

CREATION OF CONSTANCE RANGE IRON ORE ALLIANCE QUEENSLAND, AUSTRALIA

HIGHLIGHTS

- **Launch of the Constance Range Iron Ore Alliance signed by Viento Group Ltd, Icon Resources Ltd, Resolve Geo Pty Ltd and Australian Minerals and Mining Group Ltd through a Memorandum of Understanding of Strategic Co-operation.**
- **The parties will endeavour to work together with a view to:**
 - a. **Potentially consolidating their respective tenement areas into a single corporate entity under the banner of the Constance Range Iron Ore Alliance.**
 - b. **Communicate on behalf of the Constance Range Iron Ore Alliance on issues affecting the iron ore industry in the Constance Range region of northwest Queensland.**

Australia Minerals and Mining Group Limited (**ASX: AKA**) (“AMMG” or “the Company”), is pleased to announce that four initial members, Viento Group Limited (**ASX: VIE**), Icon Resources Limited (**ASX: III**), Resolve Geo Pty Limited and AMMG (the “parties”) have agreed to co-operate under the banner of the Constance Range Iron Ore Alliance (“the Alliance”).

The founding members of the Alliance hold between 70% -100% interests in tenements in the Constance Range area of Queensland totalling approximately 1,186 square kilometres (see Figure 1 below) and contain 92 kilometres of prospective surface iron ore formation, Train Range Member (host lithology).

AMMG’s Managing Director, Mr Ric Dawson said the Alliance allows the Company to confidently approach potential international end-users about the potential size of the tenement holding.

“The Company now has the critical mass to advance the project to potentially attractive overseas markets, particularly China,” Mr Dawson said.

“Following the recent visit to China, AMMG will continue to pursue interested overseas parties and potential investors.”

“Now that the tenements have been brought into the Alliance, the Company can pursue potential larger marketing opportunities”, he added.

“Historically, the Constance Range was reportedly BHP’s flagship iron ore project before it went to the Pilbara. This MOU is an important first step to endeavour to bring the Constance Range Project areas together. Whilst the MOU is totally non-binding, it allows the parties as Alliance members to work together as a collective force”, Mr Dawson said.

