

HIGHLIGHTS

South West HPA (High Purity Alumina) Project

Western Australia

HPA Optimisation Test Work Underway

- AMMG engaged specialist consulting engineers to conduct '**optimisation test work**' on the process flowsheet developed by AMMG;
- Test work aims to identify areas of potential **economic optimisation** by incorporating several efficiencies into AMMG's process flowsheet;
- During the test work the leaching stage was conducted on a continuous basis, which represents an advance towards the **full scale pilot plant**;
- A bulk trade sample of HPA will be produced as part of the optimisation test work.
- AMMG aims to secure competitive funding for its proposed HPA pilot plant following the current test work.

HPA Integrated Study

- The consulting engineers also commenced an '**integrated study**' to provide capex and opex based on the optimisation test work:
- Complete mass and energy balance for the flowsheet will be included as part of the study;
- Both integrated study and optimisation test work anticipated to conclude around June quarter;
- HPA trade sample production underway to satisfy potential customers' requests.

Continuous Trial Process

- AMMG continues to evaluate the benefit of conducting a complete '**continuous trial**' testing program to demonstrate the continuous nature of its process;
- This proposed **continuous trial test work** may also involve the production of larger commercial quantities of HPA.

Glenarty Creek Mineral Sands Project

Western Australia

- AMMG has signed a **Heads of Agreement (HoA)** with METS Engineering for a **joint venture**;
- According to the HoA terms, METS will conduct a series of engineering studies to confirm the economic viability of the Glenarty Creek project;
- METS' earn-in is up to a 50% interest, subject to the completion and verification of the studies;
- Formal JV agreement documentation has commenced.

Investor Relations

- AMMG targeted the Canadian capital and investment markets during the quarter, with a number of significant contacts established:
- Vancouver Resource Investment Conference (**VRIC**);
- Association for Mineral Exploration British Columbia (**AMEBC**);
- Prospectors & Developers Association of Canada (**PDAC**) (Booth #3322)

Corporate

- AMMG's focus is on marketing and advancing its key projects, namely its HPA project;
- Shareholders approved the options placement offer for existing option holders; offer **expires 7 May 2014**;
- AMMG remains well funded with circa **\$2.12m** in the Bank **as at 31 March 2014**;

information

Australia Minerals & Mining Group Ltd

ABN 45 125 301 206

ASX Code: AKA

Financial Information (as at 31 March 2014)

Share Price: 0.085

Shares: 107.75m

Market Cap: 9.16m

Cash: \$2.12m

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Website: www.ammg.com.au

directors

Luke Atkins - Non-executive Chairman

Ric Dawson - Managing Director

Peter Bailey - Non-executive director

Dan Tenardi - Non-executive director

Piers Lewis - Company Secretary



PDAC 2014, Toronto
AMMG's booth #3322
March 2014

South West HPA (High Purity Alumina) Project Western Australia

Optimisation Test Work

During the quarter the Company engaged specialist engineering consultants to conduct '**optimisation test work**' on the high purity alumina (HPA) process flowsheet developed by AMMG.

The **optimisation test work** is aimed at identifying areas of **potential economic optimisation** by incorporating several efficiencies into AMMG's flowsheet.

Continuous Leaching Process Test Work

During the optimisation test work the leaching phase of AMMG's process was conducted on a continuous basis, which represents an advance towards the full scale HPA pilot plant.

In other words, the data from the continuous leaching test work will be applicable to AMMG's proposed HPA pilot plant.

Integrated Study

During the quarter AMMG's specialist consultants commenced an '**integrated study**', which aims to provide **capex and opex** based on the optimised test work and proposed plant, including a complete **mass and energy balance** for AMMG's flowsheet.

AMMG anticipates the conclusion of its **optimisation test work** and **integrated study** around the end of the June quarter.

Off-take Negotiations - Trade Sample

As part of the optimisation test work a **bulk trade sample** of HPA product will be produced. To ensure its target purity of 4N and other specifications are met, AMMG plans to firstly verify the sample of HPA before proceeding with the larger trade sample production.

AMMG has received several requests for its HPA product from some **major end-users** and **potential off-take customers** from around the world. The Company looks forward to providing its trade sample of HPA to those interested end-users and believes the sample may further support its off-take negotiations.

Looking Ahead

AMMG continues to evaluate the benefit of conducting a complete **continuous trial process** to demonstrate the continuous nature of its process. This proposed **continual trial process** testing program may also involve the production of larger commercial quantities of HPA, which will further validate the process flowsheet developed by AMMG.



