



**AUSTRALIA MINERALS  
& MINING GROUP LTD**

ABN 45 125 301 206

INTERIM REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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# CORPORATE DIRECTORY

## DIRECTORS

Luke Atkins (Chairman)  
Ric Dawson (Managing Director)  
Daniel Tenardi (Non-Executive Director)  
Chris Forrester (Non-Executive Director)  
David Brook (Non-Executive Director)

## COMPANY SECRETARY

Piers Lewis

## REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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Claremont, Western Australia 6010  
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Email: [info@ammg.com.au](mailto:info@ammg.com.au)  
Website: [www.ammg.com.au](http://www.ammg.com.au)

## AUDITORS

Moore Stephens  
Level 3, 12 St Georges Terrace,  
PERTH WA 6000

## SHARE REGISTRY

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
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Facsimile: +618 9315 2233

## STOCK EXCHANGE LISTING

The Company is listed on Australian Securities Exchange Limited

Home Exchange: Perth  
ASX Codes: AKA  
AKAOA

## DIRECTORS' REPORT

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The Directors present their report on Australia Minerals and Mining Group Limited for the half-year ended 31 December 2011.

### BOARD OF DIRECTORS

The names and details of the Australia Minerals and Mining Group Limited ("Company") directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Luke Atkins	Chairman
Ric Dawson	Managing Director
Daniel Tenardi	Non-Executive Director
Chris Forrester	Non-Executive Director
David Brook	Non-Executive Director

### COMPANY SECRETARY

Piers Lewis

### REVIEW OF OPERATIONS

During the six monthly period ending 31 December 2011, the Company reached agreement with Minemakers (Iron) Pty Ltd to acquire their 80% interest in the West Southdown project. Situated approximately 80kms from the town and port of Albany, the renamed Southdown Extension Project is a 22-block exploration licence that lies along strike from Grange Resources' Southdown magnetite project in south-Western Australia. Subsequent to year end, the company's first round of drilling commenced to test previously identified magnetic anomalies at the Southdown Extension Project. Mineral analysis results and Davis Tube Recovery (DTR) analysis are pending.

AMMG signed a memorandum of understanding (MOU) for the development of the Company's 100% owned Yilgarn Iron Ore Projects and 100% owned Canning Coal Project with Queensland-based Anhui Lianghuai Resources Pty Ltd, the wholly owned subsidiary of the Anhui Provincial Bureau of Coal and Geology. A further MOU was later signed to include the Company's 80% owned Southdown Extension Iron Ore Project.

The Company was successful in its submissions to the state government's Exploration Incentive Scheme (EIS) co-funded drilling program for its 100% owned Bencubbin and Pingaring iron ore projects. Subsequent to year end, reverse circulation (RC) drilling commenced at the Bencubbin Iron Ore Project. Mineral analysis results and DTR's are currently pending.

The Company sent a small kaolin sample from its 100% owned Meckering Aluminous Clay Project to a Chinese technology holder for processing and analysis. Using his unique laboratory scale acid-based process, the Chinese technology holder, Professor Shang, successfully produced 1.06kgs of 99.5% smelter grade alumina (SGA) and 85gms of 99.99% high purity alumina (HPA). Those samples were then independently verified by TSW Analytical, an Australian-based company headed by experienced chemistry professionals.

Following the verification of the samples, AMMG signed an option agreement with Professor Shang to acquire an exclusive Australia-wide technology licence for the processing of aluminous clay (kaolin) to alumina via an acid-based technology process. AMMG will continue to work closely with Professor Shang towards advancing and tailoring the unique technology process to the specific attributes of AMMG's particular kaolin material, which has relatively high alumina and low impurity levels.

The Company commenced the first of three rounds of drilling in early November 2011 at its 100% owned Constance Range Iron Ore Project in north-west Queensland. Unfortunately, due to very poor weather conditions and safety concerns, the drilling program was aborted until weather improves. The drilling program has been scheduled to recommence in May 2012.

The Company appointed Michael O'Mara to the position of Chief Geologist in October. Michael was previously employed at Jupiter Mines, where he worked on their Central Yilgarn iron ore project. In the same month, AMMG also appointed Joel Rowe as its Exploration Geologist. Joel was previously working at Hazelwood Resources Ltd on their tungsten projects.

The Company has 17 granted tenements and 47 tenements totalling approximately 12,213km<sup>2</sup>.

## **DIRECTORS' REPORT**

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### **RESULTS OF OPERATIONS**

The operating loss after income tax of the Company for the half-year ended 31 December 2011 was \$529,873. The Company's basic loss per share for the period was 0.5 cents.

No dividend has been paid during or is recommended for the financial period ended 31 December 2011.

### **FINANCIAL POSITION**

The Company's working capital, being current assets less current liabilities was \$5,395,869 at 31 December 2011 (30 June 2011: \$6,629,582).

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the half-year ended 31 December 2011 has been received and immediately follows the Directors' Report.

This report has been made in accordance with a resolution of the Board of Directors.

