

SEPTEMBER 2011 QUARTERLY REPORT

HIGHLIGHTS

Global Kaolin Resources Increase to 150Mt

- An **inferred resource of 85Mt** with 85% ISO brightness of kaolin at the Kerrigan Project (E70/4177).
- Combined indicated and inferred resource of 65Mt with 83% ISO brightness of kaolin at the Meckering Project,
- The **global kaolin resources total 150Mt** with 83-85% brightness.

Alumina Successfully Produced from Kaolin/Aluminous Clay Resources

- Chinese technology holder successfully produced a trial 85 gram sample of **99.99% high purity alumina** from AMMG's Meckering kaolin.
- The technology holder also produced a **1.06kg sample of 99.5% metallurgical grade alumina** via laboratory scale process.
- AMMG awaits analytical verification in Australia of the samples by an independent consultant in WA.
- AMMG is progressing discussions with other overseas parties who have expressed interest in potential kaolin-based products.

Canning Coal Project, WA

- MOU signed with Anhui Lianghuai Pty Ltd, a Chinese exploration bureau, on the development of the Canning Coal Project.
- The Anhui Bureau is exploring coal under its state sanctioned mandate to source a variety of strategic minerals, including coal, globally.

Yilgarn Iron Ore Project, WA

- MOU signed with Anhui Lianghuai Pty Ltd, a Chinese exploration bureau, on the development of the Yilgarn Iron Project.
- On behalf of the Anhui Provincial Government, Anhui Lianghuai is exploring and developing minerals resources in Australia.
- **Two (2)** additional tenement applications have been made at Dalwallinu E70/4210, Balladonia E69/3014.
- The Bencubbin Project E70/4087 was also granted during the quarter. The total project area is now approximately 2,509km².

Diggers & Dealers Participation

- AMMG secured an exhibition booth at the annual Diggers & Dealers conference in Kalgoorlie.

Corporate

- Rights issue announced to existing option holders.

Working Capital

- The Company remains well funded with \$6.41 million at Bank as at 30 September 2011.

AUSTRALIA MINERALS & MINING GROUP LTD (ASX: AKA)

