

17 October 2014

MINERAL SANDS JOINT VENTURE FINALISED

Highlights

- Joint venture agreement (JVA) signed with Midas Engineering Group (formerly METS) for project co-operation at the South West Titanium Project, formerly named Glenarty Mineral Sands Project;
- Midas will conduct a series of engineering studies at the project for a potential 50% earn-in interest;
- AMMG's 100%-owned project contains a combined JORC (2004) resource of 807Mt at 3.7% heavy mineral (HM);
- Located ~120km from Bunbury port in south-Western Australia.

Australia Minerals and Mining Group Limited (ASX: AKA) (AMMG/the Company) is pleased to announce the completion of a fully executed Joint Venture Agreement (JVA) with engineering consultants Midas Engineering Group Pty Ltd (Midas) (formerly METS) for the co-operation and advancement of the South West Titanium Project (formerly called Glenarty Mineral Sands Project) (the Project). The Company previously announced the signing of a Heads of Agreement (HoA) in March 2014.

Under the agreed terms of the JVA, Midas will undertake a series of engineering studies to confirm the Project's economic viability. The Project, 100%-owned by AMMG, contains a combined JORC (2004) resource of 807Mt at 3.7% heavy mineral (HM), which was delineated by AMMG in June 2013. Under the JVA, Midas has the right to earn up to 20% interest in the Project after completion of a scoping study; and a further 30% interest in the Project post completion and verification of a pre-feasibility study.

Midas is a dynamic and innovative global engineering group that specialises in mineral processing, design and project management for the mining industry. The JV study work will be led by Midas' principal, Mr Damian Connelly, who is a highly experienced metallurgical veteran and is well known for mineral processing solutions. At the Project, Midas will assess the technical and financial viability of the ore and investigate potential processing options for various end-uses.

AMMG managing director, Mr Iggy Tan has been appointed chairman of the JV management committee. Mr Tan has significant mineral sands experience having previously served 11 years in the titanium dioxide production business in the south-west of WA, and thereafter as Iluka Resources' general manager in the mid-west.

Mr Tan said that the JV will allow the determination of the Project's economic viability without incurring the Company additional costs.

"With the Project's considerable potential, the studies will focus on processing solutions suited to the deposit's clay content and behaviour. Dry mining will be explored as an extraction solution as historically, dredge mining was typically employed. The JV work will aim to assess producing a HM concentrate for export to an overseas entity that has dry separation plant facilities and product marketing infrastructure. This can be easily achieved without extensive capital or operating costs", Mr Tan said.

"The JV is in line with AMMG's strategic objective to spin-out and/or joint venture our priority projects, allowing the Company to focus on developing our high purity alumina (HPA) project.

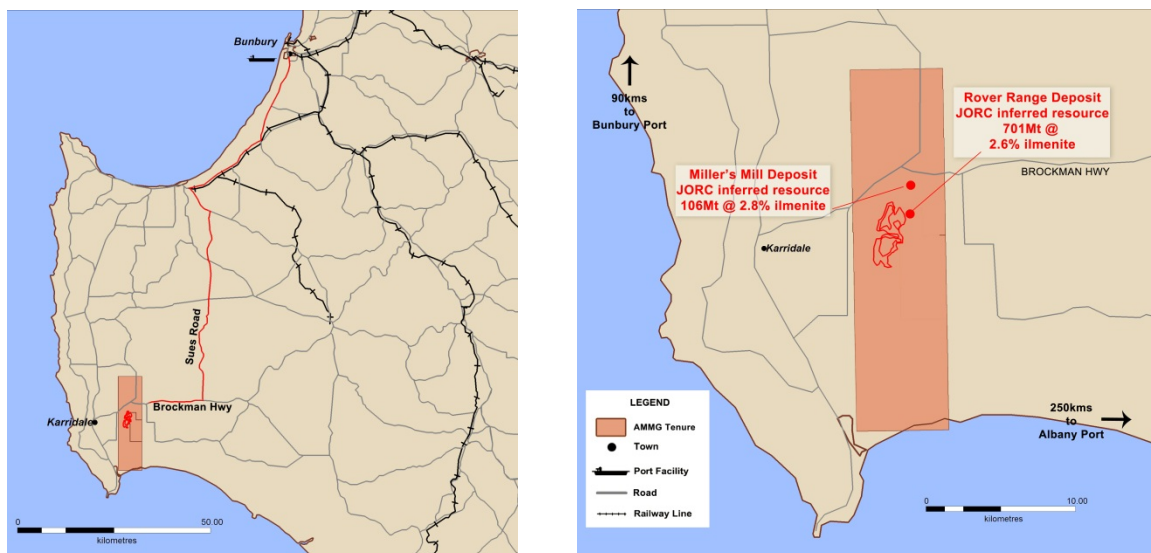
"We look forward to our future co-operation with Midas as well as reviewing the engineering studies' findings on the Project's potential economic viability", he concluded.