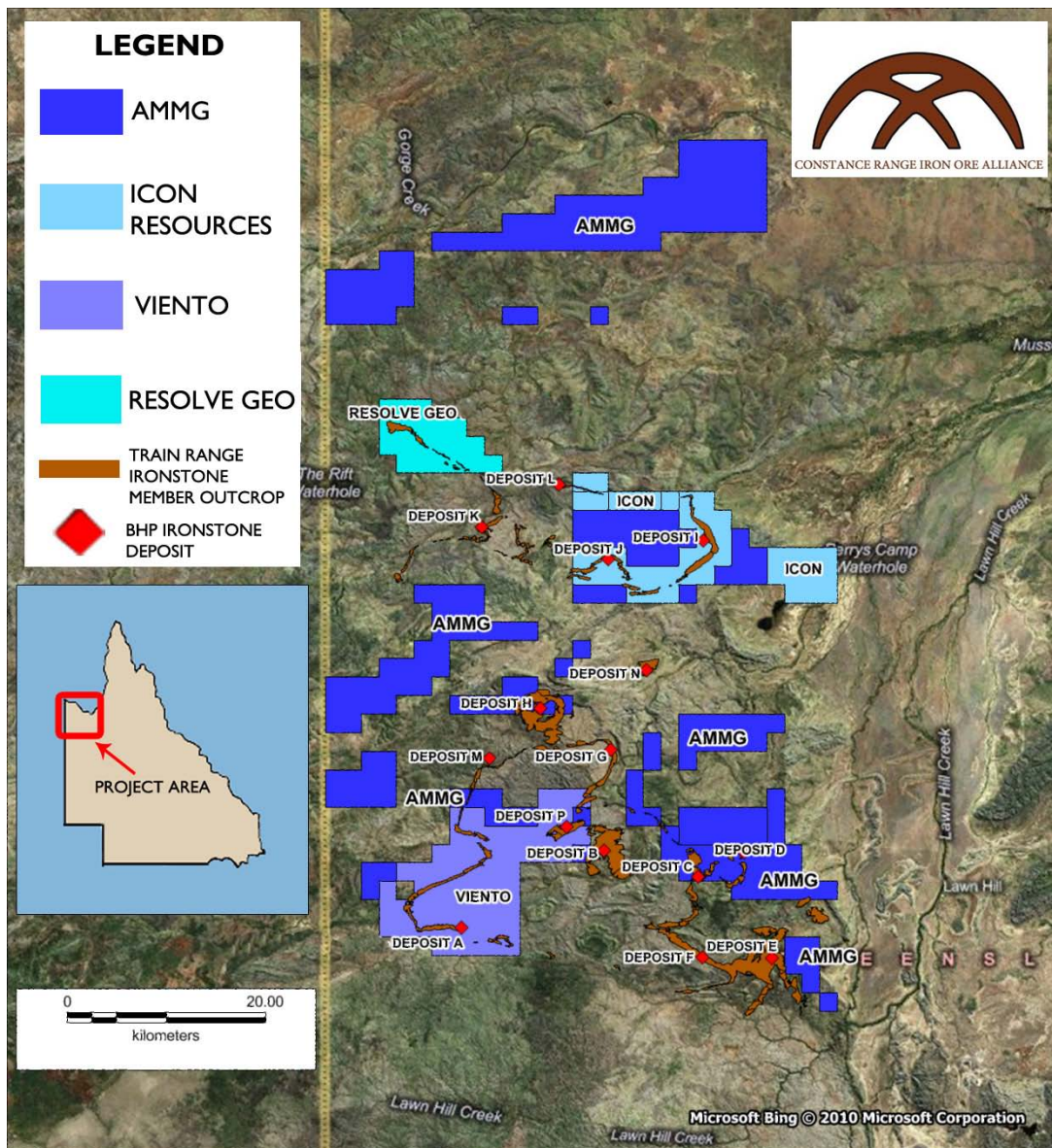


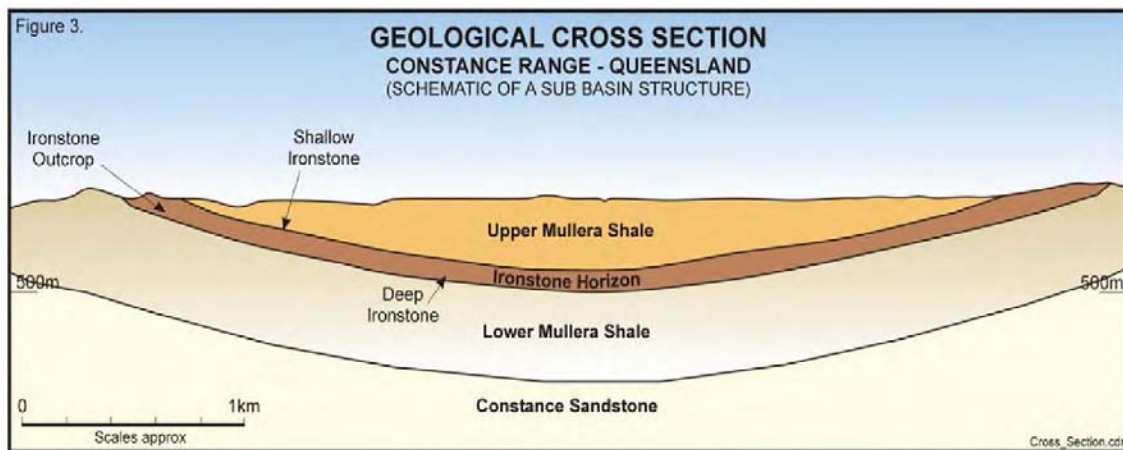
Figure 1: The Alliance’s tenement holdings

Background and Exploration History



Figure 2: View of Constance Range from helicopter with portion of Train Range member circled red

The Constance Range historical iron ore deposits are located in the North-west Queensland close to the Northern Territory border. They form part of a regional iron formation within the South Nicholson Basin and have the potential to become a significant iron ore province.