Fig 1. Optimisation test work (continuous leaching test work) is underway on the process flowsheet developed by AMMG



Fig 2. AMMG's low-impurity kaolin feedstock for the optimisation test work

South West HPA (High Purity Alumina) Project Western Australia

Funding - HPA Plant Development & Construction

In line with its strategy of **advancing** its **key projects**, AMMG explored investment opportunities and the capital markets in Vancouver and Toronto during the quarter.

AMMG gained a greater appreciation and awareness of the opportunities that the Canadian capital market represents. The strong knowledge of the HPA space among the participants in the Canadian capital markets was noted, particularly amongst specialty metals analysts.

As a result of the investor road show, **AMMG has progressed** its **funding strategy** for the Canadian capital and investment markets, in parallel to ongoing fundraising activities in Australia.

AMMG aims to secure **competitive funding** arrangements for its proposed HPA pilot processing plant following the current optimisation test work.

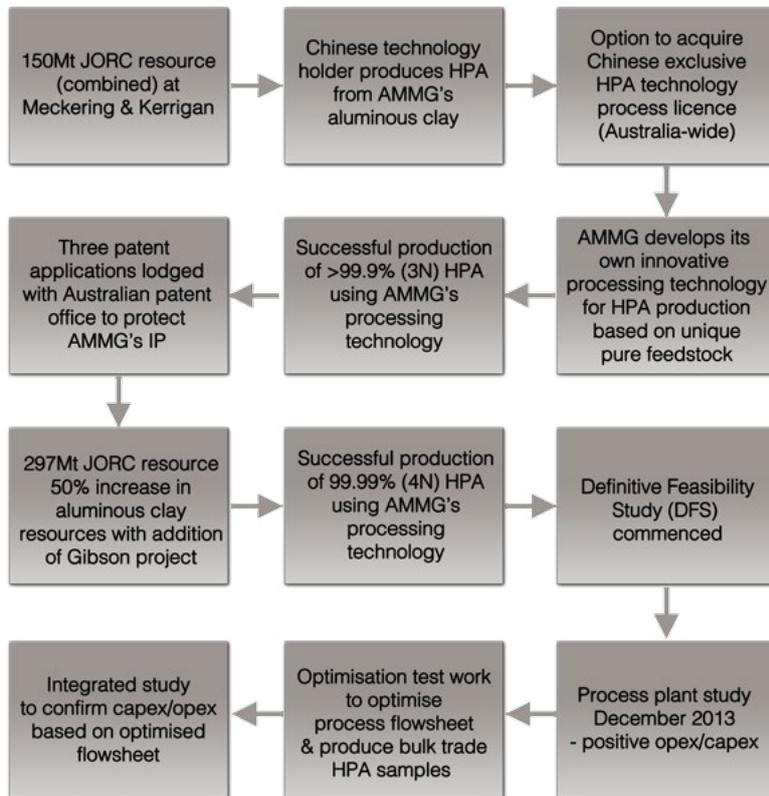


Fig 3. AMMG's current status towards commercialising its HPA project

HPA Project Background

The Company's **100% owned South West HPA Project** area is located within relatively close proximity to existing infrastructure, including Kwinana, Esperance and Albany ports.

AMMG developed an **innovative acid-based processing technology** for HPA production. The processing technology is a **low energy intensive** process that uses low temperatures at atmospheric pressures; it produces potentially saleable by-products and importantly, the key reagents are recyclable.

AMMG's kaolin feedstock is unique in that it contains extremely low levels of impurities such as iron and titanium. The final HPA product is a premium **high-value product** that is used in high-performance electronic applications, such as tablet screens and LED's. HPA is also used as a key component in the rapidly growing **artificial sapphire crystal** market which is used in the production of substrates (semiconductors) for consumer electronic devices, such as LEDs; touch-screen displays for defence, aerospace and medical devices; smartphone components; and other **emerging consumer technologies**.

The Company has lodged three patent applications to protect the intellectual property of its processing technology.

AMMG's process is favoured by the unique mineralogy of its unique low-impurity kaolin material. The Company's kaolin deposits are hosted by the Yilgarn Craton, which is one of the oldest weathered cratons on earth. The ancient weathering has left the kaolin as a primary or in-situ resource; it is whitish in colour and extends from the surface to a reported depth of up to 42 metres.



