



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Corporate Directory

ABN 45 125 301 206

Directors

Luke Atkins	<i>Executive Chairman</i>
David Brook	<i>Non-executive Director</i>
Chris Forrester	<i>Non-executive Director</i>
Daniel Tenardi	<i>Non-executive Director</i>

Bankers

Australian & New Zealand Group
7/77 St Georges Terrace
Perth WA 6000

Company Secretary/Chief Financial Officer

Sam Middlemas

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Solicitors

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Perth WA 6000

Share Registry

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Auditors

Moore Stephens
Level 3, 12 St George's Terrace
Perth WA 6000

Website

<http://www.ammg.com.au>

Securities Exchange Listing

Australia Minerals & Mining Group Ltd shares are listed on the Australian Securities Exchange. (ASX code AKA; and Options Code AKAO)



Fig 1: Photograph taken on Constance Range Iron Ore project fieldtrip – QLD, May 2010



AUSTRALIA MINERALS AND MINING GROUP LIMITED

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AUSTRALIA MINERALS AND MINING GROUP LIMITED

Chairman's Letter

Dear Shareholder,

Please find herein the 2010 annual report and financial statements of the Company for the year ended 30 June 2010.

It has been an eventful year for the Company. The Company listed on the ASX on 27 January 2010, after a highly successful Initial Public Offering (IPO).

The highlights for the year include the following significant achievements, events and milestones, which have helped strengthen the Company and lay the foundations for the next stage of the Company's growth and development:

- Initial seed capital raising of \$1.2m;
- Successful, oversubscribed Initial Public Offering (IPO) raising \$7.5 million, and ASX listing on 27 January 2010;
- Successful options issue raising a further \$420,000;
- Digital capture and geological evaluation of historical exploration data on various projects;
- Commencement of drilling for gypsum at Lake Macleod (post 30 June);
- Addition of the South West WA inland salt project through joint venture and application;
- Addition of the South West WA kaolin and iron ore projects through application;
- Addition through application of other tenement holdings complimentary to existing project tenement holdings, approximately doubling the number of tenements since the IPO;
- Strengthening of the management and consulting team through the recruitment of experienced management consultants and personnel;
- Ongoing overseas and Chinese interest in the Company's diversified suite of mineral projects;
- Effective utilisation of resources in acquiring and developing projects resulting in a strong cash position as at 30 June of \$7.9m.

The Company's mineral projects have now been established and advanced to a point where the board of directors considers it is timely to appoint an inaugural managing director to advance its projects and enhance shareholder value. Currently, the board is assessing a number of suitably qualified candidates for the role.

The Company has a number of advanced exploration projects and is well resourced both financially and through its experienced personnel.

Fuelled by rapid urbanisation, the exponential growth of China's demand for raw materials is expected to continue over the next 10-15 years. Coupled with the necessity for China and the other rapidly developing countries to secure supplies of mineral resources, the board believes that the Company is well placed, with Australia's competitive shipping freight position, to take advantage of such opportunities that may arise.

Our focus over the coming year will be on advancing our projects and identifying potential strategic partners and end-users, with a view to growing the Company and increasing shareholder value.

On behalf of the board, I thank all shareholders for their past financial support and look forward to your continued interest and involvement in the Company. I would also like to thank our employees and contractors for their efforts in building the business. The board believes that the Company has an exciting future and has a positive outlook given the world's ongoing requirement for mineral resources.

I look forward to meeting you at the AMMG annual general meeting, and introducing you to the AMMG team.

Yours faithfully,

Luke Atkins
Executive Chairman



Executive Summary and Overview

1. Experienced Board and Management Team

- Considerable mining and corporate experience at board level.
- Experienced exploration, technical marketing, and management team.
- Diverse geological experience across a range of mineral sectors.

2. Strong Business Case

- Business case supported by China's expansion in securing potential sources of mineral supply.
- Increasing demand from India, China, and South East Asia for minerals.
- Increased interest from mineral traders seeking to secure supply opportunities.
- Relatively close shipping distance to emerging and expanding markets of China.

3. Strong Asian Relationships

- Continued corporate focus on South East Asia and China as part of corporate growth and development strategy.
- Strong Chinese networks at both board and management levels.
- Continued overseas interest in AMMG's projects.

4. Diversified Suite of Australian mineral projects, comprising:

- 35 tenement applications, seven granted exploration licences, in its own right or by joint venture, covering 6,400 square kilometres:
 - Lake Macleod targeting gypsum.
 - Constance Range QLD targeting iron ore.
 - South West WA targeting kaolin.
 - South West WA targeting salt (Yilgarn).
 - South West WA targeting mineral sands.
 - South West WA targeting iron ore (Yilgarn).
 - North West WA Pilbara region targeting iron ore.
 - North West WA Kimberley region targeting bentonite.

5. Focused Project Selection Criteria

- Targeting mineral projects with historical data and potential access to infrastructure.
- Exposure to improving markets.
- Potential leverage to growing Asian markets.
- Potential joint venture opportunities.

6. Strong Financial Position

- No debt.
- Strong cash position; \$7.9m cash as at 30 June 2010.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Corporate Overview

Background

Australia Minerals and Mining Group Ltd (**ASX: AKA**) (**AMMG or the Company**) was incorporated on 8 May 2007, for the purpose of acquiring, principally by application, or on suitable joint venture terms, exploration licences or tenements over areas that had been subject to historical exploration, and where there was pre-existing historical data (much of which was pre-digital and pre-JORC). Areas with pre-existing infrastructure or potential access to infrastructure were also targeted. The Company has focused on minerals and/or projects, which may have been overlooked in the past and might prove attractive in the context of the rapidly growing economies of India and China, lying to Australia's north, and in world shipping terms, in relatively close proximity.

Corporate Strategy

The Company seeks to enhance shareholder value by identifying sufficient mineral resources with the potential to develop bulk mineral projects targeting iron ore, gypsum, kaolin, salt, and mineral sands, either internally or with strategic joint venture partners/end users.

AMMG seeks to:

- Develop and add to its diversified suite of projects in a cost effective manner;
- Identify potential strategic end-users as cornerstone investors and/or joint venture partners;
- Identify potential lower capital, nearer term start up operations to generate cash flow;
- Joint venture or divest projects if and when appropriate, in the interests of all stakeholders.

Strategy Implementation – The First Year

The Company continues to evaluate the historical data available for its tenement areas, and review the historical data of potential joint venture partners on ground in close proximity or adjacent to its own, with a view to possible joint venture opportunities through potential regional consolidation.

AMMG has continued to identify potential strategic investors and potential end-users of the mineral commodities being targeted by the Company, with a view to growing the business and enhancing shareholder value.

The Company continues to maintain a diversified portfolio in order to provide additional marketing and development opportunities. During the year, AMMG has been proactive in acquiring, through application, additional minerals projects it deems prospective, targeting a variety of minerals.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Corporate Overview

Corporate Building

Over the past year, the Company has assembled a proven and resourceful board of directors with extensive mining, corporate, and fundraising experience, with networks of industry and market contacts. Over the last six months and since the ASX listing, the Company has been active in assembling and recruiting a management team that have the necessary skills and resources for competently evaluating and advancing the Company's suite of mineral projects. The management team encompasses geological, infrastructure, technical marketing, and investor relations perspectives.

Exploration Strategy

The Company is proactive in acquiring, through application, additional minerals projects it deems prospective, targeting a variety of minerals.

With the granting of a number of exploration licences, the Company has moved forward in its exploration program through: fieldtrips and the commencement of drilling, post 30 June; the collection and submission of samples for analytical testing; the characterisation of ore; investigation into processing and beneficiation techniques; and potential joint venture, and marketing opportunities.

The Company continues to pursue its diversification strategy at this early stage of the Company's development, in order to provide additional development opportunities. In addition to expediting exploration and assessment of existing project areas, the Company has acquired further prospective holdings as detailed in the Project Reviews section.



Fig 2: Drilling rig used at Lake Macleod E09/1592, photo taken 13/06/2010



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Vision and Values

Vision

AMMG is seeking to identify sufficient resources with the potential to develop bulk mineral projects (iron ore, salt, gypsum, kaolin, and mineral sands), either internally or with suitable strategic investors/joint venture partners, or to divest projects in the interests of all stakeholders.

Goals

The Company's goal is to generate shareholder wealth by adding value to its diversified suite of mineral exploration projects. The Company aims to achieve this, where appropriate, by carrying out a strategic exploration program, infrastructure reviews and feasibility studies, in conjunction with local communities, environmental agencies, regulatory bodies, and all key stakeholders.

Values

Our core values listed below form the basis upon which all of our policies and procedures are built, and assist us in achieving our goals, as outlined above.

1. Environmental Sustainability

The Company is committed to carrying out its business in an environmentally sustainable manner. To this end, the Company continues to develop a comprehensive environmental policy with key stakeholders.

2. Community and Indigenous Relations

The Company is committed to building mutually beneficial relationships with indigenous stakeholders and community groups. The Company considers good communication, negotiation, and ongoing participation between parties as one of the key success factors by which it will measure its performance.



Fig 3: AMMG field geologist inspecting kaolin test pit located on EL APP E70/3923, formerly held by Swan River Kaolin Pty Ltd at Meckering



AUSTRALIA MINERALS AND MINING GROUP LIMITED

I. Program Overview

I.1 Background

Since the IPO in January this year, AMMG has added substantially to its project suite of minerals targeted, increasing the total area under application, granted or under joint venture, from approximately 4,000 square kilometres to approximately 6,400 square kilometres. Further areas added include South West WA targeting kaolin, salt, and iron ore, which to varying degrees have road, rail, and port infrastructure, servicing both the mining and agricultural industries.

The Company's projects have been carefully selected and evaluated on factors including: access to pre-existing historical exploration data; prospective adjoining ground; potential joint venture opportunities; and regional ground consolidation strategies.

The Company continues to explore joint venture opportunities with adjoining ground holders in the context of regional ground consolidation strategies, and in the context of possible foreign interest. Fieldtrips were undertaken at Constance Range in North Queensland, and in the South West of WA, targeting kaolin, salt and iron ore. Preliminary fieldtrip samples have been taken for analysis.

I.2 Recent Exploration Activity – Commencement of Drilling

Drilling commenced at Lake Macleod (post 30 June). The Company intends to explore to the North of the tenement area following the grant of additional ground in this area. The remaining objections have now been removed in relation to these tenements and the Company believes this will expedite the process of granting of those tenements.

I.3 New Projects

During the June quarter, the Company was fortunate to secure, by way of application, the Swan River Kaolin project area at Meckering, South West WA, ground previously held by Swan River Kaolin Pty Ltd, a subsidiary of Mineral Corporation Ltd, now in administration.

Substantial work was done on this project, including the establishment of a fully operating pilot plant at

Avon Industrial Park. The application covers areas of cleared freehold farmland. Land access arrangements have been initiated to facilitate access to the ground for exploration, following the granting of the exploration licence.

Preliminary work is now being undertaken to analyse the potential for a market in China and Japan.

The Company aims to substantiate the previous exploration licence holders JORC reporting, following the granting of the tenement, and all necessary approvals.



Fig I.1: Kaolin test pit located on EL APP E70/3923, formerly held by Swan River Kaolin Pty Ltd at Meckering



2. Project Review

2.1 Lake Macleod Gypsum Project

The Lake Macleod project consists of four tenement applications over previously drilled gypsum mineralisation in the Lake Macleod area, North West Western Australia. A further fifth exploration licence (E09/1572) application has now been granted and drilling commenced in early July 2010. The exploration licence lies to the immediate east of Rio Tinto's salt operations on Lake Macleod, and contains three historical exploration target areas covering approximately 180km². The Company's priorities at Lake Macleod are: to review and research the existing gypsum mineralisation described in historical reports; define areas for exploratory drilling through site visits and sampling; seek to develop JORC-compliant gypsum resources through systematic drilling, assaying, metallurgical and market analysis; and undertake studies with the aim of gaining access to existing or new transport infrastructure.

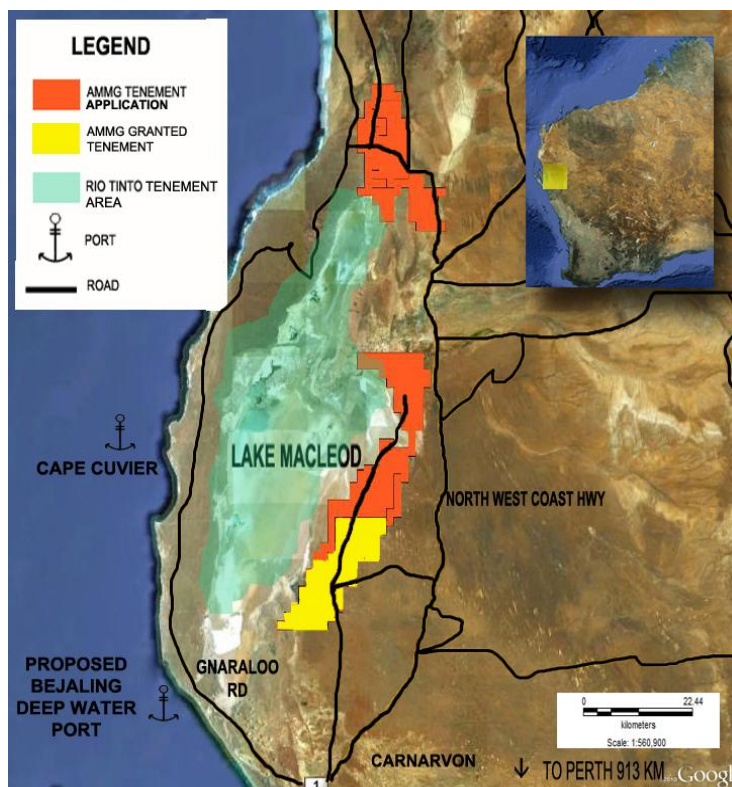


Fig 2.1: Satellite map of Lake Macleod tenement areas

2.1.1 Lake Macleod Drilling

A geologist and drill rig were dispatched to E09/1572 during July 2010. Eight gypsum exploration target* areas were mapped through a sequence of geo-referencing using aerial photos and analysing the work of previous tenement holders (refer to map overleaf). A drilling program of 87 auger holes was designed over these targets, aimed at testing the continuity of any observed sub- and outcropping gypsum horizons and obtaining samples for analysis of gypsum quality. The holes were set out at nominal 300m to 500m spacing, and drill intervals were logged for geology and gypsum content. One-metre samples (86 in total, including three duplicates) were taken, where a significant gypsum horizon was encountered. The samples were delivered to SGS Laboratories, Perth, for XRF analysis via method XRF78s for determination of silicate rock elements. The industry method for calculating gypsum purity via back-calculation from the assayed SO₃ content was then employed. To date, the log and assay data has been analysed via polygonal digitising in MapInfo and length-weighted averaging of the gypsum purity value. Digitised area and average logged thickness has been used to estimate volumes**. Results for drilling of the target areas are shown in the table below:

Target* Area	Holes	Gypsum Volume Range BCM	Samples	Purity Range %
Area 1	7	520,000 - 570,000	6	60 - 85
Area 2	1	20,000 - 24,000	1	65
Area 3	14	2,300,000 - 2,550,000	14	37 - 94
Area 4	1	50,000 - 56,000	1	49
Area 5	2	220,000 - 240,000	2	58 - 59
Area 6	2	233,000 - 259,000	2	30 - 52
Area 7	4	292,000 - 324,000	4	29 - 60
Area 8	32	5,130,000 - 5,698,000	53	32 - 99
Total of Areas 1, 3 & 8		7,950,000 - 8,818,000		35 - 97



2. Project Review

Current investigations indicate that gypsum within the licence area has been deposited in distinct ponds, swales or lakes linked and fed by brines from the main Lake MacLeod lake system to the west during times of high water levels. Minimal overburden is present, while gypsum formation is variable in thickness, attaining a maximum of 2.4m. Analysis of the Company's drill data suggests that three of the eight target* areas identified: 1, 3 and 8 warrant follow-up work, with a preliminary calculation indicating they may contain a total ranging from around 7.9 million BCM gypsum to around 8.8 million BCM gypsum, having average purity of 76%**. If taken in total, and subject to further analysis, this may place the gypsum in certain cement grade markets.