* Thickness of ironstone beds diagrammatic

Figure 3: Stylised Geological Cross Section

Exploration carried out by BHP in the 1960's identified an exciting iron ore deposit that could produce a highly beneficiated (magnetic separation) product of up to 66.4% Iron (Fe) and 6.5% Silica (SiO₂) from ironstone outcrop and shallow ironstone (see Figure 4 below).

The deep ironstone horizon as shown above in Figure 3, marked in dark brown in the middle of the geological cross section, is still to be tested in light of the now higher demand for iron ore, coupled with higher prices and advancements in mining and beneficiation technologies compared to that existing at the time.

The Alliance members are targeting hematite direct shipping ore and magnetite and have three granted EPM and seven pending applications comprising a tenement area of 1,186km². There is a substantial historical data base of BHP's previous historical work available.

BHP first explored the area in the period 1956 to 1963 and delineated 15 outcropping ironstone deposits over a strike length of 100 kilometres. The two largest deposits outlined by the BHP drilling were Deposits "A" (currently 70% owned by Viento) and Deposit "P" (predominantly covered, currently 70% owned by Viento and partially covered, 100% owned by AMMG).

Deposit "A" is located approximately 160 kilometres from Burketown and 310 kilometres from the Port of Karumba. It is proposed that any potential DSO product will be transported by road train to Burketown for trans-shipping and magnetite slurry could potentially be slurry piped and pumped to existing facilities at the Port of Karumba.

The Alliance has 92 kilometres strike length of the bedded ironstone outcrop sequence that is approximately 180m thick and contains three main ironstone units of approximately 20m thickness each.

- Deposit "A", BHP (pre 1963) drilled 16,256m of BQ diamond core.
- Deposit "A", 2007 drilling consisted of 1,275m of HQ diamond core.

- Deposit “A” has a current JORC/43:101 Compliant Inferred Resource of 236Mt at 53.2% Iron, 10.3% Silica, 1.6% Alumina, 0.02% Phosphorus, and 11.2% Loss of Ignition (LOI).
- Deposit “A” has a current JORC/43:101 Compliant Inferred “DSO” in Deposit A of 15mt at 56.5% Iron.
- In addition Deposits “B”, “C”, “D”, “H”, “I”, “J” and “P” are also included in the MOU Alliance.

Source: Kimberley Metals 2009 Prospectus,

[http://www.kimberleymetals.com.au/IRM/Company/ShowPage.aspx?CPID=1809&EID=25219077&PageName=Kimberley Metals Ltd – Prospectus](http://www.kimberleymetals.com.au/IRM/Company/ShowPage.aspx?CPID=1809&EID=25219077&PageName=Kimberley%20Metals%20Ltd%20-%20Prospectus), pp. 40 – 42

Mineralogy

The Constance Range deposit differs from Pilbara based deposits in that considerable percentages of iron carbonate (FeCO_3 siderite) are present as well as hematite and some goethite. As seen below (Figure 4), an example of drill core from Constance Range.



Figure 4: BHP Historical Drill Core from “Deposit I” courtesy of Alliance member Icon Resources

Magnetic Separation

Magnetic separation has the best potential as identified by BHP, CSIRO and Ammtec. The magnetic fractions also contain the highest percentage of siderite as shown by FeO and LOI data.

Conversion of Siderite to Magnetite

Conversion of siderite to magnetite has major benefits and is likely to have a positive effect on the energy requirements versus converting Direct Shipping Ore (DSO) to pig iron due to:

- Significantly lower transport cost due to elimination of LOI.
- Higher percentage iron (Fe) due to oxygen loss and LOI loss when compared to hematite and siderite.
- Exothermic reaction during pelletising and sintering.
- Magnetic separation is significantly enhanced.

The liberation size of the iron bearing minerals is in the order of 50 microns. Investigation into using a coarser initial grind to minimise the mass of ore for fine grinding is likely to lead to savings in the grinding circuits with the expected grind size comparing favourably to other magnetite projects.