100.9 million shares at 30/09/2011

Market Cap

\$14.13 million at 30/09/2011

Cash

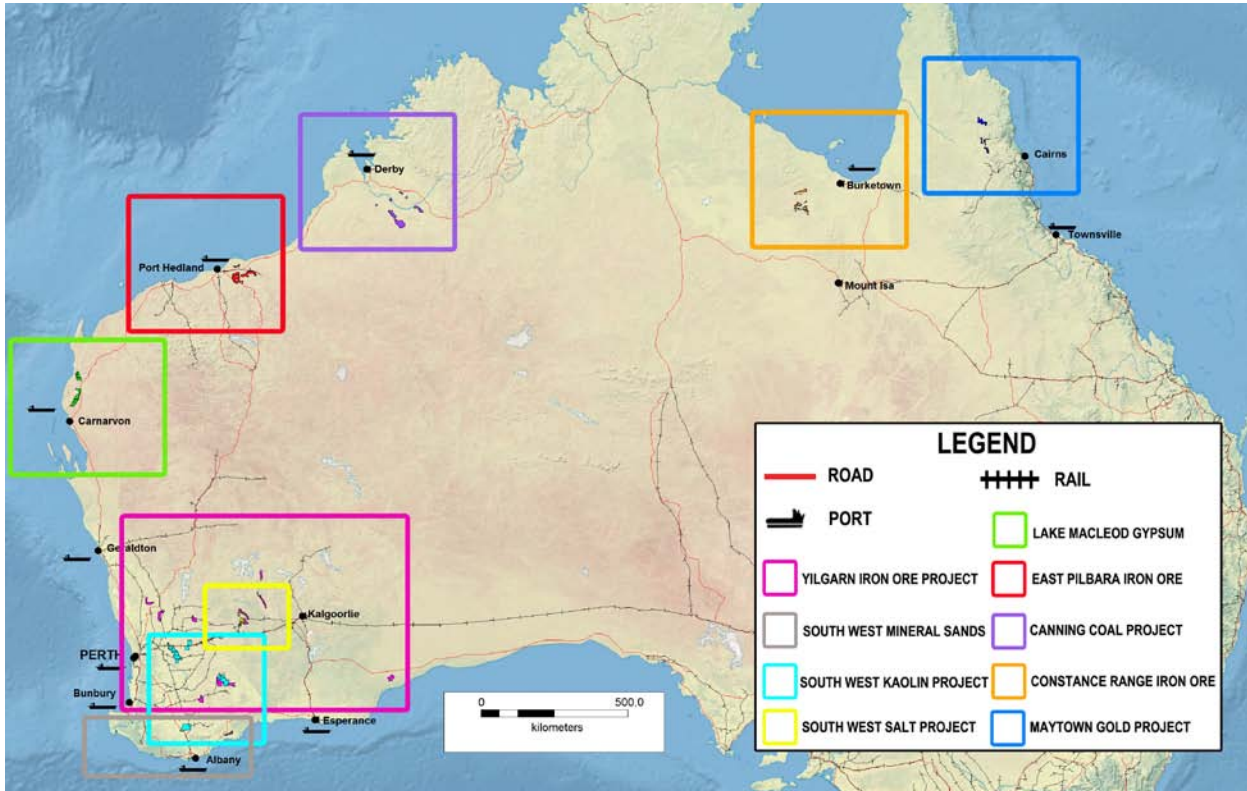
\$6.41 million at 30/09/2011

DIRECTORS

**Luke Atkins
Ric Dawson
David Brook
Chris Forrester
Daniel Tenardi
Piers Lewis**

**Non-executive Chairman
Managing Director
Non-executive Director
Non-executive Director
Non-executive Director
Company Secretary/Chief Financial Officer**

Tenement areas granted and under application now totalling approximately **10,640km²**. This quarter, AMMG have applied for an additional **12** tenements, which totals approximately **3,163 km²**.



YILGARN IRON ORE PROJECT

E69/3014, E70/4210, E70/4131, E70/4118, E70/4120, E70/4097, E70/4060, E70/4087, E16/435, E30/417, E77/1936, E77/1770

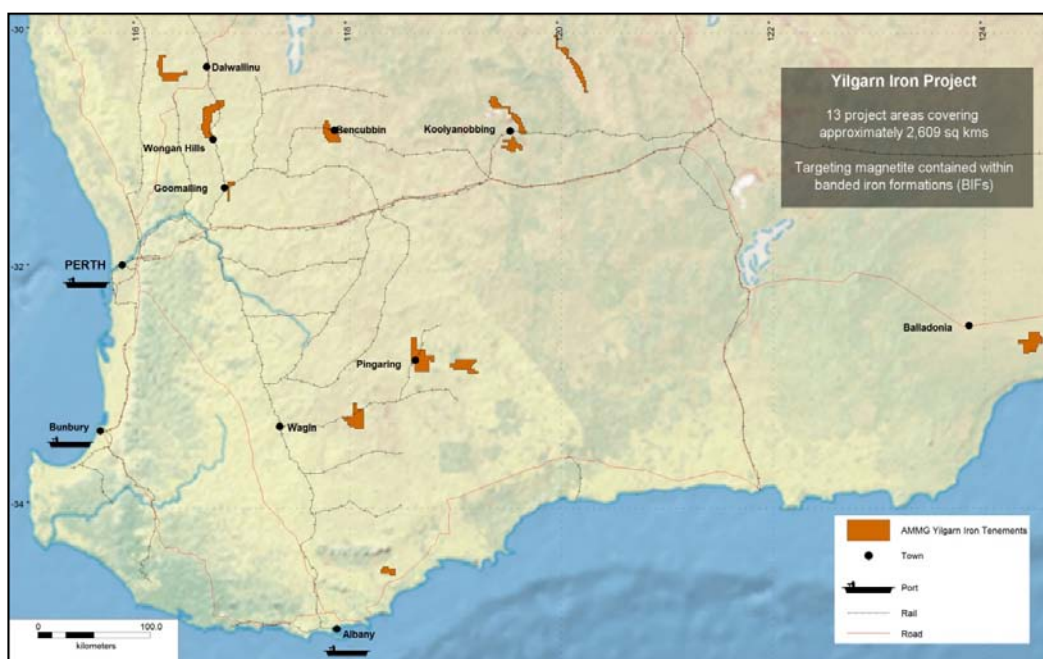
AMMG has **three (3) granted** tenements at Bencubbin, Koolyanobbing and Illaara. A further **9 (nine)** applications are located at Brontie, Pingaring, Kukerin, Ularring, Burngup, Wongan Hills, Goomalling, Dalwallinu and Balladonia. The total area granted and under application status is now approximately 2,509km².