Within the aforementioned three principal areas, there occur sub-areas or pods of higher purity gypsum, having grades above 90% and silica levels below 6%** . The average purity of these pods is 94% with silica of 3.4%** . More work is required to delineate and quantify the higher purity areas, however, subject to further analysis, this material may be suitable for plaster grade gypsum. The other areas are considered too small and/or too low in quality to investigate further.

Future work at Lake MacLeod will include: more detailed data analysis and computer modelling to refine gypsum boundaries; further drilling, assaying and metallurgical tests to characterise the various gypsum grades; bulk density determination to use in tonnage calculations; and market analysis of potential products. It is envisaged that this will permit JORC compliant resource calculations to be undertaken.

All drilling to date has been embarked upon within the Company's most southern tenement. The process of target selection and drilling will include the Company's tenements north of Lake MacLeod, once they are granted. The remaining objections in relation to those tenements have now been withdrawn and the Company believes this will expedite the granting of those tenements.

**The term "Target" should not be misunderstood nor misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the term has not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve.*

***In accordance with the JORC Code (2004), the potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource.*

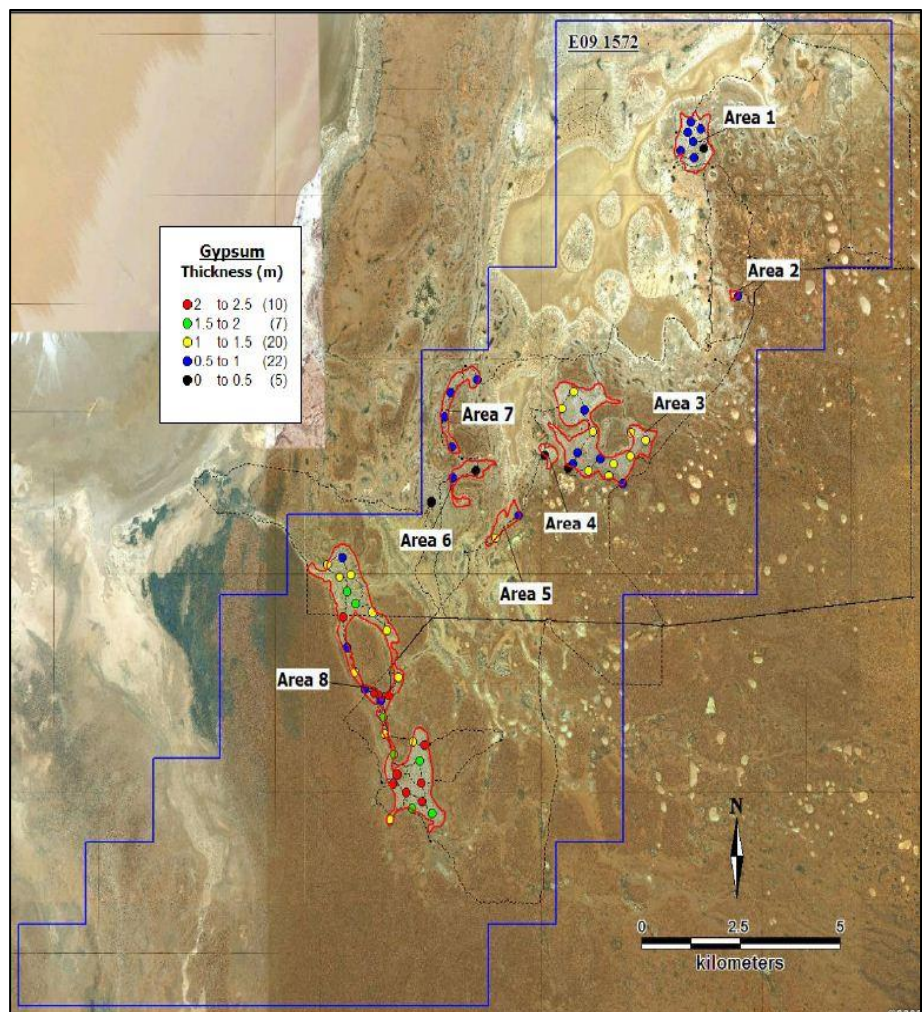


Fig 2.1.1: E09/1572 Mapped Gypsum Depositories and Drill Sites



AUSTRALIA MINERALS AND MINING GROUP LIMITED

2. Project Review

2.2 Constance Range Iron Ore Project

The Company's priority in the Constance Range, North Queensland area, was to obtain samples for metallurgical testing. Field sampling was conducted in May at Constance Range during the June quarter and metallurgical testing of Constance Range ore has commenced.

The Company has one granted tenement (EPM16620) and anticipates the granting of further tenements in the near future.

The Company has applied for a further two tenements in the area since listing, bringing the total area under application and granted status to over 650km².

A Native title agreement has been negotiated and further agreements are subject to negotiation.

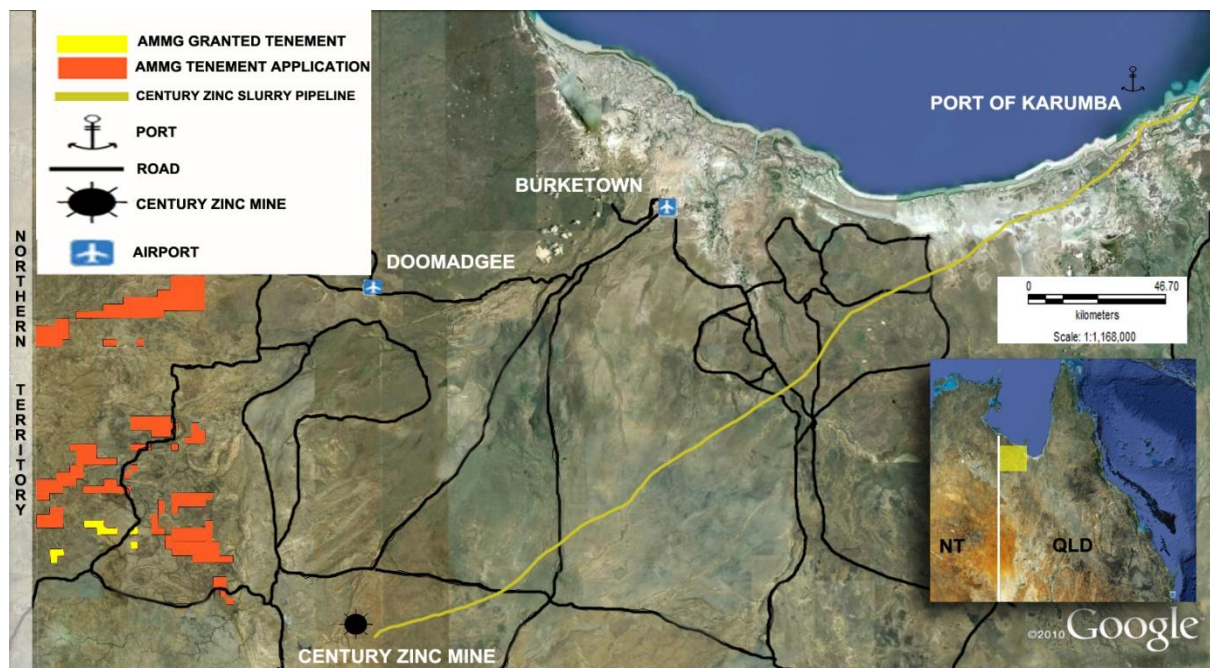


Fig 2.2: Satellite map of Constance Range Project tenement areas

The Company has engaged an external consultant to carry out a high level analytical review of BHP's historical data, and to investigate possible beneficiation options. Initial metallurgical work commissioned by AMMG show that the relatively high siderite content allows for significant beneficiation options with simple low intensity magnetic separation. Further, the expected beneficiation grade indicates: the potential for better iron content than the Pilbara DSO; very low alumina content; and very low sulphur content after roast. Further analytical work is ongoing.

In May 2010, a helicopter supported geological survey, including GPS fixing of prospects, initial sampling and deposit evaluation, was undertaken.

The Company is working with adjoining tenement holders to ascertain whether there are opportunities to joint venture or amalgamate the respective ground holdings.

2. Project Review

2.3 South West Kaolin Project

In line with its strategy of exploring potential near term production opportunities, AMMG moved to increase its exposure to kaolin during the June quarter. Currently, AMMG has four applications targeting kaolin in South West, Western Australia. The kaolin project's focus currently extends across three project areas— Meckering, Gabbin and Mt Mallet. The Company's initial priority, following grant, is focusing on securing the necessary land access arrangements and approvals to obtain bulk samples from all three project areas for initial metallurgical testing and potential marketing opportunities.

During the June quarter, the Company applied for an Exploration Licence at Meckering WA, which covers the Kelly and Jacobs Well kaolin projects previously held by Swan River Kaolin (SRK), a subsidiary of Minerals Corporation Ltd. The project area was also explored by CRA (Rio Tinto) after they surveyed the local district in 1990. SRK held the Meckering Project licence from 2003 to 2010 and undertook extensive exploration, which included three stages of air-core drilling, sample analysis, test pit work for bulk samples, pilot-plant testing, in-house and external metallurgical studies, and market evaluation.

Consultants also undertook geological modelling and mineral resource estimation work with Minerals Corporation Ltd, publishing an Indicated and Inferred resource statement in their 2009 Annual Report. SRK open file reports stated that the kaolin was classed as “bright” by industry standards and that “the pilot processing was very successful with test work confirming that potentially saleable products could be produced from the Meckering clays”.

AMMG plans to review the existing Meckering published exploration data and, subject to review, progress to a kaolin resource study once the tenement is granted. Initial work by the Company aims to include: modelling and geo-metallurgical characterisation of any defined kaolin resource; bulk sampling; metallurgical studies; and evaluation of potential markets.

The applications cover a combination of crown and freehold land. Access for exploration on freehold land would be subject to land access agreements with relevant landowners. Initial landowner discussions in relation to negotiating access on the Meckering project area have commenced.



Fig 2.3: Satellite map of South West Kaolin Project tenement areas



2. Project Review

2.4 South West Iron Ore Project

The Company has a major exploration program targeting iron ore in the wheat-belt and Yilgarn of Western Australia. The project comprises of seven exploration licence applications, located around Koolyanobbing and at Pingaring, Kukerin, Bencubbin, Mt Manning, and Illaara.

The exploration targets* are magnetite, and potentially hematite/goethite, contained within Archaean magnetite/banded iron formation units. With geophysics and fieldwork, the Company has identified prospective iron projects close to WA's existing rail network. The exploration licence applications cover a combination of crown and freehold land with access to freehold land being subject to land access agreements with the relevant landowners.

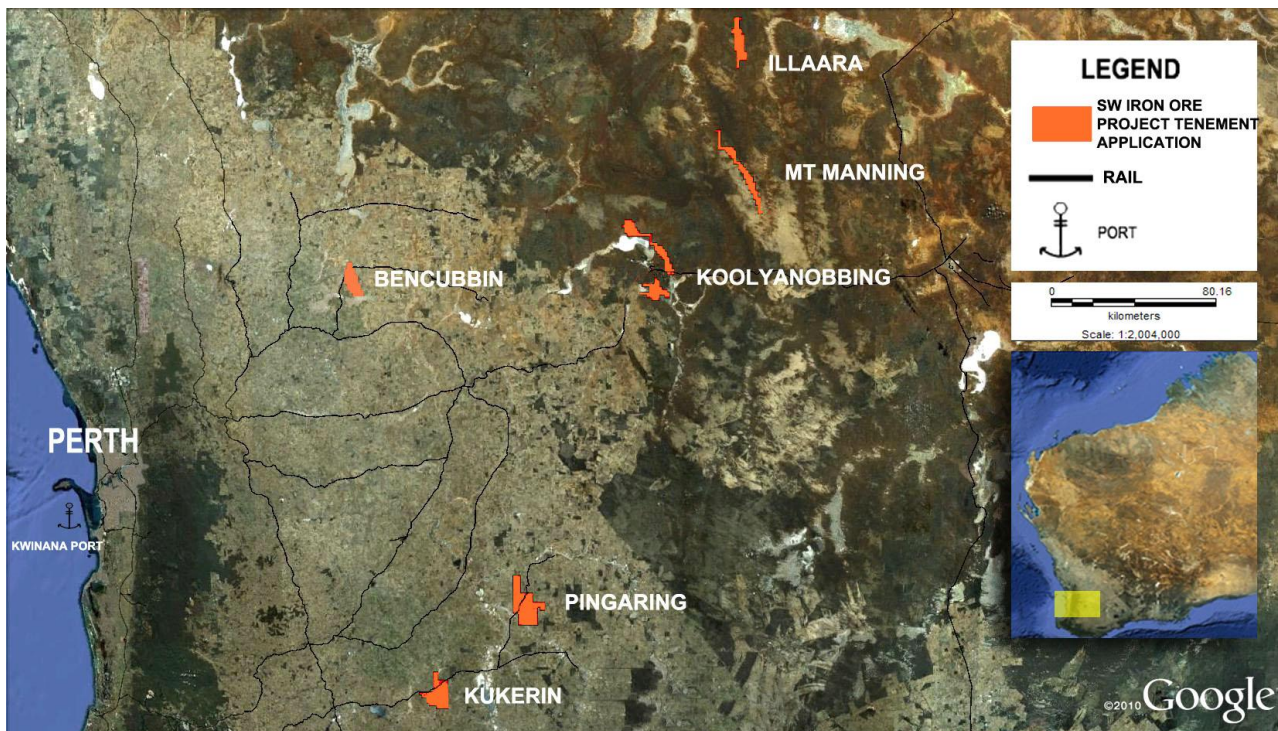


Fig 2.4: Satellite map of South West Iron Ore Project tenement areas

**The term "Target" should not be misunderstood nor misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the term has not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve.*



2. Project Review

2.5 South West Salt Project

The Company is currently investigating the potential of the growing strength of the export and domestic salt markets, and has been looking to extend its project footprint to potential opportunities in salt.