Midas principal, Mr Damian Connelly said *"we are optimistic that our studies will identify development opportunities for this Project in an area with known mineral sands export potential".*

About the Project

The Company's 100% owned South West Titanium Project (formerly the Glenarty Creek Mineral Sands Project) is comprised of one 45-block exploration licence application (E70/4643) and one granted seven block exploration licence (E70/4341), which was granted in January, 2013. The total project area is approximately 150km² (see Figure 1 below).

Figure 1. The South West Titanium Project, south-west region of Western Australia



In June 2013 AMMG delineated a JORC compliant inferred resource of 701Mt at 3.8% HM containing 2.6% ilmenite at the Rover Range Deposit. To the north-east of this deposit lies the Miller's Mill Deposit, where a further JORC compliant inferred resource of 106Mt at 3.6% HM containing 2.8% ilmenite was delineated. Both deposits lie within the Company's Project.

The Project is located within a known mineral sands region and is approximately 120km from the Bunbury port in the south-west of Western Australia. It is bisected by the Brockman Highway, with a direct route to the port of Bunbury via BHP's purpose-built heavy haulage Sues Road (see Figure 1 above). The Project is situated over private freehold bush and farmland where Native Title is extinguished.

Most of the Project is situated on the Vasse Shelf containing granulite derived heavy mineral accumulations within Cainozoic sediments, which were deposited in a fluvial environment. The Scott Coastal Plain is located in the South Perth Basin, which is part of the large Perth Basin. The Perth Basin is a world-class heavy minerals region that contains a number of heavy minerals deposits stretching from Port Gregory, north of Geraldton, to Jangardup, near the south coast of Western Australia.

Previous Exploration

BHP Titanium Minerals Pty Ltd (BHPTM) first carried out extensive exploration in the project area from 1987 to 1999 and outlined two areas of HM mineralisation. BHPTM's exploration included aircore drilling, tonnage-grade estimations, assays, conceptual mine plan feasibility studies and environmental, geotechnical and hydrological studies.

AMAX Mining (Australia) Inc. (AMAX) carried out exploration for HM in the project area in 1969, reporting a dominant ilmenite presence in the widespread HM mineralisation.

BHPTM's exploration concluded that the predominant heavy minerals encountered was ilmenite, which was interpreted as having been derived from the high-grade metamorphic rocks of the Proterozoic Leeuwin Complex, to the west of the Dunsborough Fault. BHPTM anticipated that additional HM mineralisation would exist if further analysis of drilling data was conducted.

About MIDAS

Midas Engineering Group (formerly METS) is a globally-recognised dynamic engineering consultancy that has operated for over 25 years with an excellent reputation in the resource sector. It has a dedicated team of engineers providing customised services to the resource, oil and gas and infrastructure sectors. <http://www.metsengineering.com/>

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About AMMG (ASX: AKA)

AMMG is aiming to become the world's leading supplier of high purity alumina (HPA) (99.99% Al_2O_3) which is the major source material for scratch-resistant Sapphire glass, used in the next generation of iPhones and portable tablet devices. HPA is also used in the production of LED's, lighting devices, abrasives, ceramics and a growing range of industrial and technological processes. The global HPA market is approximately 25,000tpa and is expected to double over the coming decade.



Current HPA producers are using an expensive and highly processed feed stock material such as aluminum metal to produce HPA quality product. AMMG are one of only two companies in the world that can produce 99.99% HPA product directly from an ore feed stock, such as aluminous clay. AMMG has utilized well established chemical processing technology to extract HPA from its 100%-owned, low impurity aluminous clay deposit at Meckering, in Western Australia.

The Company has produced test quantities of 99.99% HPA product and is now advancing a Bankable Feasibility Study to develop a commercial production facility. AMMG is a chemical processing company using proven technology and processes to create a high margin product to meet the growing global demand for the next generation of electronics, telecommunication and industrial products.

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.