Luke Atkins  
**Chairman**

Dated at Perth this 14<sup>th</sup> day of March 2012

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER  
S307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS  
OF AUSTRALIA MINERALS & MINING GROUP LIMITED**

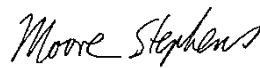
As lead auditor for the review of Australia Minerals & Mining Group Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australia Minerals & Mining Group Limited during the year.



**NEIL PACE  
PARTNER**



**MOORE STEPHENS  
CHARTERED ACCOUNTANTS**

Signed at Perth this 14<sup>th</sup> day of March 2012.

**STATEMENT OF FINANCIAL POSITION**  
**For the Half-Year Ended 31 December 2011**

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	<b>Consolidated</b>	
	<b>31 December 2011</b>	<b>30 June 2011</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	5,908,152	6,580,296
Trade and other receivables	22,541	143,577
Other assets	-	7,500
Total Current Assets	<u>5,930,693</u>	<u>6,731,373</u>
<b>Non Current Assets</b>		
Property, Plant & Equipment	48,841	61,235
Research & Development	235,340	-
Exploration and evaluation expenditure	1,794,962	1,272,321
Total Non-Current Assets	<u>2,079,143</u>	<u>1,333,556</u>
<b>TOTAL ASSETS</b>	<u>8,009,836</u>	<u>8,064,929</u>
<b>Current Liabilities</b>		
Trade and other payables	534,824	101,791
<b>TOTAL LIABILITIES</b>	<u>534,824</u>	<u>101,791</u>
<b>NET ASSETS</b>	<u>7,475,012</u>	<u>7,963,138</u>
<b>Equity</b>		
Issued Capital	8,805,581	8,804,581
Reserves	735,697	694,950
Accumulated losses	(2,066,266)	(1,536,393)
<b>TOTAL EQUITY</b>	<u>7,475,012</u>	<u>7,963,138</u>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the Half-Year Ended 31 December 2011**

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	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from ordinary activities</b>	182,706	200,381
<b>Expenses</b>		
Occupancy costs	(29,272)	(28,972)
Professional fees	(41,567)	(89,847)
Corporate costs	(74,974)	(49,062)
Wages & Salaries	(165,252)	(95,523)
Director's fees	(34,273)	(187,061)
Administration costs	(98,228)	(52,351)
Share based payments	(5,842)	-
Exploration expenditure written off	(263,171)	(108,964)
	<hr/>	<hr/>
<b>Loss before income tax expense</b>	(529,873)	(411,398)
Income tax expense	-	-
	<hr/>	<hr/>
<b>Loss from continuing operations</b>	(529,873)	(411,398)
<b>Other comprehensive Income</b>	-	-
	<hr/>	<hr/>
<b>Total comprehensive income / (loss) for the period</b>	(529,873)	(411,398)
	<hr/>	<hr/>
<b>Total comprehensive income / (loss) attributable to members of Company</b>	(529,873)	(411,398)
	<hr/>	<hr/>
Basic loss per share (cents per share)	(0.5)	(0.5)
Diluted loss per share (cents per share)	(0.5)	(0.5)

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*



**STATEMENT OF CHANGES IN EQUITY**  
**For the Half-Year Ended 31 December 2011**

	Issued Capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
<b>Consolidated</b>				
<b>Balance at 1 July 2010</b>	<b>8,804,581</b>	<b>(614,318)</b>	<b>427,932</b>	<b>8,618,195</b>
Loss for the period	-	(411,398)	-	(411,398)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(411,398)	-	(411,398)
Equity-based payments	-	-	108,964	108,964
Share issued	-	-	-	-
Cost of issue	-	-	-	-
<b>Balance at 31 December 2010</b>	<b>8,804,581</b>	<b>(1,025,716)</b>	<b>536,896</b>	<b>8,315,761</b>
<b>Balance at 1 July 2011</b>	<b>8,804,581</b>	<b>(1,536,393)</b>	<b>694,950</b>	<b>7,963,138</b>
Loss for the period	-	(529,873)	-	(529,873)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(529,873)	-	(529,873)
Equity-based payments	-	-	5,842	5,842
Issue of shares	1,000	-	-	1,000
Issue of options	-	-	34,905	34,905
<b>Balance at 31 December 2011</b>	<b>8,805,581</b>	<b>(2,066,266)</b>	<b>735,697</b>	<b>7,475,012</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## STATEMENT OF CASH FLOWS

### For the Half-Year Ended 31 December 2011

	Consolidated	
	31 December 2011	31 December 2010
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Payments to suppliers, contractors and employees	(353,275)	(476,189)
Payments for exploration and evaluation	(505,642)	(249,631)
Interest received	303,742	135,241
Research & Development	(150,712)	-
	<hr/>	<hr/>
Net cash flows used in operating activities	(705,887)	(590,579)
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant & Equipment	(2,162)	(7,205)
Payments for acquisition of tenements	-	-
	<hr/>	<hr/>
Net cash used in investing activities	(2,162)	(7,205)
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of options	35,905	-
Oversubscription of shares	-	-
Share issue expenses	-	-
	<hr/>	<hr/>
Net cash flows from financing activities	35,905	-
Net increase/(decrease) cash and cash equivalents	(672,144)	(597,784)
Cash and cash equivalents at the beginning of the financial period	<hr/> 6,580,296	<hr/> 7,925,895
<b>Cash and cash equivalents at the end of the financial period</b>	<hr/> <b>5,908,152</b>	<hr/> <b>7,328,111</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

**Australia Minerals and Mining Group Limited**  
**ABN 45 125 301 206**

**CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS**

**1. Corporate Information**

The financial report of Australia Minerals and Mining Group Limited (the Company) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 14 March 2012. Australia Minerals and Mining Group Limited is a limited company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described on page 4 of this report.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

These general purpose interim financial statements for half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Australia Minerals and Mining Group Limited and its controlled entities (referred to as the consolidated group or the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the following half-year.

**Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

**Critical Accounting Estimates and Judgments**

The critical estimates and judgments are consistent with those applied and disclosed in the June 2011 annual report, except in relation to the following matter:

*Impairment – carbon price*

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The consolidated entity has not incorporated the effect of any carbon price implementation in its impairment testing at 31 December 2011.

**New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period**

For the half-year reporting period to 31 December 2011, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Group. A discussion of these new and revised requirements that are relevant to the Group is provided below:

– AASB 124: Related Party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following:

- The definition of a "related party" is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
  - the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
  - entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of

**CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

each other;

- the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and
- the definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.
- A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a significant impact on the financial statements of the Group.

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

Application of the amendments in AASB 2010-4 did not have a significant impact on the financial statements of the Group.

- AASB 1054: Australian Additional Disclosures and AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]

AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements.

The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards

Application of AASB 1054 did not have a significant impact on the financial statements of the Group.

**Australia Minerals and Mining Group Limited**  
**ABN 45 125 301 206**

**CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS**

**3. Earnings Per Share**

	31 Dec 2011	31 Dec 2010
	Cents	Cents
Basic loss per share	(0.5)	(0.5)
Diluted loss per share	(0.5)	(0.5)

Weighted average number of ordinary shares used in the calculation of basic loss per share is 100,975,002. Options to purchase ordinary shares not exercised at 31 December 2011 have not been included in the determination of basic earnings per share.

**4. Contributed Equity**

**(a) Issued and paid up capital**

	31 December 2011	30 June 2011
	\$	\$
Ordinary shares		
Shares issued and fully paid	9,581,519	9,580,519
Capital raising costs	(775,938)	(775,938)
Issued and fully paid capital	<u>8,805,581</u>	<u>8,804,581</u>

**(b) Movement in ordinary shares on issue**

	Number of Shares	Total \$
1/07/2011 Opening Balance	100,975,002	8,804,581
27/10/2011 Options exercised	<u>5,000</u>	<u>1,000</u>
31/12/2011 Closing Balance	<u>100,980,002</u>	<u>8,805,581</u>

**5. Segment Information**

Management has determined that the Company has one reporting segment being material exploration. As the Company is focused on mineral exploration, management make resource allocation decisions by reviewing the working capital balance, comparing cash balances to committed exploration expenditure and the current results of exploration work performed. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date and capital available to the Company.

The exploration assets as presented relate to the reporting segment, as identified above. All revenue and expenses relate to corporate activities and would not be used to assess segment performance.

**6. Subsequent Events**

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements that has significantly or may significantly affect, the state of affairs or operations of the Company in the future financial periods.

**7. Contingent Liabilities**

In the opinion of the directors, there are no contingent liabilities at 31 December 2011 and none were incurred in the interval between the period end and the date of this financial report.

**Australia Minerals and Mining Group Limited**  
**ABN 45 125 301 206**

**CONDENSED NOTES TO THE HALF YEAR FINANCIAL STATEMENTS**

**8. Cash and Cash Equivalents**

For the purposes of the half year Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2011:

	<b>31 December 2011</b>
	<b>\$</b>
Cash at bank and in hand	111,307
Short-term deposits	5,796,845
	<hr/> <hr/> <b>5,908,152</b>

**9. Related Party Disclosures**

Mr Luke Atkins' parents own the premises that the Company rents for its registered office. During the half year the Company paid \$28,296 (2010 – \$26,152) on normal commercial terms and conditions.

## ***DIRECTORS' DECLARATION***

In accordance with a resolution of the directors of Australia Minerals and Mining Group Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2011 and of the performance for the half-year ended on that date of the Company; and
  - (ii) complying with Accounting Standards AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Luke Atkins  
**Chairman**

Dated at Perth this 14<sup>th</sup> day of March 2012

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
AUSTRALIA MINERALS & MINING GROUP LIMITED**

**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Australia Minerals & Mining Group Limited, which comprises the consolidated condensed statement of financial position as at 31 December 2011, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Australia Minerals & Mining Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Australia Minerals & Mining Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, which has been given to the directors of Australia Minerals & Mining Group Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

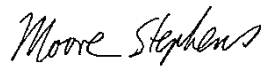
*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australia Minerals & Mining Group Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of Australia Minerals & Mining Group Limited's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



**NEIL PACE  
PARTNER**



**MOORE STEPHENS  
CHARTERED ACCOUNTANTS**

Signed at Perth this 14<sup>th</sup> day of March 2012.