The Company has entered into a joint venture agreement and has made applications for exploration licences around the wheat-belt area of Western Australia. Areas targeted have, in certain instances, recorded historical production of salt and receive significant groundwater ingress, which generally causes dissolution of the lakes' surface as a salt crust.

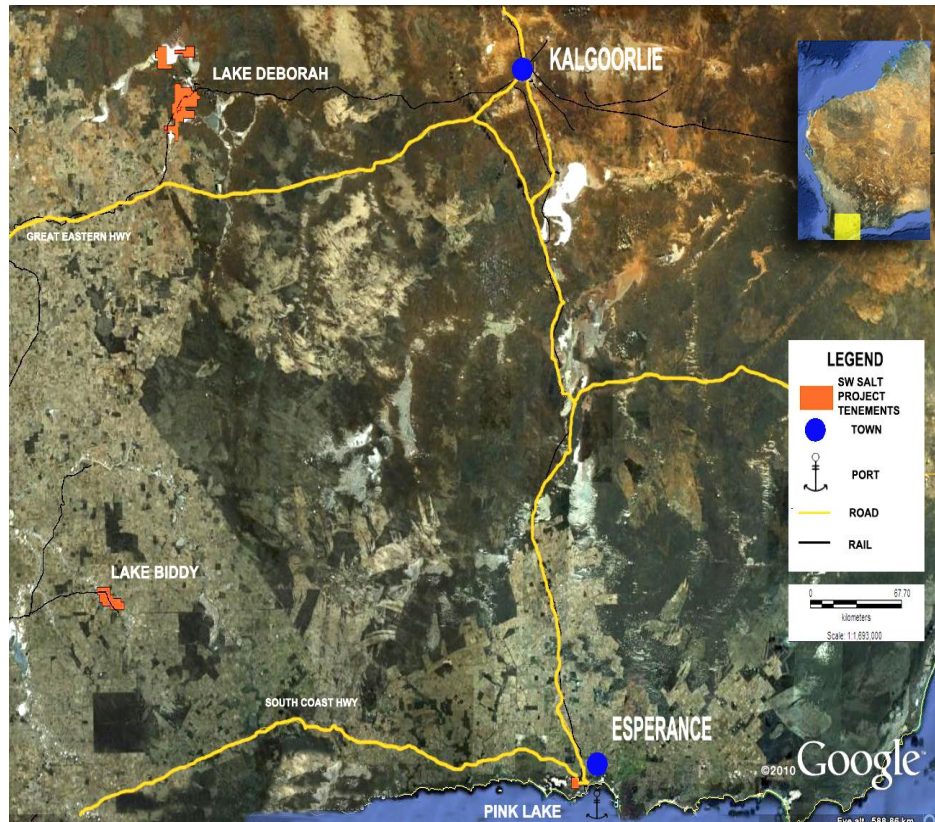


Fig 2.5: Satellite map of South West Salt Project tenement area

The Company is also in discussions with adjoining tenement holders to explore possible joint venture opportunities. In order to assess the potential of the salt projects, current priorities include: market evaluation; reviewing historical exploration undertaken in the region; sampling and sample analysis; and assessing exploration and evaluation methodology.

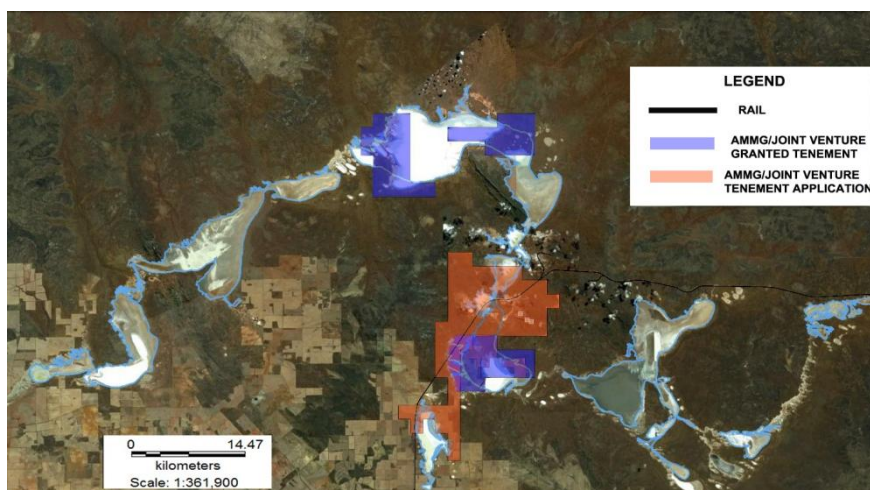


Fig 2.5.1: Lake Deborah joint venture tenements



AUSTRALIA MINERALS AND MINING GROUP LIMITED

2. Project Review

2.6 South West Mineral Sands Project

2.6.1 Scott River

AMMG has one granted tenement at Scott River (E70/3198) covering approximately 90km², which includes a number of areas previously reported by BHP as containing mineral sands, including ilmenite and zircon. A further two applications have been made post 30 June 2010, which also surround the Beenup mining lease held by BHP Billiton. The applications cover both freehold and crown land. In respect of freehold land, access for exploration would necessarily be subject to land access agreements.



Fig 2.6: Satellite map of South West Mineral Sands Project tenement areas

Past exploration work of BHP, Project Mining Corporation Ltd and Samedan of Australia, indicates that ground covered by E70/3198 contains a number of sites with heavy mineral concentrations. These sites have been recorded in the DMP Minedex Database with the most significant for E70/3198 being S01473 Swan Lake and S19536 Swan Lake E.

The Company will be targeting both shoreline or “strand” type deposits, and those of fluvial mineral settings as was previously mined at BHP Billiton’s Beenup operation. The latter is a large, low-grade, heavy mineral sand deposit associated with estuarine and fluvial sedimentary rocks in the Cretaceous Leederville Formation and overlying Tertiary sediments on the Scott Coastal Plain. Strand-style concentrations form along the foreshore or beach barrier where wind and wave action have concentrated the heavy minerals. Over geological time and in response to eustatic events, these strands can form a series of parallel concentrations over several kilometres.



2. Project Review

The heavy minerals in the Scott River area were derived from weathering of Proterozoic granulites and gneiss of the Leeuwin Block. Cainozoic lithologies at East Augusta typically comprise recent Pleistocene dune and beach sands, which pass laterally southwards into sandy limestone with corals and bivalve shells. The Mesozoic sediments are tentatively assigned Cretaceous ages and consist of a variety of sands, gravels and clays. Heavy minerals are present throughout both units as strand lines in the Cainozoic or as disseminations throughout the Cretaceous lithologies. Ilmenite dominates the heavy mineral suite with minor zircon and leucosene. The Beenup discovery was announced in 1988 and was in production from 1995 to 1999, after which it was placed in care and maintenance. Other discoveries in the area include Jangardup, Jangardup South and Metricup. On the Scott Coastal Plain, there are mineral sand deposits and occurrences along the Warren or Scott Shoreline, the Donnelly Shoreline, the Milyeaanup Shoreline and the Quindalup Shoreline.

BHP carried out exploration over the Beenup, Karridale and Scott River Mineral Sands Projects during the 1980's and 1990's and commenced substantial infrastructure projects and geological investigations within the East Augusta area. The work of past explorers and government agencies is being gathered and collated in a geospatial database. Field surveys, geological mapping, geophysics and air-core drilling together with sample assaying and mineralogy will be undertaken, subject to necessary approvals and where warranted on granted tenements to both confirm the early investigations and to endeavour to work towards JORC compliant mineral resources. Geological settings in the region where mineral sand may have concentrated include: Late Tertiary and Quaternary shallow marine sands, that have reworked Permian to Cretaceous sediments or material eroded from them; coastal sand deposits subjected to marine transgression/regression; fossil dune sands; Cretaceous fluvial, estuarine and deltaic sediments; residual deposits over Precambrian Rocks; alluvial channels developed over Precambrian rocks. See below Scott River tenement map:

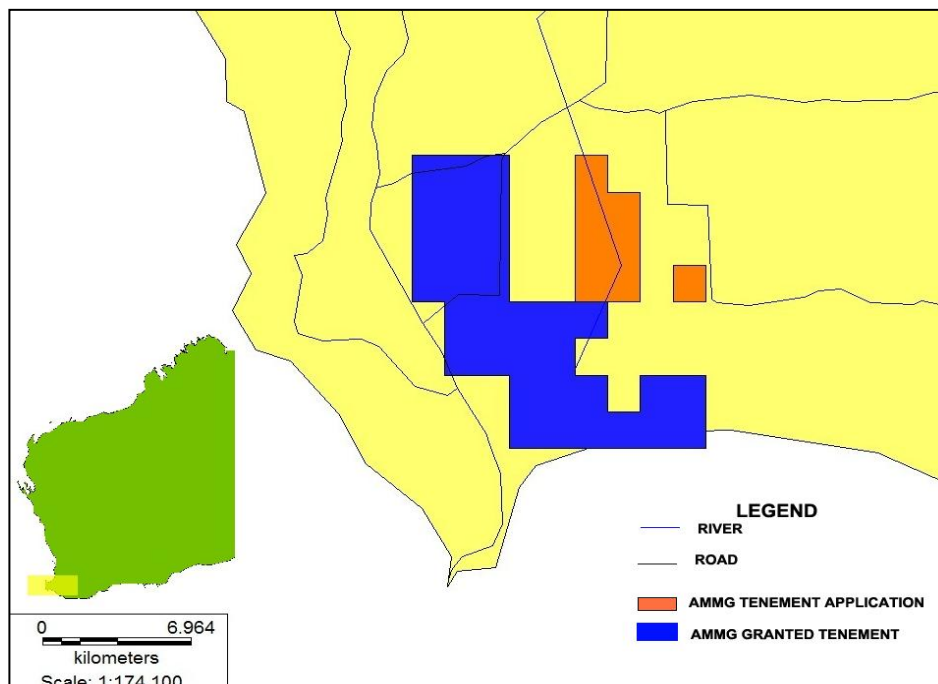


Fig 2.6.1: Scott River granted tenement E70/3198 and application E70/3935-6



2. Project Review

2.6.2 Gairdner

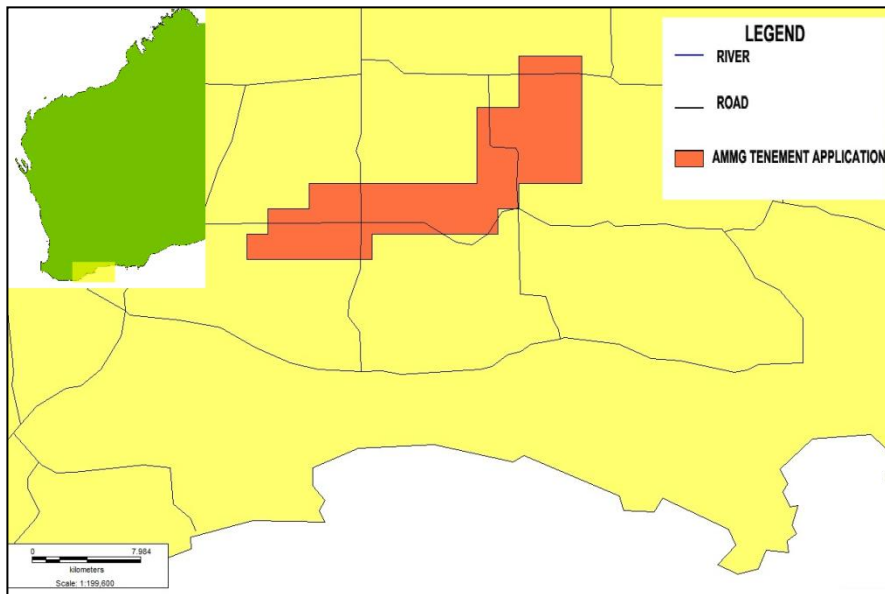


Fig 2.6.2: Map of Gairdner tenement E70/3902

Tenement E70/3902, Gairdner, was applied for in May 2010 (figure 2.6.2 refers). The tenement is located 140km NE of Albany in the Bremer Basin and covers part of a Late Eocene fossil coastline, 10 – 20km inland from the present shoreline. The area was explored for heavy minerals in the late 1980's by Eucla Mining NL, which reported concentrations of ilmenite and zircon.

The Company is now reviewing the historical data; the source of the heavy mineral is the mafic and felsic ortho- and para-gneisses of the Albany-Fraser Province. The heavy mineral was brought to the coast by palaeo-rivers and concentrated in largely marine sediments of the Pallinup Siltstone Formation during a marine transgression.

A possible three periods of sea still-stand have been recognised, with these creating three shoreline heavy mineral depository settings at slightly different elevations. The principal of these, at RL90m, has been termed the "Bremer Shoreline". The heavy mineral assemblage is dominated by ilmenite and altered ilmenite and carries zircon credits.

It is interesting to note that this shoreline setting is similar to that which companies such as Diatreme Resources Limited and Image Resources NL are exploring in the Western Australian part of the Eucla Basin and are planning towards development of the Cyclone and Cyclone Extended heavy mineral sands deposits. These deposits are reportedly "rich in zircon".



2. Project Review

2.7 West Pilbara Iron Ore Project

The West Pilbara Iron Ore Project comprises six exploration licence applications in the Pilbara Mineral Field of Western Australia. The areas, which lie approximately to the south of Goldsworthy and approximately 100 km east of Port Hedland, cover approximately 1100 km² at the north-eastern margin of the Pilbara Block.

AMMG proposes a staged exploration program at the West Pilbara Project. A compilation of available magnetics, radiometrics and Landsat imagery will form the basis for the identification of targets* with potential for magnetite iron ore mineralisation as well as uranium mineralisation. Subsequently, more detailed aeromagnetics and radiometrics will be acquired to refine these targets, with drilling to follow. The Company continues to work towards negotiation with native title groups for removal of the objections to the five exploration licence applications as listed in its IPO Prospectus.



Fig 2.7: Satellite map of West Pilbara Project tenement areas

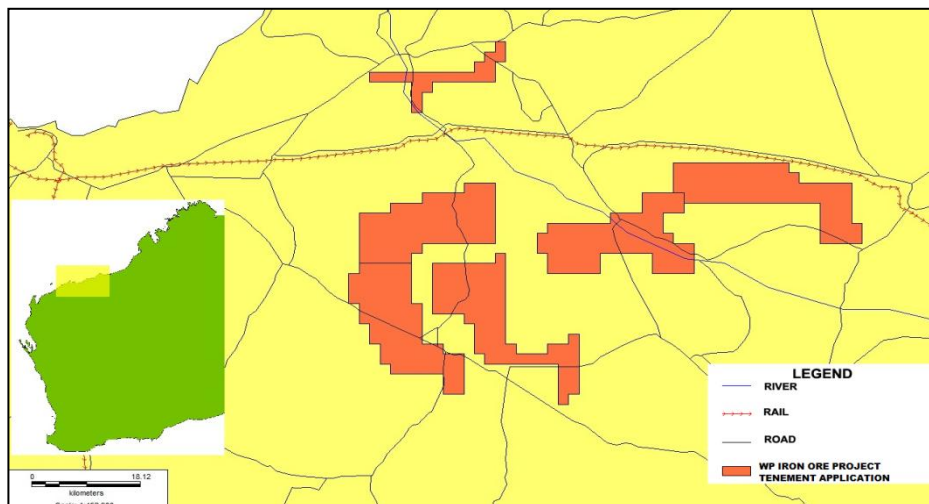


Fig 2.7.1: Map of West Pilbara Project tenement areas

*The term "Target" should not be misunderstood nor misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the term has not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve.