Fig 4. **Artificial sapphires** used in touch-screen displays and smartphone components

Glenarty Creek Mineral Sands Project Western Australia

AMMG has signed a **Heads of Agreement (HoA)** with **METS Engineering** for a **joint venture** at the Glenarty Creek mineral sands project. The JV signifies the parties' co-operation for the advancement of the project, 100% owned by AMMG (via its wholly owned subsidiaries).

The agreement is in line with AMMG's **strategic objective** to spin-out, divest and joint venture its projects to focus on advancing its key projects.

Pursuant to the HoA terms, METS will conduct a series of engineering studies to confirm the economic viability of the Glenarty Creek project. METS' earn-in is up to 50% interest, subject to the completion and verification of the studies.

AMMG's Glenarty Creek project is located in a **known mineral sands region** in the south-west region of Western Australia.

Located within close proximity to infrastructure, the project is bisected by the Brockman Highway and has a direct route to the Bunbury port via BHP-constructed sealed road.

In 2013 AMMG delineated a **JORC inferred resource** at its Rover Range Deposit of **701Mt at 3.8% heavy mineral (HM)** containing 2.6% ilmenite, using a lower cut-off of 2% ilmenite.

Nearby Miller's Mill deposit contains a **JORC inferred resource** of **106Mt at 3.6% HM** containing 2.8% ilmenite, using a lower cut-off of 2.5% ilmenite over the entire thickness of the resource.

The HM ilmenite, which is a titanium mineral, is used as a feedstock for the titanium pigment industry and is favoured by the predominantly Chinese-based sulphate processing plants.

METS is a globally-recognised dynamic engineering consultancy with an excellent reputation and relevant expertise in the resource sector. It has a dedicated team of engineers providing customised services to the resource sector. METS has been operating for over 25 years.



Other Key Projects

AMMG continues to advance discussions with potential joint venture partners and other interested parties on its other projects; this is in line with its strategy to spin-out, divest and/or joint venture its projects to focus on advancing its key projects.

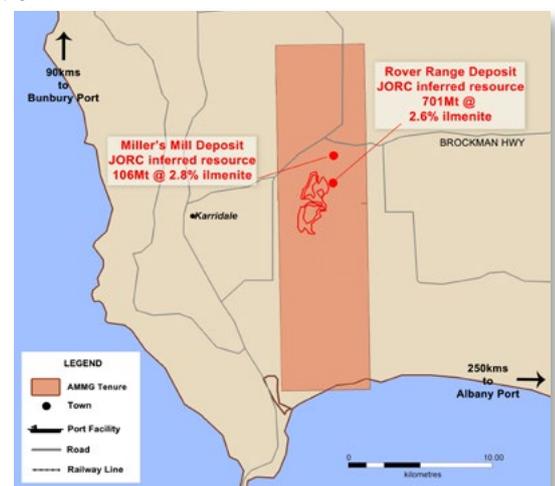


Fig 5. Maps showing location of AMMG's Glenarty Creek Mineral Sands Project, Western Australia

Corporate - Investor Relations

Canadian Investor Road Show

During the quarter AMMG explored the Canadian investment opportunities and capital markets in Vancouver and Toronto. The markets displayed an acute understanding of the high purity alumina space.

During the trip the Company gained a greater awareness of the Canadian capital market through the meetings and conferences that were held with brokers, investors and specialty metals analysts.

Potential fundraising opportunities were discussed with stockbrokers, fund managers and high net worth individuals, as well as with several alumina-specific contacts and suitably qualified investors.

Whilst in Canada AMMG took the opportunity of attending two Vancouver investment conferences in January 2014, which were at minimal cost to the Company: **Vancouver Resource Investment Conference (VRIC); and the Association for Mineral Exploration British Columbia (AMEBC) Round-Up**. Some significant contacts were established at both events.

AMMG then travelled to Toronto to participate in the **Prospectors & Developers Association of Canada (PDAC)** investor conference held from March 2. The positive investor interest in potential near-term production, relatively low cost capex, processing and commercialisation opportunities was particularly noted.

PDAC's attendance was slightly lower this year, as reported by the Industrial Minerals publication, but this year "the attendees were more upbeat and the level of engagement was more serious".

Corporate

AMMG's general meeting was held at 10.00am (WST) on Friday, 4th April 2014 at the Company's head office, 3 Bay Road, Claremont. AKA shareholders approved the placement of options to pre-existing option holders.

