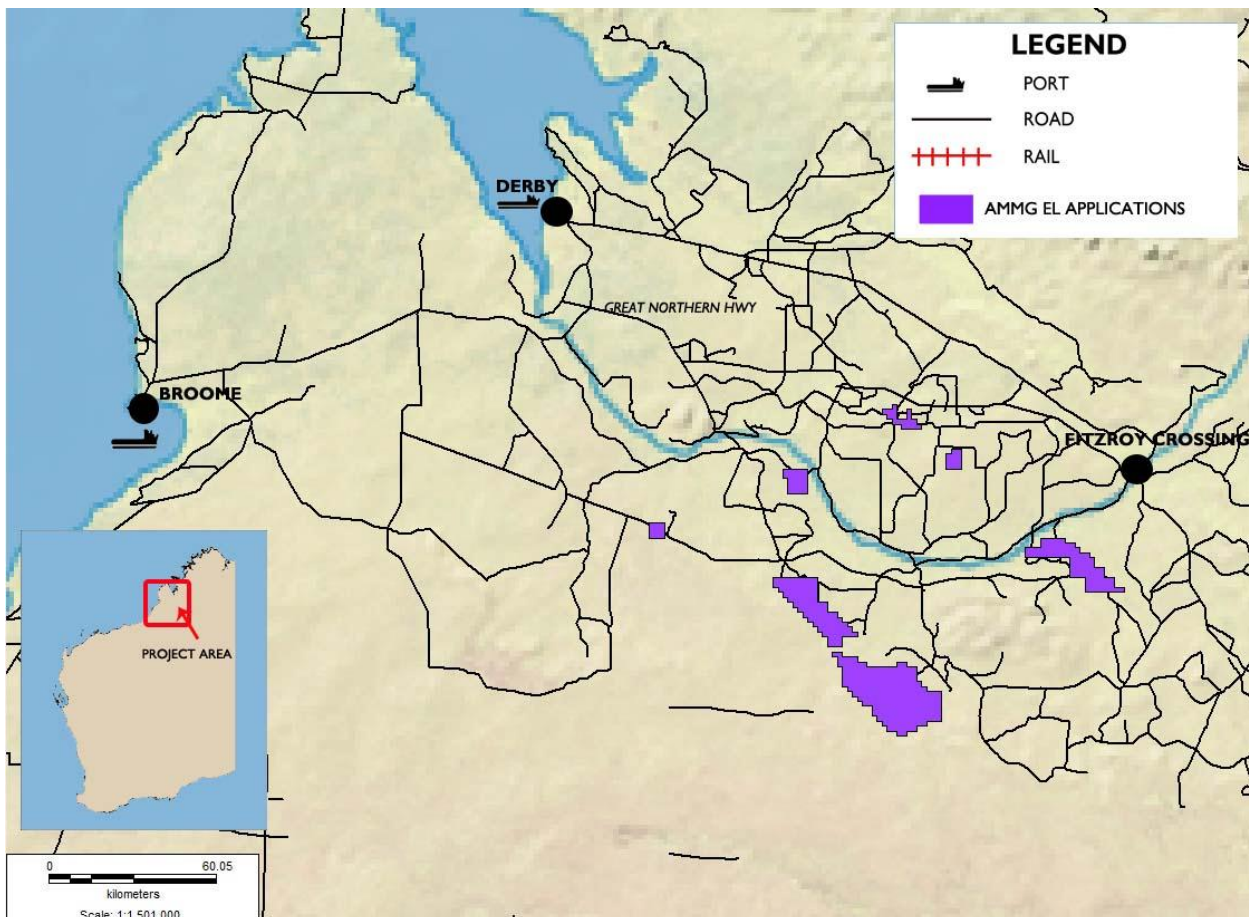
*Tenement Locations of the Constance Range Iron Ore Project*

## CANNING COAL PROJECT, KIMBERLEY WA

E09/2099, E04/2101-6

During the quarter, the Company applied for a further **six (6)** tenement applications giving it a total of **seven (7)** tenement applications targeting coal. The project area now has totals approximately 1,402km<sup>2</sup> under application.

Currently, the Company is reviewing historical data on the project and is in discussions with potential investors/joint venture partners.



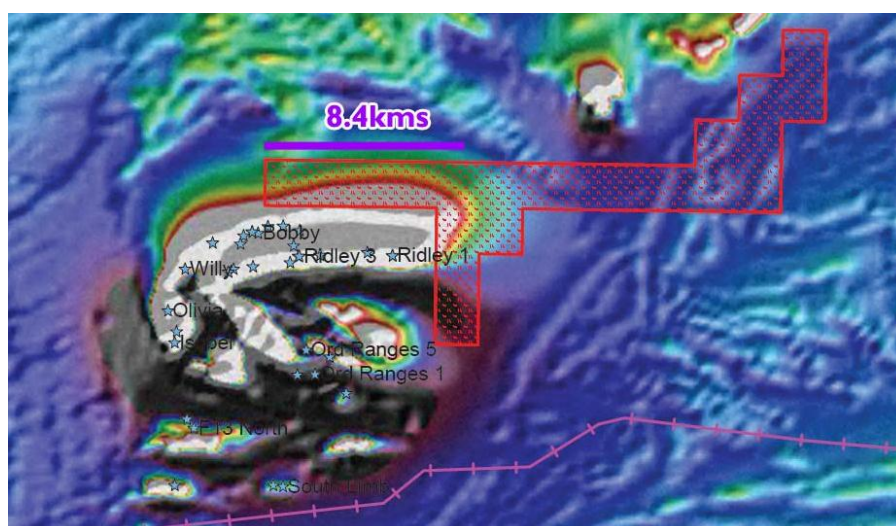
*Tenement Locations of the Canning Coal Project*

## EAST PILBARA IRON ORE PROJECT

E45/3774-3778, E45/3653

The Company has **six (6)** applications in the north-eastern margin of the Pilbara Craton, covering approximately 1,100km<sup>2</sup>. One of the applications covers an area to the east of the Ridley Magnetite Project held by Atlas Iron Limited. The area is also surrounded by some significant historical iron ore projects and also remnant greenstone belts considered to have precious metals potential.

Following the recent acquisition of aeromagnetics, AMMG will now be looking to re-enhancing the available geophysics. The aeromagnetic data shows the geological structure under the surface for approximately 8.4km strike length.



*Aeromagnetic image of E45/3653 and surrounds using TMI\_SE\_AGC shadeL*

## CORPORATE

Following the achievement of the JORC inferred resource milestone at the Lake Macleod Gypsum project as detailed herein, the existing 17,000,000 Class A Performance Shares are now able to be converted to fully paid ordinary shares which it is anticipated to occur this coming quarter. They will remain escrowed until January 27, 2012.

## INVESTOR RELATIONS/CORPORATE MARKETING

Late in the quarter, AMMG representatives visited China for a two week marketing reconnaissance, meeting with prospective investors/joint venture partners in Shenzhen, Guangzhou, Hainan, Shanghai and Beijing. Company representatives then presented at the PPR Australian Showcase and attended the Mines & Money conference in Hong Kong.

The Company has now formally executed Confidentially Agreements with a number of organisations met on the trip with the view to fostering co-operation and potential investments.

## WORKING CAPITAL

The Company remains well funded with \$6.85 million cash at Bank as at 31 March 2011.

### CONTACT

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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 coal**.

The Company itself or under joint venture now has **nine granted tenements** and **40 applications** for tenements covering approximately **9,098 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.