2. Project Review

2.8 Calwynyardah Bentonite Project

The Calwynyardah project is located 170 km east of the town of Derby in the Kimberley region of North Western Australia on the Lennard River and Noonkanbah (1:250,000 map sheets). The project covers part of the area along the margin of the Fitzroy Trough, and overlays four lamproite pipes under colluvium cover. Concentrations of orthoclase and montmorillonite (bentonite) were identified during past exploration in crater-lake sediments overlying the Calwynyardah and Laymans Bore East lamproite pipes. AMMG applied for an exploration licence over these pipes during the year. Once the licence is granted, the Company plans, if warranted, to drill the historical exploration areas targeting both orthoclase and montmorillonite (bentonite) clay that was identified during previous exploration. Exploration will be targeted around the margins of the lake.



Fig 2.8: Satellite map of Calwynyardah Bentonite Project tenement area

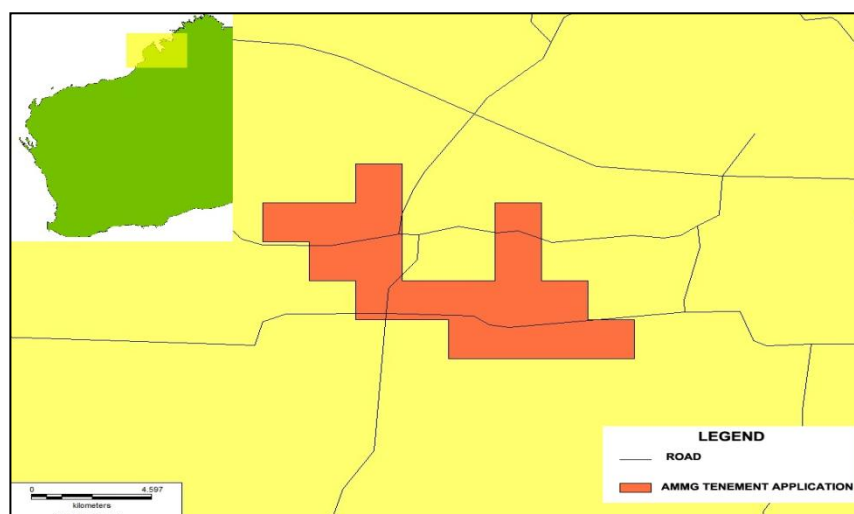


Fig 2.8: Map of Calwynyardah Bentonite Project tenement area

COMPETENT PERSONS STATEMENT: In accordance with the Australia Stock Exchange requirements, the technical information contained in this report has been reviewed by Mr. Derek Judkins, Chief Geologist of the Company. The information in the report to which this statement is attached that relates to Mineralisation is based on information reviewed by Mr. Judkins, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Judkins has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Judkins consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.



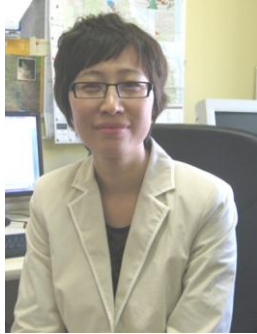
AUSTRALIA MINERALS AND MINING GROUP LIMITED

Overview of Management and Personnel

Research & Development/ Technical & Foreign Marketing

Summer Qi

Research &
Development Officer



Summer Qi has a Masters degree in Chemical Engineering from the University of Adelaide. Summer was born in Weifang, Shandong Province, China, and is a fluent Mandarin speaker. She joined AMMG in August 2010, and is responsible for research and development in mineral processing technologies, feasibility studies and costing of these processes, as well as technical marketing. Summer is also well equipped to translating technical and non-technical information, and will assist in negotiations with any potential Chinese investors and off-take partners.

Prior to joining AMMG, Summer was the Chemical Engineer for an ASX-listed company, Reclaim Industries Ltd. She was responsible for researching a variety of topics relating to chemical engineering to investigate possible products in rubber recycling industries. She also assisted in communication and negotiations with Chinese clients and potential joint venture partners.

Administration & Communications

Jane Carew-Reid

Office Manager/
Communications
Co-ordinator



Jane Carew-Reid became the Company's Office Manager/Communications Co-ordinator in August 2010, after completing her Bachelor of Arts/Communications degree at the University of Western Australia, where she majored in English.

Jane is responsible for co-ordinating AMMG's administration and communications, focusing particularly on project marketing, human resources, IT support, and accounts.

Jane has worked in office administration for over five years, in both the entertainment and media industries. Having worked at the West Coast Eagles football club for over three years, Jane assisted coaching and recruiting staff in off-field development affairs for both players and potential draftees. Prior to that, Jane was Production Assistant for an advertising and marketing company.

Exploration

Derek Judkins

Chief Geologist



Derek Judkins is a highly qualified and experienced geologist, with over 30 years experience in the mining industry. He holds a Bachelor of Science degree from Canterbury University, NZ. Derek's career includes senior and technical service roles in industrial and heavy minerals, as well as early employment as a nickel geologist.

His responsibilities have covered exploration and mining geology, mine planning, including metallurgy and product quality control in titanomagnetite. Derek has worked on some world-class ore bodies, such as the Eneabba mineral sands field and Queensland Magnesite's magnesite deposits. He brings to the Company experience in pre-feasibility and feasibility studies on new mineral deposits, ore body characterisation work and mine development projects. Derek also possesses significant experience as a competent person for JORC mineral resource and ore reserve determinations and reporting.

Exploration

William (Chub) Witham

Senior Exploration
Consultant



William (Chub) Witham is a senior exploration consultant to the Company. William holds a Bachelor of Science (Honours) from the University of Western Australia, and is a member of the Australian Institute of Geoscientists.

He brings a broad combination of skills and depth of experience; having worked in the government and financial sectors of the resources industry, and having held the position of Managing Director and Exploration Manager for a number of Australian mining companies over the past 21 years. Mr. Witham's expertise extends from geological sciences and exploration in multiple commodities, through to project approvals, community relations, and business development.



3. General Market Overview

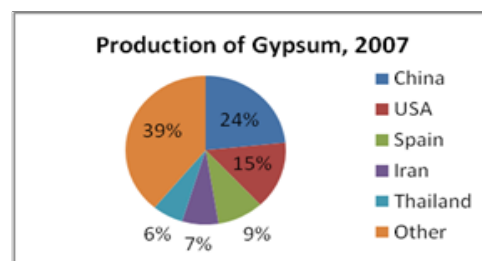
The information contained in this market overview section is of a general nature, and has been sourced via industry publications. Whilst all care has been taken to ensure the accuracy of the statements contained, the Company makes no warranty, express or implied, as to the completeness or accuracy of the information, and each of the Company's officers, employees and advisers expressly disclaims any responsibility or liability for the accuracy of such statements. All parties should seek independent expert advice or carry out their own assessment as to the accuracy or otherwise of the statements.

3.1 Gypsum

3.1.1 Global Production and World Market for Export Gypsum

It is reported by the British Geological Survey World Mineral Production that world resources of gypsum are large and widely distributed: more than 90 countries produce gypsum. China was the world's leading producer of gypsum in 2007, while the United States was the world's second producer with a production of 22 million tonnes. Spain was the leading European producer and third in the world, and supplied both crude gypsum and gypsum products to much of Western Europe. Iran ranked fourth in world production, supplying much of the gypsum needed for construction and reconstruction in the Middle East. In 2007, the total world production of gypsum reached 149.7 million tonnes.

As the graph indicates, the production of gypsum in 2007 was concentrated in North America, Europe and Asia, with the majority of international trade of gypsum occurring in the same region. The United States was a large importer with 36 million tonnes of imports of crude gypsum from Canada and Mexico. Germany was the main consumer of gypsum in Europe, while Japan was the largest end-user in Asia.



3.1.2 Market Demand – Asia Drives

Gypsum is mainly used in construction materials, such as wallboard and plaster. In Asia, a growth in wallboard use and new gypsum product plants have led to increased production. As more cultures recognise the economics and efficiency of building with wallboard, it is predicted that worldwide production of gypsum should increase proportionally. According to Roskill's report, global consumption of gypsum could reach over 300 million tonnes by 2015, from 216 million tonnes in 2008.

3.1.3 Uses

Gypsum is a key ingredient in the wallboard, building, and decorated plaster, cement and agriculture markets. The uses include:

- **Wallboard:** gypsum forms the hardened core of wall board in the building and construction industry.
- **Plaster:** natural gypsum is the main component in the manufacture of plaster compounds, including plaster mouldings for internal decorations in buildings and some wall coatings.
- **Cement:** gypsum is used in large quantities by the cement industry as a setting retardant.
- **Agriculture:** natural gypsum is used as a soil conditioner in heavy soils to improve soil structure and water penetration. In comparison to some chemical fertilisers, natural gypsum is regarded as an effective low cost source of sulphate sulphur for crops such as canola.
- Gypsum is also used in tennis court construction, beer production, pottery plaster, toothpaste, food additives, paint manufacture, casts and sculpture.



3. General Market Overview

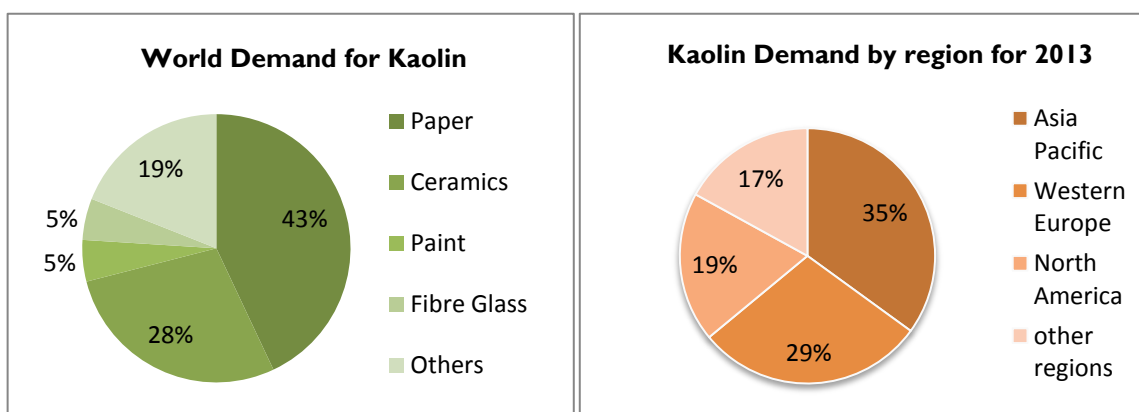
3.2 Kaolin

3.2.1 Market Demand – Growth of Paper Industry in Asia

The positive outlook for kaolin demand in Asian markets is driving kaolin development in Australia. The paper industry is the key driver, with its continued growth in Asia translating to associated increasing consumption of kaolin.

A crucial factor for increased demand is Asia's requirements for high brightness coating clays for high quality paper products. Currently, there is a reported marked supply-demand imbalance of high quality coating clay grades in Asia, which imports about 1.7 million t/a from the USA and Brazil. In essence, Asia consumes 25% of world coating clay output, but only produces about 4%. Japan imported 1 million tonnes of kaolin in 2009 and was the largest kaolin importer in Asia.

World demand for kaolin is predicted to grow 1.7% a year to reach 24.8 million tonnes by 2013, according to a recent forecast report.



3.2.2 China – Now the World's Largest Paper and Board Producer

Of the 11.6 million tonnes increase in world paper and board production in 2007, an incredible 74% was accounted for by China, which saw its market grow by 13%. China became the world's largest paper and board producer at the end of 2009, with the production of 98 million tonnes.

China is expected to represent over half of the global increase in kaolin demand and to rise 6.8% a year, to reach 3.6 million tonnes by 2013. In 2009, China imported 300,000 t/a of high quality coating clay, which is supplied mainly from Brazil and the USA. The imports of kaolin are expected to increase as the expansion in kaolin demand is likely to outpace Chinese kaolin output.

3.2.3 Kaolin Price

The price of paper coating grade kaolin varies from different producers:

Sources	Price (US\$ per ton)
No.1 paper coating grade, Ex-Georgia Plant	146-185
No.2 paper coating grade, Ex-Georgia Plant	95-147
Brazilian kaolin, paper coating grade, 5% moisture, bulk, CIF Europe	170-215
Brazilian kaolin, paper coating grade, slurry form, bulk, CIF Europe	195-240



3. General Market Overview

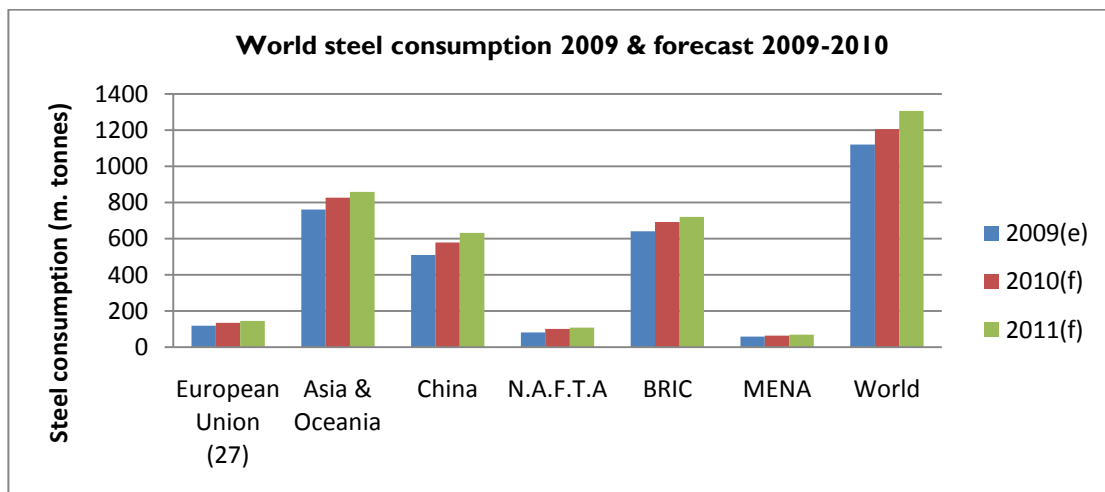
3.3 Iron Ore

3.3.1 Recovery in Steel Demand

The World Steel Association (WSA) reports that it expects global steel demand to exceed pre-Global Financial crisis levels in 2010, and reach a record high in 2011, driven by emerging economies, particularly China, India and the Middle East. In its short range outlook for 2010 and 2011, the WSA forecasts that apparent steel use will increase by 10.7% to 1,241 million tonnes in 2010. The demand is expected to grow by 5.3% to a historical high of 1,306 million tonnes.