The offer is for the placement of up to 21,465,000 new options on the basis of one new option for every one listed option held by option holders registered at 5.00pm (WST) on 31 March 2014 at an issue price of 0.2 cents per option to raise approximately \$42,930. Each option has an exercise price of \$0.20 each on or before 5.00 pm (WST) on 31 May 2015. **The closing date for the offer was extended to 7 May 2014.**

The Prospectus is available on ASX's website and the Company's website. [Click here to view the prospectus.](#)

Working Capital

AMMG remains well funded with current cash reserves of circa **\$2.12m as at 31 March 2014.**

Contact

AMMG

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Competent Persons Statement

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 Australasian Institute of Geoscientists. 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 2012"). 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 in 2007 and listed on the ASX in January 2010 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 and is focused on advancing a diversified suite of mineral project areas located in Western Australia and Queensland.

The directors believe these projects have the potential for the realisation of economic resources of these commodities currently targeted: kaolin (aluminous clay), iron ore/magnetite, coal, nickel, graphite, salt, mineral sands and gypsum.

As at quarter end, the Company had 14 granted tenements and 23 tenement applications (in Western Australia and Queensland) totalling approximately 7,345km².



Fig 6. AMMG's projects located in the south-west region of Western Australia

Schedule of Tenements

AMMG wishes to provide the following information in relation to additional information required by Listing Rule 5.3.3. Exploration tenements held at the end of the March 2014 quarter and their location:

Tenement ID	Location	Project	Grant Date	Interest at beginning of quarter	Interest at end of quarter
E70/4341	WA, Australia	Glenarty Creek	16/01/2013	100%	100%
E70/4581	WA, Australia	Bobalong	Application	100%	100%
EPM16620	QLD, Australia	Constance Range	4/11/2008	100%	100%
EPM17919	QLD, Australia	Constance Range	28/02/2011	100%	100%
EPM17920	QLD, Australia	Constance Range	Application	100%	100%
EPM18375	QLD, Australia	Constance Range	27/04/2012	100%	100%
EPM18710	QLD, Australia	Constance Range	31/07/2012	100%	100%
EPM19772	QLD, Australia	Constance Range	Application	100%	100%
EPM19773	QLD, Australia	Constance Range	11/02/2013	100%	100%
EPM25445	QLD, Australia	Constance Range	Application	0%	100%
E70/4548	WA, Australia	Donnelly	Application	0%	100%
E45/4067	WA, Australia	East Pilbara	Application	100%	100%
E63/1700	WA, Australia	Gibson	Application	100%	100%
E70/4569	WA, Australia	Glenarty Creek	Application	100%	100%
E70/3927	WA, Australia	Green Range	15/06/2011	100%	100%
E70/4398	WA, Australia	Green Range	15/04/2013	100%	100%
E70/4578	WA, Australia	Green Range	Application	100%	100%
E70/4579	WA, Australia	Kerrigan	Application	100%	100%
E70/4585	WA, Australia	Kerrigan	Application	100%	100%
E77/1746	WA, Australia	Lake Deborah	21/09/2010	100%	100%
E77/1747	WA, Australia	Lake Deborah	21/09/2010	100%	100%
E77/1748	WA, Australia	Lake Deborah	21/09/2010	100%	100%
E77/1770	WA, Australia	Lake Deborah	8/11/2010	100%	100%
E77/2112	WA, Australia	Lake Deborah	Application	100%	100%
E77/2113	WA, Australia	Lake Deborah	Application	100%	100%
E08/2506	WA, Australia	Lake Macleod	Application	100%	100%
EPM17331	QLD, Australia	Maytown	Application	100%	100%
EPM18030	QLD, Australia	Maytown	Application	100%	100%
E70/3923	WA, Australia	Meckering	26/11/2010	100%	100%
E70/4580	WA, Australia	Meckering	Application	100%	100%
E70/4582	WA, Australia	Meckering	Application	100%	100%
E70/4531	WA, Australia	Meckering	Application	100%	100%
E70/4532	WA, Australia	Meckering	Application	100%	100%
E70/4533	WA, Australia	Meckering	Application	100%	100%
E70/4534	WA, Australia	Meckering	Application	100%	100%
E70/4131	WA, Australia	Pingaring	31/05/2012	100%	100%
E70/4577	WA, Australia	Bencubbin	Application	100%	100%