During the quarter the Company signed a non-binding memorandum of understanding (MOU) with a Queensland-based exploration bureau, Anhui Lianghuai Resources Pty Ltd, the wholly owned subsidiary of the Anhui Provincial Bureau of Coal and Geology. Anhui has a state sanctioned mandate to actively source a variety of strategic minerals, including iron ore, globally.

The signing of the MOU follows a series of discussions and initial due diligence, including two AMMG visits to China earlier this year with a visit to the Anhui head office in Hefei, Anhui Province in June 2011; a subsequent visit to their Australian base in Brisbane, Queensland; and a recent exploratory field trip by an Anhui delegation to AMMG's Yilgarn region projects in Western Australia.

The MOU provides both parties with the framework to work together over the upcoming months to determine whether agreement can be reached on the terms of a direct capital investment by way of a share placement in AMMG or its subsidiary, Yilgarn Iron. The MOU further supports a potential Heads of Agreement for a Joint Venture Agreement for the development of one or more of Yilgarn Iron's projects.

A further follow up trip to Anhui's Hefei office is confirmed for early November 2011, to progress the objectives of the MOU.

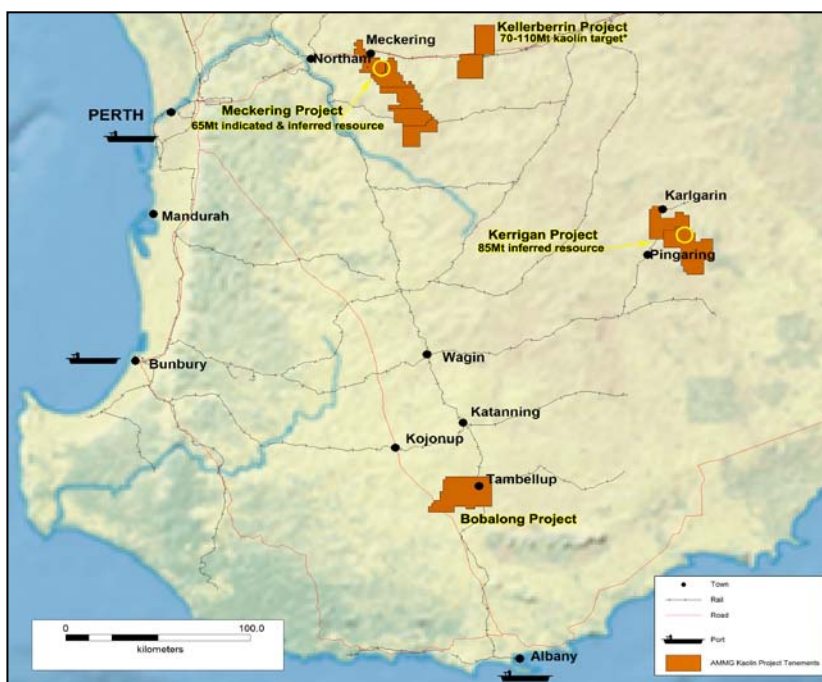


Tenement Location of the Yilgarn Iron Ore Projects

SOUTH WEST KAOLIN/ALUMINOUS CLAY PROJECT

MECKERING E70/3923, E70/4204-7; **KERRIGAN** E70/4177, E70/4053; **KELLERBERRIN** E70/4208-9; **BOBALONG** E70/4211

AMMG has **one (1) granted** exploration licence and **nine (9) applications** targeting kaolin and aluminous clay in the Yilgarn, South West, Western Australia. The kaolin and aluminous clay project extends across four project areas: Meckering, Kerrigan, Kellerberrin and Bobalong. The total area project area covers approximately 2,403km².