Key growth areas are expected to be China (6.7% forecast 2010 growth), India (13.7%), Japan (10.3%), and N.A.F.T.A (North American Free Trade Agreement; 26.5%).

A strong recovery in steel demand will help boost markets for a wide range of industrial minerals used in refractory applications, which have been hit hard by the global economic downturn.



3.3.2 China Factor

WSA further reports that the Chinese steel industry has performed well during the global economic downturn, as established producers in Europe and North America cut production in line with reduced demand. China's crude steel production in 2009 reached 567.8 million tonnes, which boosted China's share of world steel production to 47% of world total crude steel.

China's steel demand is forecast to rise 6.7% in 2010 to 579 million tonnes after an increase of 24.8% in 2009, with 2.8% growth expected in 2011. According to WSA estimates, China will account for an astonishing 48.4% of global steel use in 2011.

It is reported that in the long-term, steel demand in China will continue to be strong until 2025, with no sharp inflection point due to ongoing urbanisation. With 45% of the population currently urbanised in developed economies, a trend for larger floor space and higher buildings is apparent, translating to higher demand for steel. However, China is still light on steel as the cumulative steel consumption is only 10-20% of major developed economies. For all the above reasons, the steel production in China is forecast to reach 1.1 billion tonnes by 2025, with a 4.8% annual growth rate. As China's demand for steel rises, the demand for iron ore is expected to remain strong.



3. General Market Overview

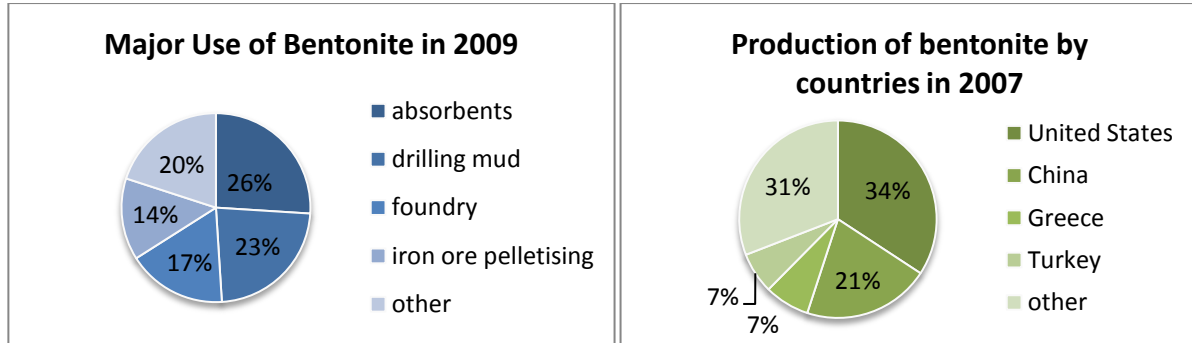
3.4 Bentonite

Currently, there are limited reported commercial bentonite mineral occurrences being exploited in Western Australia. The Company has identified a potential market arising from the development of magnetite iron ore processing plants in Western Australia's north that have a requirement for this material.

3.4.1 Uses – Magnetite Iron Ore Processing

Bentonite's mainstream markets are in drilling mud, foundries, iron ore pelletisation, and absorbents. The high purity grades are used in a range of low volume, high value niche applications such as food, cosmetics, clarifying, and animal feed.

Bentonite is used as a binding agent in the manufacture of taconite pellets, as used in the steelmaking industry. Taconite became a new source of iron after World War II. To process taconite, the iron ore is ground into a fine powder; the magnetite is separated from the waste rock by strong magnets; the powdered iron concentrate is combined with a binder such as bentonite clay and limestone as a flux; and rolled into pellets about one centimetre in diameter containing approximately 65% iron. The pellets are fired at very high temperatures to harden and make them durable. This is necessary to ensure that the blast furnace charge remains porous to allow heated gas to pass through, and react with the pelletised ore. Firing the pellet oxidizes the magnetite (Fe_3O_4) to hematite (Fe_2O_3), an exothermic reaction, which reduces the energy cost of pelletising the concentrate.



3.4.2 Market Demand

The world mine production of bentonite was 14.9 million in 2007, while the total world demand for bentonite is expected to rise substantially to 22.4 million tonnes by 2012. According to a recent report, demand in foundry and iron ore pelletising (IOP) will increase by 5% and 3% respectively, per year until 2012.

IOP consumption is driven by countries such as China, India and Russia, which is increasing iron demand. An additional 45.3 million tpa global IOP capacity is scheduled to become available by 2012. As a result, the demand for bentonite in IOP market is expected to expand rapidly over the next few years with a number of pelletisation plants starting production in Australia, Brazil, China, India, Russia and Sweden.



3. General Market Overview

3.5 Mineral Sands

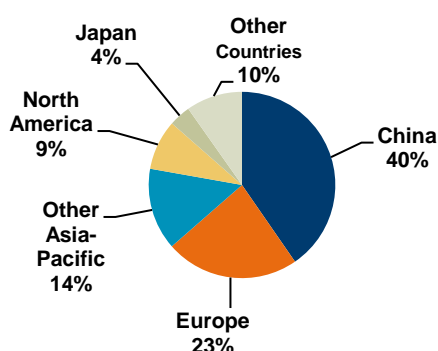
3.5.1 Zircon Market Demand – Growth

“Zircon demand remains strong and customers are scrambling for material” (*Industrial Minerals (IM) 16 August '10: Zircon prices set to rise*). Several market factors are creating a supply-demand divergence and putting rapid upward pressure on zircon prices. On the supply side, Iluka Resources recently closed what had been a world leader in zircon, Eneabba Operations, Western Australia. An easing in production from Indonesia and Hainan Island, China has also been reported, while some new projects have not yet ramped up to full production and others are yet to be commissioned. Due to this uncertainty in the market, it has been reported that some buyers have taken as much as a two year supply to give them time to evaluate their supply options.

This market unease has led to rapid price increases with premium grade zircon now demanding \$1,020US/tonne, bulk volumes, FOB Australia, up from around \$900-950US/tonne at the start of the year. An Industrial Minerals' news brief recently stated that strong Chinese demand has seen a rising trend in prices over the past two years, and suggested it may breach the \$1,000US/tonne barrier towards the end of 2010. Buyers have locked in contracts paying as much as \$1,150US/tonne, FOB Australia, for Q4 delivery. Some analysts argue that zircon's asking price should be in the region of \$2,000US/tonne. The view of mineral sands consultants, TZMI, is that zircon sand availability over the period to 2020 was “highly unlikely” to be matched by new supply, and that price increases are justified.

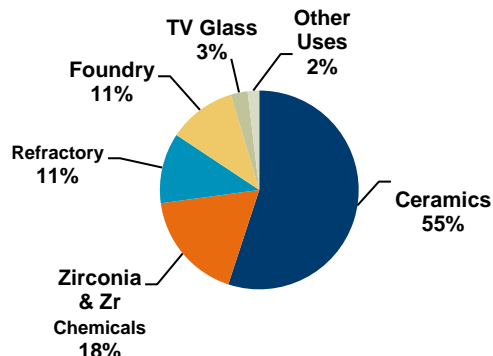
The major market for zircon is in ceramics, and China's ceramics industry produced 43 billion pieces in 2009. Chinese household ceramics increased by 30%, wall tiles by 22% and sanitary-ware was up 12%. China is the world's largest producer of zirconium oxy-chloride based chemicals and in 2009 their industry consumed 91 thousand tonnes of lower grade zircon sand. Although a relatively small market compared to the above, nuclear grade zirconium is very important to China's nuclear power expansion plans, with the material having special processing properties. A third of zirconium material used in nuclear power generation plants needs to be replaced annually, making it a “consumable.” It has been stated that 34 nuclear power generation units are under construction in China.

Zircon consumption by end-use region: 2009



NOTE: China zircon consumption includes sand processed from imported concentrates.

Zircon consumption by end-use market: 2009

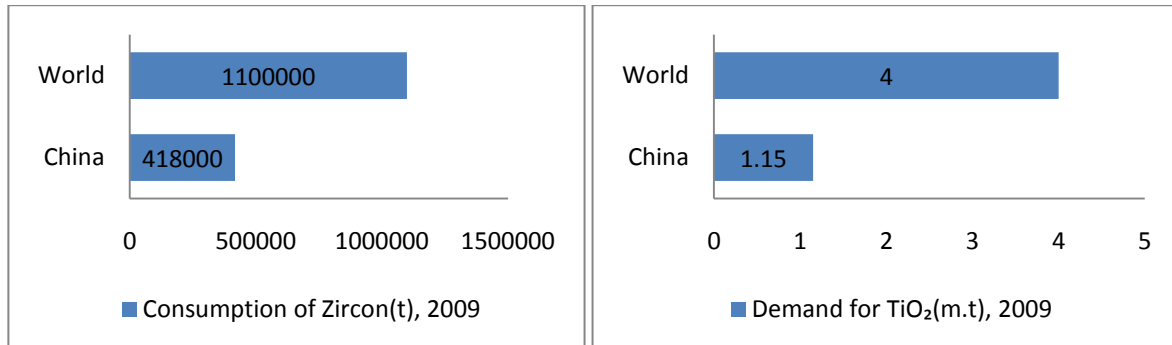


SOURCE: TZMI



3. General Market Overview

3.5.2 TiO₂ Mineral Sands Market Demand – Growth



The cost of rutile, the high grade TiO₂ feedstock, has been gradually rising over the past two years from \$450-490/tonne in 2008 to \$530-550/tonne today. Price pressure is due in part to supply problems from existing sources such as Ukraine and Australia.

China has been a key influencing factor on the TiO₂ industry. The country is seeing somewhat of a TiO₂ revolution and is on course to double capacity in the 2010 year through expansions to 2.7Mtpa, but IM states that this will not satisfy domestic demand driven in the main by paint, and coatings used in car manufacturing and white goods.

It is expected that by 2013 the supply of titanium minerals, such as rutile and ilmenite, will be well short of consumption by the titanium dioxide (TiO₂) pigment producers. Industrial Minerals reports that “supply is dwindling in relation to demand, new projects are not emerging and developments are being cancelled at a rate never seen before”. As with zircon, there are strong long term growth prospects in China and other titanium dioxide markets. Buyers are accepting increases of 30-50% for the pigment, which usually equates to \$25-100US/tonne for the minerals.

Price pressure is due in part to supply problems from existing sources such as Ukraine and Australia. The cost of rutile, the high grade TiO₂ feedstock, has been gradually rising over the past two years, from \$450-490US/tonne in 2008 to \$530-550US/tonne today.

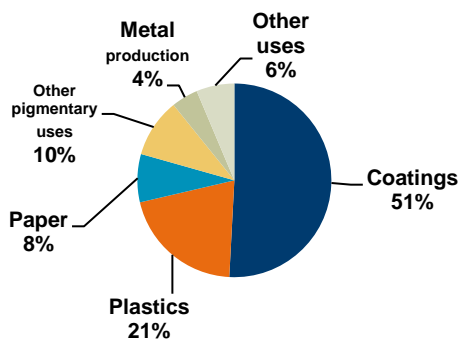
Industrial Minerals reported recently: all of China’s TiO₂ manufacturers use the sulphate route, which requires ilmenite as a feed mineral. The more technical chloride process, which uses rutile, is not yet in China, or at least ready to be implemented on an industrial scale.



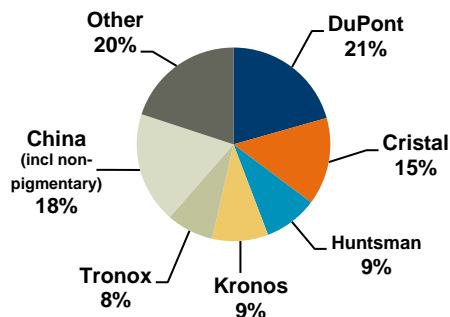
AUSTRALIA MINERALS AND MINING GROUP LIMITED

3. General Market Overview

TiO₂ consumption by end-use market: 2009



TiO₂ pigment production by company (incl. China): 2009



SOURCE: TZMI

3.5.3 Mineral Sand Prices September 2010

Zircon – Australian Bulk	
FOB Premium	US \$940 – 980
FOB Standard	US \$830 – 860

Ilmenite – Australian Bulk	
Min. 54% TiO ₂ , FOB	US\$65 - 85

Rutile – Australian Concentrate	
Min. 95% TiO ₂ , bagged, FOB	US\$725 - 800
Min. 95% TiO ₂ , large vol. for pigment, FOB	US\$530 - 550



3. General Market Overview

3.6 Salt

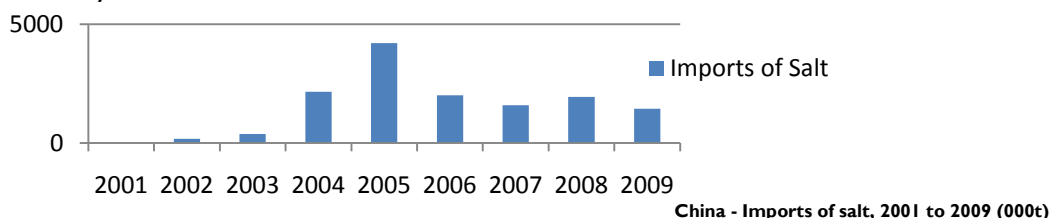
3.6.1 Global Production and World Market for Export of Salt – the Demand in Asia

It is reported that the current global output of salt is estimated at 240 million t/a. The total world export trade of salt is less than 20% of production and is mainly located in the pan-pacific region, which accounts for 50% of the global trade. The export of salt from Australia and Mexico is about 17 million t/a, accounting for 46% of global exports, with approximately 16 million tonnes exported to Asia. Because of their low domestic salt production, Japan and Taiwan imported about 11 million tonnes of salt in 2006.

Country or Region	Year	Total imports/Million t	Imports from Australia/Million t
Japan	2006	8.8	3.6
Taiwan	2006	2.9	2.3
China	2006	2.0	1.3
South Korea	2006	2.6	1.2
Indonesia	2005	1.4	1.2

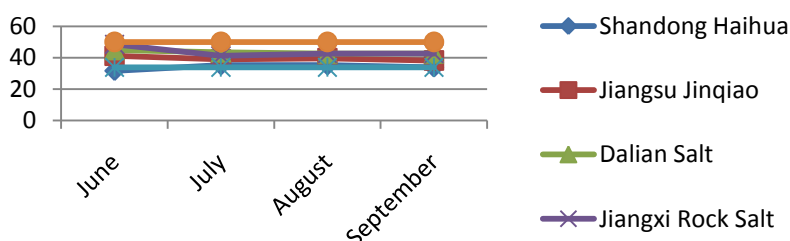
3.6.2 China Demand for Salt

In the past ten years, the rapid expansion of chlor-alkali industries in China made the growth rate of domestic crude salt far lower than the growth of demand, which led to a sharp growth in imported salt. From January to July in 2010, the total imports of salt were around 1.24 million tonnes in China. With the recovery in chlor-alkali industry from 2010, the demand of salt is expected to increase steadily in China over the next two to three years.