Marketing Opportunities for Iron with Possible Quality Specifications

Constance Range iron ore potentially provides excellent marketing opportunities (as a blending product), because of the following superior quality characteristics with specifications such as:

- High Iron > 65%
- Low Alumina 1%
- Ultra-low Phosphorous. 0.01%
- Low Zinc

Potential Future Project Development Plans

The Alliance's projects, subject to all necessary approvals including government and regulatory, successful capital raising, feasibility and marketing studies ("Necessary Approvals") being satisfied, could result in the following two stage conceptual plan:

- I. Direct Shipping Ore (DSO) may be planned to be mined in the region of two (2) million tonnes per annum.
 - i. With crushing, screening and stockpiling being carried out on site by a mining contractor before being loaded onto road trains and transported to the coast via Burketown; and
 - ii. The ore being stockpiled at the coast and then loaded onto barges and transported to a trans-shipper, then loaded onto iron ore carriers ready for delivery to customers in Asia.

As a result, this would provide cash flow at an early stage of the projects' development and establish important customer relationships leading up to a possible stage two of the project and expanded export tonnes subject to all Necessary Approvals.

2. Development of an existing beneficiation process to convert siderite into magnetite may be planned to be undertaken in the region of twelve (12) million tonnes per annum.

- i. Magnetic separation will be used to separate out the magnetic particles. Non-magnetic particles will be pumped via a thickener to a tailings dam for storage.
- ii. Concentrated product will be slurried and pumped via a pipeline to the Port of Karumba where it will be dewatered and stockpiled ready for shipment.

Logistics

The project area is located approximately 160kms from the Gulf of Carpentaria and 5,500km shipping distance to China. It is in relatively close proximity to China MMG Century Zinc Mine and associated infrastructure, including its slurry pipeline to Port Karumba.

Significant Details of the Memorandum of Understanding of Cooperation and Alliance

- a) The parties each in their own right or through their subsidiaries hold exploration mineral tenements at Constance Range in Queensland, Australia (Areas).
- b) The parties consider that the Areas, which were subject to exploration by BHP for iron ore prior to BHP's shift of focus to the Western Australian Pilbara region, are prospective for iron ore.
- c) The parties are desirous of advancing their economic interests through the exploitation of the iron ore potential in the Areas.
- d) Given the somewhat fragmented tenement holdings of the Areas, the parties recognise that it may be advantageous to work together in a co-operative fashion with a view to possibly amalgamating the Areas.



CONSTANCE RANGE IRON ORE ALLIANCE

The MOU now records the following:

1. This MOU is totally non-binding legally on any of the parties, and is only a statement of their intent or ambition and has absolutely no legal effect whatsoever.
2. The parties will endeavour to work together with a view to potentially consolidating their respective Areas into a single corporate entity.
3. The parties will endeavour to promote their respective Areas in a collective fashion on the premise that they are working towards the understandings contained in this MOU.
4. The party's intention is to endeavour to work towards the creation of a corporate entity to hold the party's respective party's Areas.
5. The parties recognise the benefits and attributes that might be possible as a collective force in lobbying Queensland Local, State and Federal government, and local Native Title holders on a variety of matters including Native Title rights, Wild Rivers Act, conservation buffers and the like.
6. The parties recognise the benefits and attributes of working collectively under the banner of the Constance Range Iron Ore Alliance.

Competent Persons Statement

Technical information in this report is based on information compiled by Mr. Derek Judkins B.Sc. Geology, AMMG Chief Geologist and a member of the Australasian Institute of Mining and Metallurgy. Mr. Judkins 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. Judkins consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

ENDS

For more information on Australia Minerals and Mining Group please see below or contact:

Ric Dawson
Managing Director
T: +61 8 9389 5557
ric@ammg.com.au

Felicity Nuttall
Professional Public Relations Pty Ltd
T : +61 8 9388 0944
felicity.nuttall@ppr.com.au

About AMMG

Australian diversified resources company, AMMG, listed on the ASX in January 2010. The Company 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 board believes may have the potential for the realisation of economic resources of these commodities currently targeted - iron ore, kaolin, gypsum, mineral sands and salt.

The Company has nine granted tenements and 42 applications for tenements covering approximately 9,124 km² over the project areas.