Tenement Location of the South West Kaolin/Aluminous Clay Projects

Global Kaolin Resource Increase

During the quarter AMMG announced an update to its kaolin resource base at the Kerrigan Project. Geos Mining, on behalf of AMMG, delineated a JORC inferred resource of **85Mt of kaolin** at 85% ISO brightness at AMMG's Bradley deposit within the Kerrigan Project. The exploration licence E70/4177 is a 166 sub-block licence covering approximately 480km².

| | Tonnage | -45 micron ¹ | Brightness ² |
|----------------------------------|-------------------|--------------------------------|--------------------------------|
| Inferred Resource | 85,000,000 | 52% | 85.1% |
| Exploration Target Range* | 140 – 190m | - | - |

Kerrigan Project's JORC Resources and Exploration Target

The Company's Meckering Project carries a global JORC-compliant mineral resource of 65Mt comprising 16.77Mt at 83.2% brightness of indicated resource, and 48.28Mt at 83.5% brightness of inferred resource.

| | Tonnage | -45 micron ¹ | Brightness ² |
|----------------------------------|-------------------|--------------------------------|--------------------------------|
| Indicated Resource | 16,770,000 | 42.3% | 83.2% |
| Inferred Resource | 48,280,000 | 41.8% | 83.5% |
| Total Resource Base | 65,050,000 | 41.9% | 83.4% |
| Exploration Target Range* | 75 - 130m | - | - |

Meckering Project's JORC Resources and Exploration Target

The Company has delineated two separate resources on its Meckering and Kerrigan kaolin projects, totalling **150 million tonnes** at 83-85% brightness with an exploration target* ranging from **285Mt to 430Mt**. The Company continues to determine the full extent of the historical resources by reapplying different parameters to the resource blocks and reducing the brightness grade with respect to the new technology process of aluminous clay to alumina.

| Project | Indicated (Mt) | Inferred (Mt) | Exploration Target* (Mt) | Land Holding Grant/App (km ²) |
|--------------|----------------|---------------|--------------------------|---|
| Meckering | 16.77 | 48.28 | 75-130 | 966 |
| Kerrigan | - | 85 | 140-190 | 459 |
| Kellerberrin | - | - | 70-110 | 408 |
| Bobalong | - | - | - | 600 |
| Total | 16.77 | 133.28 | 285-430 | 2,433 |

South West Kaolin/Aluminous Clay JORC Resources and Exploration Targets

**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*

High Purity Alumina Successfully Produced

During the quarter the Company submitted a crude kaolin sample (triated 4kg) to a Chinese technology holder and successfully produced **85 grams of 99.99% high purity alumina** and **1.06kgs of 99.5% metallurgical grade alumina** from its Meckering kaolin/aluminous clay resource.

The Chinese technology holder used a laboratory scale acid-based process for the separation of alumina and silica from kaolin or aluminous clay. Two samples have been submitted for analytical verification in Australia by independent consultants TSW Analytical. The Company will announce the results of the independent verification in the subsequent quarter.

AMMG believes that its kaolin resource may be able to accommodate a number of different product applications simultaneously, and is not confining itself to a sole focus on paper filler applications. Therefore, the Company is progressing discussions with a number of overseas parties who have expressed interest in potential kaolin-based products. With a third marketing expedition to China confirmed for this November, AMMG will follow-up existing Chinese networks that have expressed interest in the kaolin/aluminous clay projects.