3.6.3 Salt Price in China

The price varies from different producers in China:



Salt price in 2010 (USD/t)

Recent reports show that the main factor currently limiting the imports of salt into China is the high price. However, the price of salt is not stable in China due to the influence of the weather on the salt production. In addition, the chlor-alkali industry is currently replacing the old processing plants into the membrane process. The machinery used in this process is principally imported from Japan or Germany, which requires a high standard of the purity of raw salt material. The high quality of imported salt, particularly the salt from Australia, is thus more competitive in the chlor-alkali industry. As a result, it is predicted that the demand for imported salt in China should increase in the long term, especially for the higher quality salt in the modernisation of the chlor-alkali processing plants.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Annual Financial Report

ABN 45 125 301 206

Financial Statements for the year ended 30 June 2010



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Corporate Directory

DIRECTORS

Luke Fredrick Atkins
Executive Chairman

David John Brook
Non-Executive Director

Christopher John Forrester
Non-Executive Director

Daniel Lewis Tenardi
Non-Executive Director

COMPANY SECRETARY

Sam Middlemas

PRINCIPAL REGISTERED OFFICE

**3 Bay Road
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Western Australia 6009**

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Facsimile: (08) 9389 5510
Email: info@ammg.com.au
Internet: www.ammg.com.au**

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Perth
Western Australia 6000**

SHARE REGISTRY

**Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross
Western Australia, 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233
Email: registrar@securitytransfer.com.au**

STOCK EXCHANGE LISTING

**The Company's shares are quoted
on the Australian Stock Exchange.
The Home Exchange is Perth.**

ASX CODE

**AKA - ordinary shares
AKAO - listed option**



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Directors' Report

The Directors present their report on Australia Minerals & Mining Group Limited at the end of, or during the year ended 30 June 2010.

DIRECTORS

The names and details of the Directors of Australian Minerals & Mining Group Limited during the financial year and until the date of this report are:

Luke Frederick Atkins – LLB
Executive Chairman

Appointed 8 May 2007

Luke Atkins is currently a non-executive director of the ASX-listed mining and exploration company, Bauxite Resources Ltd, a role which he has held since co-founding the company in 2007. He has had experience in the resource sector from project generation, exploration, project management, project finance, commercial and legal structuring, and corporate development.

Mr Atkins has extensive experience in capital raisings and has held a number of executive and non executive directorships of private and publicly listed companies, including a number of mining and exploration companies.

Mr Atkins is a lawyer by profession and was previously the principal of Atkins and Co Lawyers, a Perth-based legal firm, which he owned and managed for seven years. Mr Atkins brings to the board extensive experience in the areas of minerals exploration, legal matters, and corporate governance.

During the three year period to the end of the financial year, Mr Atkins continues to hold a directorship in Bauxite Resources Ltd (17 February 1995 to present). He previously held directorships in Reclaim Industries Ltd.

David John Brook – BA (Hons, First Class)
Non Executive Director

Appointed 17 September 2009

David Brook is currently an investor relations account manager at Professional Public Relations firm. He is an experienced mining industry executive and consultant, specialising in the fields of investor relations, financial and corporate communications, government and community relations and sustainability. He has almost 20 years experience in the global resources sector and government in Australia, New Zealand and Asia, including experience with resource industry leaders Rio Tinto and Alcoa.

Mr Brook previously operated his own investor relations and financial corporate communications consultancy. Prior to this he was Head of Investor Relations and Corporate Affairs for Consolidated Minerals Limited, an ASX 200 and AIM listed diversified mining company.

Mr Brook brings to the Board extensive corporate experience in the mining and government sectors. As a government relations and issues management adviser for Alcoa Australia, Mr Brook managed Alcoa's state and federal government relations strategies for major growth projects in Australia. Previously Mr Brook worked in corporate communication management roles with Western Australian minerals sands miner, Iluka Resources Limited, and Rio Tinto subsidiary, Robe River Iron Associates.

Between 1990 and 2000, Mr Brook served as a diplomat, posted in Wellington, Canberra and Thailand. He has an excellent knowledge of Asian trade and investment practices and government regulatory regimes, as well as significant experience, and networks, in international trade, economics and government relations.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Directors' Report

Christopher John Forrester **Non Executive Director**

Appointed 30 June 2009

Chris Forrester brings to the board extensive strategic development, operational and marketing skills, with over 30 years business and management experience.

Mr Forrester was responsible for the establishment and development of Entyre Rubber Systems Pty Ltd and after selling the company, played a key role in the growth transformation of the company into an ASX listed enterprise, trading as Reclaim Ltd. Reclaim went on to become the Australian industry leader in its sector, undergoing significant expansion nationally and internationally, securing markets in Asia, the Middle East, the US and the UK.

As Executive Director of Reclaim Ltd, Mr Forrester was responsible for overseeing the day to day operational management of the company, the ongoing review of process improvement and the identification and implementation of expansion strategies. Mr Forrester has had extensive business dealings in China and the Middle East.

Prior to his work with Reclaim Ltd, Mr Forrester worked in the agricultural industry, the mining industry, as a sub contract miner, and as the Assistant Manager of the blast hole division of Thomson Drilling.

Daniel Lewis Tenardi **Non Executive Director**

Appointed 17 September 2009

Dan Tenardi is currently principal adviser to the Chairman of CITIC Pacific Mining. He is a highly experienced mining executive with some 40 years in the industry, including experience with a number of global resource industry leaders across a range of commodities, including iron ore, gold, bauxite, and copper. His wealth of knowledge and depth of experience in developing and managing bulk ore operations is ideally suited to the Company's ongoing business plan.

Mr Tenardi was formerly Managing Director of Bauxite Resources Ltd, where he supervised the rapid growth of the company from its initial exploration phase to its trial shipments and negotiating a joint venture, binding heads of agreement for the development of an alumina refinery. Mr Tenardi previously spent 13 years with Alcoa World Alumina Australia, at its bauxite mines in Western Australia, and a further two years at Alcoa's Kwinana refinery. He has substantial gold mining experience, including experience with Roche Mining at the Kalgoorlie Superpit and at Anglo Gold Ashanti's Sunrise Dam. Mr Tenardi has worked at an executive level for Rio Tinto's Robe River Iron Associates and their East Pilbara Division, and was appointed as a Director of Robe River Iron Associates in the latter years of his employment with Rio Tinto.

Prior to his role at Bauxite Resources Ltd, Mr Tenardi held the positions of General Manager of Operations and Chief Operating Manager at CITIC Pacific Mining. At CITIC Pacific, Mr Tenardi helped develop the largest magnetite iron ore mine in Australia and was responsible for the strategic development of the Company's Australian and global mining operations.

Annette Atkins was appointed a director on 30 June 2009, and resigned from the board on 17 September 2010.

COMPANY SECRETARY

Sam Middlemas – B.Com. CA. Grad. Dip. Acc. **Company Secretary**

Appointed 4 February 2010

Mr Middlemas is a chartered accountant with more than 15 years experience in various financial roles with a number of listed public companies operating in the resources sector. He is the principal of a corporate advisory company which provides financial and company secretarial services specialising in capital raisings and initial public offerings. Previously Mr Middlemas worked for an international accountancy firm. His fields of expertise include corporate secretarial practice, financial and management reporting in the mining industry, treasury and cash flow management and corporate governance. Mr Middlemas was appointed Company Secretary and Chief Financial Officer on 4 February 2010.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Directors' Report

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of mineral exploration and development principally in Australia.

There have been no significant changes in these activities during the financial year.

RESULTS OF OPERATIONS

The net loss after income tax for the financial year was \$613,894 (2009: \$424).

DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

REVIEW OF OPERATIONS AND ACTIVITIES

Australia Minerals & Mining Group was incorporated on 8 May 2007 for the purpose of securing by application, exploration licences over land that has been subject to historical exploration and where significant geological data was available and/or the land was considered sufficiently prospective due to proximity to existing resources and infrastructure.

To date the Company has identified eight separate project areas, located in Western Australia and Queensland, which the Directors believe may, following necessary advancement and development, have the potential for the realisation of economic resources including - iron ore, gypsum, mineral sands, kaolin, and salt.

The Company currently has seven granted tenements and 35 applications for tenements covering approximately 6,460 km² over the eight project areas. These include tenements subject to joint venture where the Company has the right, following grant, to acquire 100% ownership.

Strategy

AMMG continues to evaluate the pre-existing exploration data available for its tenements and review the historical data of potential joint venture partners on ground in close proximity to the Company's project areas with a view to pursuing potential joint venture opportunities.

The Company is also working to identify potential strategic investors and potential end users of mineral commodities which the Company is targeting with a view to growing the Company to the mutual benefit of the parties concerned.

AMMG is focused on pursuing investment opportunities that leverage off the Company's management, expertise and local knowledge and which is in a form that is acceptable to all stakeholders.

With the granting of a number of exploration licences, the Company is moving forward with its exploration program to collect samples, investigate potential beneficiation and processing techniques and pursue potential marketing opportunities.

Projects

The projects the Company is focused on include the following targeting:

- Iron Ore - Constance Range, Northern Queensland
- Gypsum - Lake MacLeod, North West, Western Australia
- Iron Ore - Pilbara, Western Australia
- Iron Ore - South West, Western Australia (Yilgarn)
- Mineral Sands - Scott River, South West, Western Australia
- Kaolin - South West, Western Australia
- Salt - South West, Western Australia (Yilgarn)

The Company's projects have been carefully evaluated and selected based primarily on access to existing historical geological exploration activity and reporting. Other considerations included proximity to existing infrastructure, ease of extraction, and leverage to growth markets.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Directors' Report

Projects (Continued)

In a number of project areas, the Company has commenced preliminary discussions with potential joint venture partners, is in the process of gathering and evaluating historical data to assess potential resources and has undertaken field trips to Constance Range for iron ore sampling and analysis and the South West for kaolin sampling and analysis.

Initial exploration priorities lie in the Lake Macleod gypsum project where drilling has now commenced post 30 June 2010, and the Constance Range iron ore project in Northern Queensland. Further consideration is also being given to the recently applied for Meckering WA Kaolin project which has had significant geological work carried out in the past.

Corporate and Financial Position

As at 30 June 2010 the Company had cash reserves of \$7.9 million.

Business Strategies and Prospects

The Company currently has the following business strategies and prospects over the medium to long term:

- (i) Seek to increase the value of the Company's mineral assets located in Australia through exploration success;
- (ii) Undertake exploration activities on its existing Projects; and
- (iii) Continue to examine new mineral opportunities, with particular focus on advanced projects with the potential to deliver early cash flow opportunities.

Risk Management

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Executive Chairman having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the Business Plan presented to the Board by the Executive Chairman Director each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Company.

EMPLOYEES

The Company has 2 employees as at 30 June 2010 (2009: Nil).

EARNINGS/LOSS PER SHARE

	2010	2009
	Cents	Cents
Basic loss per share	(0.01)	n/a ⁽¹⁾
Diluted loss per share	(0.01)	n/a ⁽¹⁾

(1) Loss per share for 2009 was \$237/share as there were only 2 shares on issue and it is not reported here

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year ended 30 June 2010 there were significant changes undertaken by the Company as it converted from a Private Company to a Public Company on 13 July 2009 and changed its name from Archeoptryx Resources Pty Ltd to Australia Minerals & Mining Group Limited, and proceeded to an Initial Public Offering to raise \$7.5 million and a listing on the Australian Securities Exchange on 27 January 2010.

The significant changes were as follows:

13 July 2009 - Change of Company Name and conversion from a private to a public Company

17 September 2009 – Consolidation of Company Capital from 47,000,002 shares to 30,000,002 on issue

17 September 2009 – Issue of 17,000,000 A Class Performance Shares each convertible into one fully paid share in the Company upon the achievement of a JORC compliant inferred resource in excess of 25 million tonnes of Gypsum being discovered from the Company's Lake Macleod tenements within 5 years from the date of listing



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Directors' Report

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (Continued)

17 September 2009 – Issue of 16,475,000 Fully Paid Ordinary Shares to seed investors at 8 cents per share

21 January 2010 – Issue of 37,500,000 Fully Paid Ordinary Shares from the IPO Prospectus at 20 cents per share

27 January 2010 – Company Listed on the Australian Securities Exchange

28 April 2010 – Issue of 41,987,501 Listed Options each convertible into one Ordinary Fully Paid share with an exercise price of 20 cents each any time on or before 4 February 2015 issued as a 1 for 2 entitlement to all shareholders at a price of 1 cent each

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

OPTIONS OVER UNISSUED CAPITAL

Unlisted Options

During the financial year the Company granted the following unlisted options over unissued ordinary shares to the following Directors and Key Management Personal. All employee options were issued for Nil consideration:

<i>Issued To</i>	<i>Number of Options Granted</i>	<i>Exercise Price</i>	<i>Value per Option at Grant Date</i>	<i>Value of Options Granted</i>	<i>Expiry Date</i>
Luke Atkins	6,000,000	20 cents each	4.44 cents	\$246,000	31 August 2015
David Brook	2,000,000	20 cents each	4.44 cents	\$88,000	31 August 2015
William Witham	1,000,000	20 cents each	9.68 cents	\$96,800	8 February 2015
William Witham	500,000	25 cents each	9.01 cents	\$45,050	8 February 2015
William Witham	500,000	30 cents each	8.44 cents	\$42,200	8 February 2015
Sam Middlemas	333,333	30 cents each	8.39 cents	\$27,967	4 February 2015
Sam Middlemas	333,333	30 cents each	8.39 cents	\$27,967	4 February 2015
Sam Middlemas	333,333	30 cents each	8.39 cents	\$27,967	4 February 2015

Since 30 June 2010 and up until the date of this report there have been no further options issued.

As at the date of this report unissued ordinary shares of the Company under option are:

<i>Number of Options on Issue</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
8,000,000	20 cents each	31 August 2015
1,000,000	20 cents each	8 February 2015
500,000	25 cents each	8 February 2015
500,000	30 cents each	8 February 2015
1,000,000	30 cents each	4 February 2015

The above options represent unissued ordinary shares of the Company under option as at the date of this report. These unlisted options do not entitle the holder to participate in any share issue of the Company.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

The names of all persons who currently hold options granted are entered in a register kept by the Company pursuant to Section 168(1) of the *Corporations Act 2001* and the register may be inspected free of charge.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Directors' Report

CORPORATE STRUCTURE

Australian Minerals & Mining Group Limited (ACN 125 301 206) is a company limited by shares that was incorporated on 8 May 2007 and is domiciled in Australia.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as the Directors are aware there has been no known breach of the Company's licence conditions and all exploration activities comply with relevant environmental regulations.

