

19 September 2014

AMMG SELECTS MECKERING AS KEY FEED TO HPA CHEMICALS PROJECT

Highlights

- AMMG selects Meckering as key feed to HPA chemicals project
- Most advanced aluminous clay deposit within the Company's portfolio
- Quality of ore; close to Perth; previous mining; landholder agreements; and project accessibility
- JORC-compliant indicated and inferred resource of 65Mt
- Small crushing, drying and screening operation proposed at Meckering
- Deposit will support a HPA plant operation for more than 100 years

Australia Minerals and Mining Group Limited (ASX: AKA) (AMMG/the Company) is pleased to announce that it has selected the Meckering aluminous clay deposit as the key supply feedstock material for its HPA chemicals project (the Project). AMMG currently holds pending tenements over aluminous clay assets at Gibson (Esperance), Kerrigan (Hyden), Bobalong (Tambellup) and both pending and granted tenements at Meckering. The Company has now selected the Meckering deposit as it is the most advanced aluminous clay project within the Company's portfolio.

The Meckering deposit gives the Company access to an abundant, low-cost aluminous clay feedstock, which has already been purified and processed by a natural weathering process over millions of years. As a result, the direct ore feed contains very low levels of impurities including iron, titanium, sodium, calcium, potassium and magnesium. The main impurity is insoluble silica, which can be easily filtered during the processing.

By contrast, bauxite ore used to produce alumina and aluminum metal contains around 22% iron compared to the aluminous clay feedstock at Meckering, which contains 0.7% iron (See Table 1). Based on the information in the recently completed Integrated Study, the relatively pure ore feedstock allows AMMG to produce a high value, high margin product at significantly lower operating and capital costs than almost all of its global HPA competitors.

The other main advantage of the deposit is that it has been previously mined and is in relative close proximity to Perth at approximately 130km and is accessed via the 8km Leming Road to the Great Eastern Highway.



Figure 1 – Location of Meckering Aluminous Clay Project

The Company proposes its HPA plant to be located in Perth (130km), which keeps transport costs down as only relatively low annual tonnages of ore will be required.

The exploration licence covers private freehold cleared farmland with key landowner agreements and surface rights already in place.



Figure 2 – Typical Meckering Aluminous Clay

Table 1 – Typical Analysis of Ore Feed Stock

	Bauxite Darling Range (typical)*	Canadian HPA Project (typical)	AMMG Aluminous Clay ** (typical)
Al ₂ O ₃ (%)	34.5	22.77	30.5
SiO ₂ (%)	21.5	53.29	56.3
Fe ₂ O ₃ (%)	21.2	8.36	0.7
TiO ₂ (%)	2.00	0.98	0.7
K ₂ O (%)	0.24	3.41	0.2
CaO (%)	0.015	0.65	0.1
NaO (%)	0.005	1.42	0.1
MgO (%)	0.01	1.67	0.1
LOI (%)	18.1	-	-

*Geochemical and mineralogical characteristics of bauxites, Darling Range, Western Australia, Applied Geochemistry

** HPA Plant Feed

Background and JORC Resource

The Company's 100%-owned Meckering project was subject to extensive historical exploration activities by CRAE in the early 1990's and Swan River Kaolin (SRK) in 2005.

The exploration was focused on a large tonnage deposit in order to provide high brightness kaolin for industrial applications such as ceramics and paper coatings. From SRK's exploration a **JORC compliant indicated and inferred resource of 65Mt @ 83.4% brightness** was developed with consultants Geos Mining. SRK mined the deposit, using conventional open pit methods, to obtain a bulk sample for test work. In total 48 tonnes of raw kaolin was processed in the SRK pilot plant near Northam. Approximately 19 tonnes of kaolin product was successfully produced to commercial quality (40% recovery) and samples were sent to potential end-users.

Figure 3 – View of current open pit and access road



Proposed Mining Operation

AMMG's HPA mining operation will comprise of a small crushing, drying and screening plant located at the Meckering site.

The mining of approximately 26,000tpa is proposed to be campaign-mined once every two to three years. The crushing and screening process is energy efficient as it is based on the aluminous clay material, which contains a large proportion of natural fines and is soft and friable. The operation is supported by the near-surface nature of the aluminous clay material, which is found at surface under a shallow overburden of clays. The natural fines of less than 0.5mm with high alumina and low silica content is an ideal feed size for the HPA operation.



Figure 4 – Meckering aluminous clay deposit has excellent transport infrastructure

The crushed clay will be dried to remove any moisture and to allow efficient dry screening. The dried aluminous clay is screened to remove the oversize (>0.5mm) which is predominantly quartz and silica. The less than 0.5mm product is transferred to site storage bins where it will be transported to Perth for processing at the HPA plant.