AMMG's raw kaolin, metallurgical alumina and high purity alumina samples

CANNING COAL PROJECT

E04/2101-2106, E04/2099

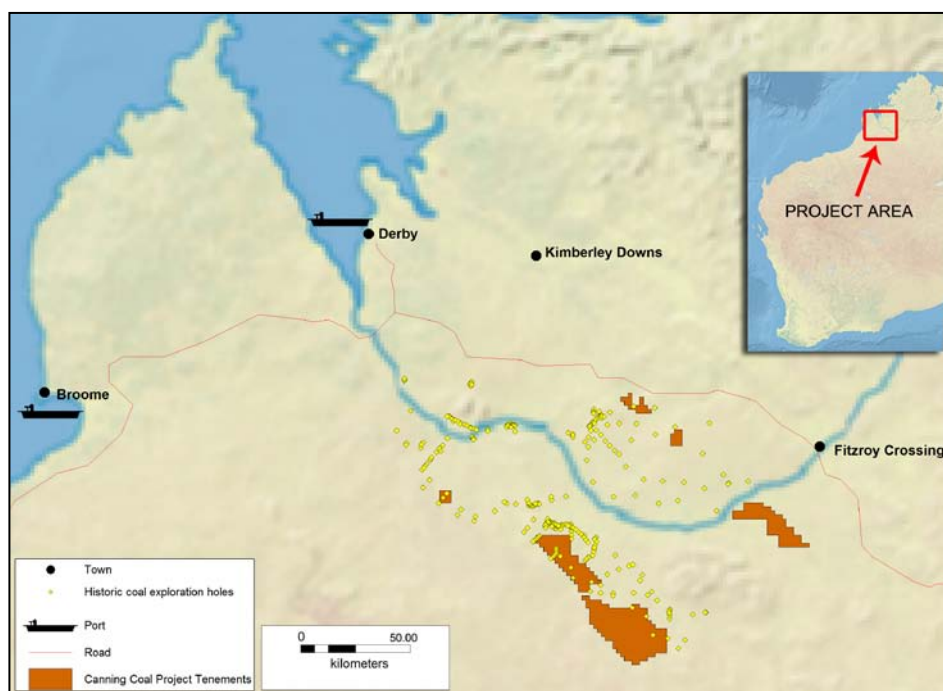
AMMG has **seven (7) exploration licence applications** extending over 1,402 km², targeting coal in the Canning Basin, Western Australia. The Canning Basin is emerging as a coal province in the northeast of Western Australia.

During the quarter, AMMG signed a memorandum of understanding (MOU) with a Chinese exploration bureau, Anhui Lianghuai Pty Ltd, a local wholly owned subsidiary of the Anhui Provincial Bureau of Coal and Geology. Anhui Bureau has a state sanctioned mandate to actively source a variety of strategic minerals, including coal, globally.

The signing of the MOU follows a series of discussions and initial due diligence, including two AMMG visits to China earlier this year with a visit to the Anhui head office in Hefei, Anhui Province in June 2011; a subsequent visit to their Australian base in Brisbane, Queensland; and a recent exploratory field trip by an Anhui delegation to Derby and the Canning Coal Project area in the Kimberley, Western Australia.

The MOU provides both parties with the framework to work together over the next few months to determine whether agreement can be reached on the terms of a direct capital investment by way of a share placement in AMMG or its subsidiary, Canning Coal Pty Ltd. The MOU further supports a potential Heads of Agreement for a Joint Venture Agreement for the development of the Canning Coal Project.

A further follow up trip to Anhui's Hefei office is scheduled for early November 2011, to progress the objectives of the MOU.



Tenement Location of the Canning Coal Project

INVESTOR RELATIONS/CORPORATE MARKETING

The Company was fortunate to secure an exhibition booth at the annual Diggers & Dealers conference in August. The conference, held in Kalgoorlie, was an optimistic and inspiring marketing venture for the Company. AMMG gained recognition from industry suppliers and potential investors. The Company's exhibition booth attracted mining and exploration industry professionals to view AMMG's diversified suite of mineral projects.

The Company has been fortunate to secure an exhibition booth (booth number 3509) for the upcoming China Mining Conference in Tianjin in November. This will provide the Company with the opportunity to meet with both Chinese and international exploration enterprises, investors, technical service providers and engineering enterprises.

WORKING CAPITAL

The Company remains well funded with \$6.41 million cash at Bank as at 30 September 2011.

CORPORATE

AMMG announced a pro-rata offer of one (1) New Option, exercisable on or before 30 November 2012 at an exercise price of \$0.20 for every one (1) existing listed option, exercisable on or before 30 October 2011 at an exercise price of \$0.20 held by option holders registered at 5.00pm (WST) on 24 October 2011 at an issue price of 0.1 cents per New Option, to raise approximately \$42,000.

The New Options will be issued at a cost of 0.1 cents per New Option. The latest trading price on ASX of the Listed Options prior to the date of this announcement was 0.06 cents on 9 September 2011. After expenses of the offer, any residual funds will be allocated to the general working capital of the Company.

CONTACT

Ric Dawson
Managing Director
Tel: +61 (08) 9389 5557
ric@ammg.com.au

MEDIA CONTACT

Tony Dawe
Professional Public Relations Pty Ltd
Tel: +61 (08) 9388 0944
tony.dawe@ppr.com.au

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 Australian Institute of Geologists. 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.

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 **11 granted tenements and 43 applications** for tenements covering approximately **10,317km²** 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.