INFORMATION ON DIRECTORS

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Title	Directors' Interest in Ordinary Shares	Directors' Interest in A Class Performance Shares	Directors' Interest in Listed Options	Directors' Interest in Unlisted Options
Luke Atkins	Executive Chairman	4,393,617	1,356,353	-	6,000,000
David Brook	Non-Executive Director	-	-	-	2,000,000
Christopher Forrester	Non-Executive Director	2,232,447	542,553	1,119,223	-
Daniel Tenardi	Non-Executive Director	5,968,085	2,531,915	-	-

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held in the period each Director held office during the financial year and the numbers of meetings attended by each Director were:

Director	Board of Directors' Meetings	
	Meetings Attended	Meetings held while a director
Luke Atkins	6	6
David Brook	5	5
Christopher Forrester	6	6
Daniel Tenardi	3	5
Annette Atkins	-	1



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Directors' Report

REMUNERATION REPORT

Recommendation 8.1 of the ASX *Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd edition)* states that the Board should establish a Remuneration Committee. The Board has formed the view that given the number of Directors on the Board, this function could be performed just as effectively with full Board participation. Accordingly it was resolved that there would be no separate Board sub-committee for remuneration purposes.

This report details the amount and nature of remuneration of each Director of the Company and executive officers of the Company during the year.

Overview of Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide the Executive Chairman and the executive team with a remuneration package consisting of a fixed and variable component that together reflects the person's responsibilities, duties and personal performance. An equity based remuneration arrangement for the Board and the executive team is in place. The remuneration policy is to provide a fixed remuneration component and a specific equity related component, with no performance conditions. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

The remuneration policy in regard to setting the terms and conditions for the Executive Chairman has been developed by the Board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

Directors receive a superannuation guarantee contribution required by the government, which is currently 9% per annum and do not receive any other retirement benefit. Some individuals, however, have chosen to sacrifice part or all of their salary to increase payments towards superannuation.

All remuneration paid to Directors is valued at cost to the Company and expensed. Options are valued using the Black-Scholes methodology. In accordance with current accounting policy the value of these options is expensed over the relevant vesting period.

Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting, and has been initially set not to exceed \$200,000 per annum. Actual remuneration paid to the Company's Non-Executive Directors is disclosed below. Remuneration fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

Executive Chairman and Senior Management

The remuneration of the Executive Chairman is dictated by an executive service agreement.

The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- Reward executives in line with the strategic goals and performance of the Company; and
- Ensure that total remuneration is competitive by market standards.

Directors' Report

Structure

Remuneration consists of the following key elements:

- Fixed remuneration; and
- Issuance of unlisted options

Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis including any employee benefits e.g. motor vehicles) as well as employer contributions to superannuation funds.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Remuneration packages for the staff who report directly to the Executive Chairman are based on the recommendation of the Executive Chairman, subject to the approval of the Board in the annual budget setting process.

REMUNERATION REPORT (Continued)

Service Agreement

The Executive Chairman, Mr Luke Atkins is employed under a contract for services with his private company Executive Resources Personnel Pty Ltd ("ERP"). The Agreement commenced on the date of listing on 27 January 2010.

Under the terms of the present contract:

- The Agreement is for a period of three years and can be terminated by the Company giving 12 months written notice, or ERP by providing three months written notice.
- ERP will provide consulting services for which it will be remunerated \$4,400/week, plus a vehicle allowance of \$1,450 per month.

Details of the nature and amount of each element of the emoluments of each Director and Executive Officer of Australian Minerals & Mining Group Limited paid/accrued during the year are as follows:

	Primary		Post Employment	Equity Compensation	
2009/2010	Base Salary/Fees \$	Motor Vehicle \$	Superannuation Contributions \$	Options \$	Total \$
Directors					
Luke Atkins – Executive Chairman (i)	117,600	7,250	-	264,000	388,850
D Brook – Non Executive (ii)	58,619	-	-	88,000	146,619
C Forrester – Non Executive (iii)	19,066	-	-	-	19,066
D Tenardi – Non Executive (iv)	16,666	-	-	-	16,666
Executives					
S Middlemas - Company Secretary (v)	30,300	-	-	21,301	51,601
W Witham - Exploration Manager (vi)	49,250	-	-	54,631	103,881

(i) Chairman's fees commenced from the date of listing on 27 January 2010, with all fees paid to Executive Resource Personnel Pty Ltd.

(ii) Directors' fees commenced from the date of listing on 27 January 2010, with all fees paid to Brook Consulting.

(iii) Directors' fees commenced from the date of listing on 27 January 2010, with all fees paid to Calcat Resources Pty Ltd.

(iv) Directors' fees commenced from the date of listing on 27 January 2010.

(v) Mr Middlemas was appointed a Company Secretary on 4 February 2010 – all fees were paid to Sparkling Investments Pty Ltd.

Mr Witham commenced as exploration manager on 8 February 2010 – all fees were paid to Australian Renewable Energy Pty Ltd.

There were no payments made to Executives during 2008/2009. Other than the Directors and executive officers disclosed above there were no other executive officers who received emoluments during the financial year ended 30 June 2010.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Directors' Report

Share-based compensation

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

	Granted	Terms & Conditions for each Grant				
	Number	Date of Grant	Date of Vesting	Option Value (\$)	Exercise Price (\$)	Expiry Date
Luke Atkins	6,000,000	31 Aug 2009	31 Aug 2009	0.044	0.20	31 Aug 2015
David Brook	2,000,000	31 Aug 2009	31 Aug 2009	0.044	0.20	31 Aug 2015
Sam Middlemas	333,333	30 Mar 2010	4 Feb 2011	0.0839	0.30	4 Feb 2015
	333,333	30 Mar 2010	4 Feb 2012	0.0839	0.30	4 Feb 2015
	333,333	30 Mar 2010	4 Feb 2013	0.0839	0.30	4 Feb 2015
William Witham	1,000,000	8 Feb 2010	8 Feb 2011	0.0968	0.20	8 Feb 2015
	500,000	8 Feb 2010	8 Feb 2012	0.0901	0.25	8 Feb 2015
	500,000	8 Feb 2010	8 Feb 2012	0.0844	0.30	8 Feb 2015

There were no other options that have been issued by the Company. When exercisable, each option is convertible into one ordinary share of Australia Minerals & Mining Group Resources Limited.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Directors' Report

INDEMNIFYING OFFICERS AND AUDITOR

During the year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. The premium paid during the year for the insurance policy was \$27,034.

The Company has not provided any insurance for an auditor of the Company.

AUDITORS' INDEPENDENCE DECLARATION

Section 370C of the *Corporations Act 2001* requires the Company's auditors Moore Stephens, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is attached and forms part of this Directors' Report.

NON-AUDIT SERVICES

The external auditors Moore Stephens undertook an Investigation Accountants report for the IPO prospectus. The Directors consider these non-audit services are compatible with, and did not compromise the auditor independence requirements of the *Corporations Act 2001*.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance for a Company of the current size. The Company's corporate governance statement is contained in the Annual Report.

DATED at Perth this 24th day of September 2010.

Signed in accordance with a resolution of the Directors.

L Atkins
Executive Chairman



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Auditors' Independence Declaration

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AUSTRALIA MINERALS AND MINING GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Neil Pace
Partner

Moore Stephens

Dated this 24th day of September 2010,
in Perth, Western Australia.

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Liability limited by a scheme approved under Professional Standards Legislation
The Perth Moore Stephens firm is not a partner or agent of any other Moore Stephens firm
An independent member of Moore Stephens International Limited - members in principal cities throughout the world

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Statement of Comprehensive Income – For the Year Ended 30 June 2010

		THE COMPANY	
	NOTES	2010	2009
		\$	\$
Other income	2	205,212	-
Accounting and audit fees		10,000	-
ASX and Share Registry fees		13,190	-
Chairman's fees		106,100	-
Company Secretarial fees		30,300	-
Directors' fees		88,473	-
Depreciation	3	10,506	-
Employee Benefit expense		21,463	-
Insurance expense		21,310	-
Rent expense		50,398	-
Expense of share-based payments	3	427,932	-
Exploration Written off	3	-	-
Other expenses		39,434	424
Loss before income tax		613,894	424
Income tax	5	-	-
Net loss attributable to members of the Company	13	613,894	424
Other Comprehensive Loss net of tax		-	-
Total Comprehensive Loss		613,894	424
Basic earnings/(loss) per share (cents per share)	19	(0.01) cents	N/a
Diluted earnings/(loss) per share (cents per share)	19	(0.01) cents	N/a

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes



Statement of Financial Position – For the Year Ended 30 June 2010

	<u>NOTE</u> <u>S</u>	<u>2010</u> \$	<u>2009</u> \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	20(a)	7,925,895	4,669
Other receivables	6	27,543	-
Other assets	7	6,000	-
TOTAL CURRENT ASSETS		7,959,438	4,669
NON-CURRENT ASSETS			
Plant and equipment and motor vehicles	8	77,733	-
Capitalised mineral exploration expenditure	9	698,442	105,737
TOTAL NON-CURRENT ASSETS		776,175	105,737
TOTAL ASSETS		8,735,613	110,406
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	117,418	-
Borrowings	11	-	110,358
TOTAL CURRENT LIABILITIES		117,418	110,358
TOTAL LIABILITIES		117,418	110,358
NET ASSETS		8,618,195	48
EQUITY			
Contributed equity	12(a)	8,804,581	472
Share Option Reserve	14	427,932	-
Accumulated losses	13	(614,318)	(424)
TOTAL EQUITY		8,618,195	48

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity – For the Year Ended 30 June 2010

	Notes	Contributed Equity	Share Based Payment Reserve	Losses	Total
BALANCE AT 1 JULY 2008		2	-	-	2
Total comprehensive loss for the year	13	-	-	(424)	(424)
TOTAL COMPREHENSIVE INCOME		-	-	(424)	(424)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	-	-
Shares issued during the year		470	-	-	470
Directors' and Employees options		-	-	-	-
BALANCE AT 30 JUNE 2009		472	-	(424)	48
Total comprehensive loss for the year	13			(613,894)	(613,894)
TOTAL COMPREHENSIVE INCOME				(613,894)	(613,894)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	12(b)	8,804,109	-	-	8,804,109
Directors' and Employees options		-	427,932	-	427,932
BALANCE AT 30 JUNE 2010		8,804,581	427,932	(614,318)	8,618,195

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Statement of Cashflows – For the Year Ended 30 June 2010

	<u>NOTES</u>	<u>2010</u>	<u>2009</u>
		\$	\$
Cash flows from operating activities			
Interest received		205,212	-
Payments to suppliers and employees (inclusive of goods and services tax)		(305,445)	(424)
Net cash used in operating activities	20(b)	(100,233)	(424)
Cash flows from investing activities			
Payments for exploration and evaluation		(244,053)	(54,635)
Payments for plant and equipment and motor vehicles		(88,239)	-
Net cash used in investing activities		(332,292)	(54,635)
Cash flows from financing activities			
Proceeds from the issue of shares		9,237,705	472
Costs of shares issued		(773,596)	-
Proceeds of Loans		9,202	59,254
Repayment of Loans		(119,560)	-
Net cash provided by financing activities		8,353,751	59,726
Net (decrease)/increase in cash held		7,921,226	4,667
Cash at the beginning of the financial year		4,669	2
Cash at the end of the financial year	20(a)	7,925,895	4,669

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

Notes to the Financial Statements – For the Year Ended 30 June 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Australian Minerals & Mining Group Limited (“AMMG” or “Company”), are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise indicated.

Australian Minerals & Mining Group Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the official list of the Australian Stock Exchange. The financial statements are presented in Australian dollars which is the Company’s functional currency.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements also comply with International Financial Reporting Standards.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial report was authorised for issue by the Directors on 24th September 2010.

(b) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. None of the balances reported have been derived from estimates.

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and future tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Notes to the Financial Statements – For the Year Ended 30 June 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

(f) Plant and equipment and motor vehicles

Each class of plant and equipment and motor vehicles is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment and motor vehicles

Plant and equipment and motor vehicles are stated at cost less accumulated depreciation and any impairment in value.

The carrying values of plant and equipment and motor vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Depreciation

Depreciable non-current assets are depreciated over their expected economic life using either the straight line or the diminishing value method. Profits and losses on disposal of non-current assets are taken into account in determining the operating loss for the year. The depreciation rate used for each class of assets is as follows:

- | | |
|---------------------|----------|
| • Plant & equipment | 20 - 33% |
| • Motor vehicles | 22.5% |

(g) Employee Entitlements

Liabilities for wages and salaries, annual leave and other current employee entitlements expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

(h) Exploration and Evaluation Expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- Exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

Notes to the Financial Statements – For the Year Ended 30 June 2010

(h) Exploration and Evaluation Expenditure (continued)

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where a mineral resource has been identified and where it is expected that future expenditures will be recovered by future exploitation or sale, the impairment of the exploration and evaluation is written back and transferred to development costs. Once production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration and rehabilitation are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Exploration and evaluation assets are assessed for impairment if:

- (i) sufficient data exists to determine technical feasibility and commercial viability, and
- (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then re-classified from intangible assets to mining property and development assets within property, plant and equipment.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. GST incurred is claimed from the ATO when a valid tax invoice is provided. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(j) Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Contributed Equity

Issued capital is recognised as the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Notes to the Financial Statements – For the Year Ended 30 June 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Earnings per Share

Basic earnings per share ("EPS") are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

(m) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, where the lesser effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

(n) Share-based payment transactions

The Company provides benefits to employees (including Directors and consultants) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("Equity-settled transactions").

There is currently one plan in place to provide these benefits being an Employee Share Option Plan ("ESOP") which provides benefits to Directors, consultants and senior executives.

The cost of these equity-settled transactions is measured by reference to fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Australia Minerals and Mining Group Ltd. ("market conditions").

The cost of equity settled securities is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

Where the Company acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share-based payment transactions, the fair value of the equity instruments granted is measured at grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, to identify and analyse the risks faced by the Company. These risks include credit risk, liquidity risk and market risk from the use of financial instruments. The Company has only limited use of financial instruments through its cash holdings being invested in short term interest bearing securities. The primary goal of this strategy is to maximise returns while minimising risk through the use of accredited Banks with a minimum credit rating of A1 from Standard & Poors. The Company has no debt, and working capital is maintained at its highest level possible and regularly reviewed by the full board.

(q) New accounting standards and interpretations

During the current year, the company adopted the revised Australian Accounting Standard AASB 101: Presentation of Financial Statements, which became mandatory. The adoption of this Standard had no material impact on the Company's Financial Statements. Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting periods as set out below:



Notes to the Financial Statements – For the Year Ended 30 June 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]
AASB 2009-8	Amendments to Australian Accounting Standard – Group cash-settled Share-based Payment Transactions
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]
AASB 2009-12	Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The Group has assessed the impact of these new standards and interpretations not to be material to the Group's Financial Statements

	<u>2010</u>	<u>2009</u>
	\$	\$
2. OTHER INCOME		
Other Income		
Interest	<u>205,212</u>	-
3. EXPENSES		
Contributions to employees superannuation plans	1,931	-
Depreciation - Plant and equipment	7,395	-
- Motor vehicles	3,111	-
Exploration Written off	-	-
Share Based Payment expense	427,932	-
Provision for employee entitlements	<u>-</u>	-
4. AUDITORS' REMUNERATION		
Audit – Moore Stephens		
Audit and review of the financial statements	<u>10,000</u>	-



Notes to the Financial Statements – For the Year Ended 30 June 2010

5. INCOME TAX

No income tax is payable by the Company as it has incurred losses for income tax purposes for the year, therefore current tax, deferred tax and tax expense is \$Nil (2009 - \$Nil).