The simple screening process is expected to upgrade the aluminous clay from around 19% Al_2O_3 to around 30% Al_2O_3 . Due to the very low tonnage of ore required, the Meckering operation will likely operate on a five-day per week day shift basis employing 2-3 operators. The annual mined tonnage is around 26,000tpa and the HPA plant feed is around 12,500tpa. At a JORC resource of 65 mt, the deposit will support a HPA plant operation for more than 100 years.

Figure 5 – Proposed Operation at Meckering Aluminous Clay Deposit

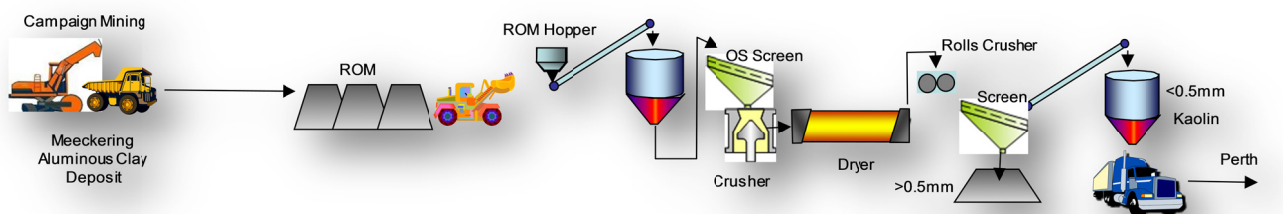


Figure 6 – Proposed Operation Layout at Meckering Aluminous Clay Deposit

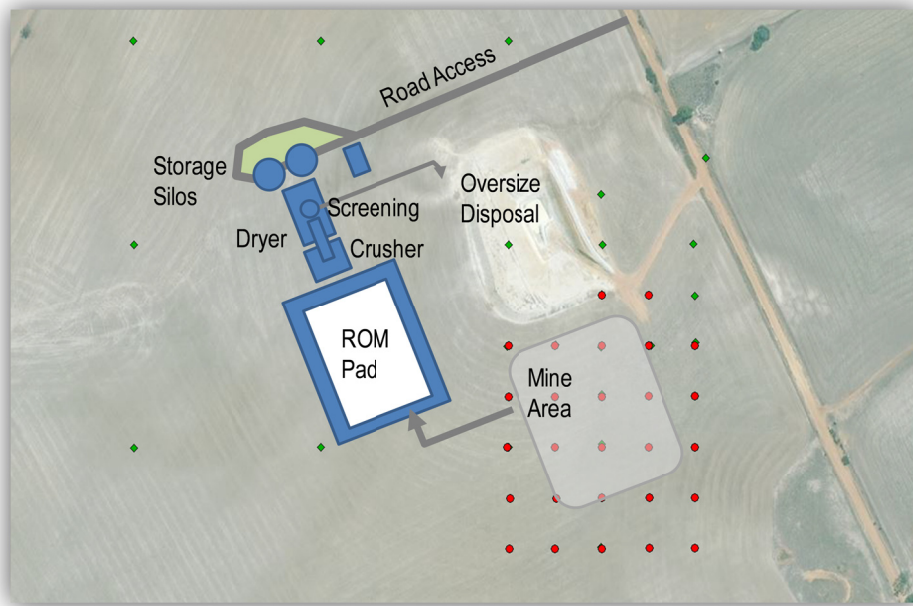


Figure 7 – AMMG aluminous clay stockpile used for pilot plant work



Managing director, Mr Iggy Tan said that Meckering deposit was chosen due to the ore's exceptional quality; close proximity to capital city Perth; the Yilgarn Craton weathering process naturally removing impurities in this resource; substantial previous mining; established key landholder agreements; and good transport access.

-End-

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About AMMG (ASX: AKA)

AMMG is aiming to become the world's leading supplier of 99.99% (4N) high purity alumina (HPA) (Al₂O₃) which is the major source material for scratch-resistant artificial sapphire glass, used in the next generation of smartphones and portable tablet devices. HPA is also used in the production of LED's, abrasives, ceramics and a growing range of high-performance electronic applications. The global HPA market is approximately 20,000tpa and is expected to double over the coming decade.



Current HPA producers use an expensive and highly processed feedstock material such as aluminum metal to produce HPA quality product. AMMG is one of only two companies in the world that report the ability to produce 4N HPA directly from an ore feedstock, such as aluminous clay. AMMG employs a well-established processing technology to extract HPA from a low-impurity aluminous clay feedstock sourced from the Company's 100%-owned Meckering project in Western Australia.

AMMG has produced test quantities of 4N HPA product and is now advancing a Bankable Feasibility Study (BFS) to develop a full-scale 3,000tpa production facility. AMMG is a chemical processing group focused on creating a high-margin product to meet the growing global demand for the next generation of high-performance electronic applications.

Forward-looking Statements

This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.

Competent Person Statement

Technical information in this report is based on information compiled by 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 2012 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.