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	<u>2010</u>	<u>2009</u>
	\$	\$
Loss from continuing operations	<u>(613,894)</u>	(424)
Tax at the tax rate of 30% (2009: 30%)	<u>(184,168)</u>	(127)
Tax effect of amounts which are deductible in calculating taxable income:		
Non-deductible expenses	128,380	-
Other allowable expenditure		-
Deferred tax asset not brought to account	<u>55,789</u>	127
Income tax expense	<u>-</u>	-

(b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	<u>1,674,812</u>	106,161
Potential tax benefit at 30%	<u>502,444</u>	31,848

(c) Unbooked Deferred Tax Assets and Liabilities

Unbooked deferred tax assets comprise:

Provisions/Accruals/Other	185,663	-
Tax losses available for offset against future taxable income	<u>209,556</u>	127
	<u>395,219</u>	127

Unbooked deferred tax liabilities comprise:

Capitalised mineral exploration and evaluation expenditure	<u>107,225</u>	31,721
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(d) Franking credits balance

The Company has no franking credits available as at 30 June 2010 (2009: \$Nil).



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Notes to the Financial Statements – For the Year Ended 30 June 2010

	<u>2010</u>	<u>2009</u>
	\$	\$
6. OTHER RECEIVABLES		
Current		
GST recoverable	27,543	-
7. OTHER ASSETS		
Current		
Prepayments	6,000	-
8. PLANT AND EQUIPMENT AND MOTOR VEHICLES		
Plant and office equipment		
At cost	55,058	-
Accumulated depreciation	(7,395)	-
	47,663	-
Motor vehicles		
At cost	33,181	-
Accumulated depreciation	(3,111)	-
	30,070	-
	77,733	-
Reconciliation		
Reconciliation of the carrying amounts for each class of plant and equipment and motor vehicles are set out below:		
<i>Plant and office equipment</i>		
Carrying amount at beginning of the year	-	-
Additions	55,058	-
Depreciation	(7,395)	-
Carrying amount at the end of the year	47,663	-
<i>Motor vehicles</i>		
Carrying amount at beginning of the year	-	-
Additions	33,181	-
Depreciation	(3,111)	-
Carrying amount at the end of the year	30,070	-
9. CAPITALISED MINERAL EXPLORATION EXPENDITURE		
Non-Current		
In the exploration phase		
Cost brought forward	105,737	-
Expenditure incurred during the year (at cost)	252,705	105,737
Class A Performance shares – Gypsum value	340,000	-
Exploration expenditure written off	-	-
	698,442	105,737

The recoupment of costs carried forward is dependent on the successful development and/or commercial exploitation or alternatively sale of the respective areas of interest.

Notes to the Financial Statements – For the Year Ended 30 June 2010

		<u>2010</u>	<u>2009</u>
		\$	\$
10. TRADE AND OTHER PAYABLES			
Current (Unsecured)			
Trade creditors		59,106	-
Other creditors and accruals		58,312	-
		<u>117,418</u>	<u>-</u>
Included within trade and other creditors and accruals is an amount of \$8,651 (2009- Nil) relating to exploration expenditure.			
11. BORROWINGS			
Current			
Loan from A Atkins		-	110,358
		<u>-</u>	<u>110,358</u>
12. CONTRIBUTED EQUITY			
(a) Ordinary Shares			
83,975,002 (2009: 47,002) fully paid ordinary shares		8,804,581	472
		<u>8,804,581</u>	<u>472</u>
(b) Share Movements During the Year			
		2010	2009
	Number of Shares	\$	Number of Shares
			\$
Beginning of the financial year	47,000,002	472	2
New share issues during the year			
Issue of Shares to Vendors	-	-	47,000,000
Consolidation of Vendors capital	(17,000,000)	(170)	-
Seed Capital Issue at 8 cents per share	16,475,000	1,318,000	-
IPO Share Issue at 20 cents per share	37,500,000	7,500,000	-
Proceeds from Option Issue	-	419,875	-
Valuation of A Class Performance Shares		340,000	-
Less costs of share issue		(773,596)	-
	<u>83,975,002</u>	<u>8,804,581</u>	<u>47,000,002</u>
			<u>472</u>

Notes to the Financial Statements – For the Year Ended 30 June 2010

12. CONTRIBUTED EQUITY (Continued)

(c) Class A Performance Shares

The Company has on issue 17,000,000 Class A Performance Shares ("Performance Shares"). The Performance Shares will convert into fully paid ordinary shares in the capital of the Company upon the Company identifying a JORC compliant inferred resource of 25 million tonnes of gypsum from the Company's tenements located in Lake Macleod, Western Australia (**Milestone**). The Performance Shares will convert into fully paid ordinary shares on one for one basis if the Milestone is achieved within 5 years from the date on which the Company becomes listed on the ASX. If the Milestone is not achieved within this timeframe, all Performance Shares will be redeemed for the sum of \$0.000001 per Performance Share. At the date of this report the Milestone had not been achieved. The independent valuation for the Performance Shares was 2 cents each giving a total value of \$340,000 which has been included in the exploration valuations.

(d) Unlisted Options

During the financial year the Company granted the following unlisted options over unissued shares:

<i>Number of Options Granted</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
8,000,000	20 cents each	31 August 2015
1,000,000	20 cents each	8 February 2015
500,000	25 cents each	8 February 2015
500,000	30 cents each	8 February 2015
1,000,000	30 cents each	4 February 2015

There have been no other options issued by the Company since its incorporation, and none of the above options have been converted.

(e) Share Based Payments

The expense recognised in the income statement in relation to share-based payments is disclosed in Note 3.

The average remaining contractual life for the share options outstanding as at 30 June 2010 is between 4 and 5 years. The range of exercise prices for options outstanding at the end of the year was between 20 cents and 30 cents. The fair value of options granted during the year was \$619,950, of which \$427,932 has been expensed in the current year (2009 - Nil).

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the options issued during the year ended 30 June 2010 and 30 June 2009:

Date of Issue	31 Aug 09	8 Feb 10	8 Feb 10	8 Feb 10	30 Mar 10
Number of Options	8,000,000	1,000,000	500,000	500,000	1,000,000
Volatility (%)	75%	75%	75%	75%	75%
Risk-free interest rate (%)	5.13%	5.02%	5.02%	5.02%	5.55%
Expected life of option (years)	5.0	5.0	5.0	5.0	5.0
Exercise price (cents)	20	20	20	20	30
Share price at grant date (cents)	8	19	19	19	19
Value per option (cents)	4.44	9.68	9.01	8.44	8.39

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

Notes to the Financial Statements – For the Year Ended 30 June 2010

12. CONTRIBUTED EQUITY (Continued)

(e) Terms and Conditions of Contributed Equity

Ordinary Shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held. Ordinary shares which have no par value, entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

For the year ended 30 June 2010

	2010	2009
	\$	\$

13. ACCUMULATED LOSSES

Accumulated losses at the beginning of the year	424	-
Net loss attributable to members	613,894	424
Accumulated losses at the end of the year	<u>614,318</u>	<u>424</u>

14. RESERVES

Share Option Reserve

Balance at the beginning of the year	-	-
Add: Amounts expensed in current year	427,932	-
Balance at the end of the year	<u>427,932</u>	<u>-</u>

Share Option reserve

The share option reserve comprises any equity settled share based payment transactions. The reserve will be reversed against share capital when the underlying share options are exercised.

15. OPTION PLAN

The establishment of the Australian Minerals & Mining Group Limited Employee Incentive Option Plan ("the Plan") was approved by special resolution at a General Meeting of shareholders. All eligible Directors, executive officers, employees and consultants of Australian Minerals & Mining Group Limited who have been continuously employed by the Company are eligible to participate in the Plan.

The Plan allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price calculated in accordance with the Plan.

Notes to the Financial Statements – For the Year Ended 30 June 2010

16. RELATED PARTIES

Full remuneration details for Directors and Executives are included in the Directors' report where the information has been audited. During the current financial year there were no loans made or outstanding at year end (2009 - \$106,635).

Other transactions with Key Management Personnel

- (i) Mr Luke Atkins' parents own the premises that the Company rents for its registered office. During the year the Company paid \$50,398 (2009 – Nil) on normal commercial terms and conditions.

Movement in Shares

The aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by Directors and Executive Officers of the Company or their personally-related entities are as follows:

2009/2010	Ordinary Shares	A Class Performance Shares	Listed Options	Unlisted Options
	30 June 2010	30 June 2010	30 June 2010	30 June 2009
Mr L Atkins	4,393,617	1,356,353	-	6,000,000
Mr D Brook	-	-	-	2,000,000
Mr C Forrester	2,232,447	542,553	1,119,223	-
Mr D Tenardi	5,968,085	2,531,915	-	-
Mr S Middlemas	150,000	-	10,000	1,000,000
2008/2009	30 June 2009	30 June 2009	30 June 2009	30 June 2009
Mr L Atkins		-	-	-
Mr D Brook		-	-	-
Mr C Forrester		-	-	-
Mr D Tenardi		-	-	-
Mr S Middlemas	-	-	-	-

Note all movements for the year are through purchases – there were no sales during the year.

Notes to the Financial Statements – For the Year Ended 30 June 2010

17. EXPENDITURE COMMITMENTS

(a) Exploration

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Company's exploration programs and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and those which cover the following twelve month period amount to \$155,507 (2009: \$Nil). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements.

	<u>2010</u>	<u>2009</u>
	\$	\$
(b) Operating Lease Commitments		
Total operating lease expenditure contracted for at balance date but not provided for in the financial statements, payable:		
Not later than one year	13,200	-
Between one and five years	-	-
	<u>13,200</u>	<u>-</u>

The operating lease relates to the Company's registered office premises in Claremont. The operating lease is for a one year term expiring on 30 September 2010. The operating lease entitles the Company to renew the term of the lease for a further period after the expiry date, or continue on a monthly basis.

(c) Capital Commitments

The Company had no capital commitments at 30 June 2010 (2009 - \$Nil).



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Notes to the Financial Statements – For the Year Ended 30 June 2010

18. SEGMENT INFORMATION

The Company operates predominantly in one segment involved in the mineral exploration and development industry. Geographically the Company is domiciled and operates in one segment being Australia.

19. EARNINGS/ (LOSS) PER SHARE

The following reflects the loss and share data used in the calculations of basic and diluted earnings/ (loss) per share:

Earnings/ (loss) used in calculating basic and diluted earnings/ (loss) per share

2010
\$

2009
\$

(613,894)

(424)

**Number of
Shares
2010**

**Number of
Shares
2009**

Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:
Effect of dilutive securities

59,585,687

2

Share options*

-

-

Adjusted weighted average number of ordinary shares used in calculating diluted earnings/ (loss) per share

59,585,687

Basic and Diluted loss per share (cents per share)

0.01 cents

(21200) cents

*Non-dilutive securities

As at balance date, 11,000,000 unlisted options (30 June 2009: Nil) which represent potential ordinary shares were not dilutive as they would decrease the loss per share.

Notes to the Financial Statements – For the Year Ended 30 June 2010

2010 **2009**
\$ \$

20. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and Cash Equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2	2
Cash on hand		
Cash at bank	140,118	4,667
Deposits at call	7,785,775	-
	<u>7,925,895</u>	<u>4,669</u>

(b) Reconciliation of the loss from ordinary activities after income tax to the net cash flows used in operating activities

Loss from ordinary activities after income tax	(613,894)	(424)
<i>Non-cash items:</i>		
Depreciation	10,506	-
Expense of share-based payments	427,932	-
<i>Change in operating assets and liabilities:</i>		
Decrease (Increase) in prepayments	(6,000)	-
Increase in trade creditors and accruals	81,223	-
Net cash outflows used in operating activities	<u>(100,233)</u>	<u>(424)</u>

(c) Stand-By Credit Facilities

As at 30 June 2010 the Company has a business credit card facility available totalling \$5,000 of which \$Nil was utilised.

21. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks and market risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

(a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on those financial assets, is as follows:



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Notes to the Financial Statements – For the Year Ended 30 June 2010

2010

	Note	Weighted Average Effective Interest %	Funds Available at a Floating Interest Rate \$	Fixed Interest Rate \$	Assets/ (Liabilities) Non Interest Bearing \$	Total \$
<u>Financial Assets</u>						
Cash and						
cash equivalents	20(a)	5.22%	3,022,921	4,902,972	2	7,925,895
Other receivables	6	-	-	-	27,543	27,543
Total Financial Assets			3,022,921	4,902,972	27,545	7,953,438
<u>Financial Liabilities</u>						
Payables	10	-	-	-	(117,417)	(117,417)
Total Financial Liabilities		-	-	(117,417)	(117,417)	
Net Financial Assets			3,022,921	4,902,972	(89,872)	7,836,021

2009

<u>Financial Assets</u>						
Cash and cash equivalents						
	20(a)	0%	-	-	4,669	4,669
Total Financial Assets			-	-	4,669	4,669
<u>Financial Liabilities</u>						
Borrowings	11	-	-	-	(110,358)	(110,358)
Total Financial Liabilities		-	-	(110,358)	(110,358)	
Net Financial Assets			-	-	(105,689)	(105,689)



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Notes to the Financial Statements – For the Year Ended 30 June 2010

21. FINANCIAL INSTRUMENTS (Continued)

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and in the notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

(c) Commodity Price Risk and Liquidity Risk

At the present state of the Company's operations it has minimal commodity price risk and limited liquidity risk due to the level of payables and cash reserves held. The Company's objective is to maintain a balance between continuity of exploration funding and flexibility through the use of available cash reserves.

(d) Net Fair Values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Company has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.



Notes to the Financial Statements – For the Year Ended 30 June 2010

22. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee Entitlements

There were no employee entitlements at 30 June 2010.

Directors, Officers, Employees and Other Permitted Persons Option Plan

Details of the Company's Directors, Officers, Employees and Other Permitted Persons Option Plan are disclosed in Note 15.

Superannuation Commitments

The Company contributes to individual employee accumulation superannuation plans at the statutory rate of the employees' wages and salaries, in accordance with statutory requirements, to provide benefits to employees on retirement, death or disability. Accordingly no actuarial assessment of the plans is required.

Funds are available for the purposes of the plans to satisfy all benefits that would have been vested under the plans in the event of:

- termination of the plans;
 - voluntary termination by all employees of their employment; and
 - compulsory termination by the employer of the employment of each employee.
- during the year employer contributions (including salary sacrifice amounts) to superannuation plans totaled \$1,931 (2009: \$Nil).

23. CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2010 other than:

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Company has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

24. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Directors' Declaration

In the opinion of the Directors of Australian Minerals & Mining Group Limited ("the Company"):

- (a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Company as at 30 June 2010 and of its performance, as represented by the results of its operations, for the financial year ended on that date.
- (b) there are reasonable grounds to believe that Australian Minerals & Mining Group Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Executive Chairman and the Company Secretary for the financial year ended 30 June 2010.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 24th day of September 2010.

L Atkins
Executive Chairman



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Audit Report

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIA MINERALS AND MINING GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Australia Minerals and Mining Group Limited (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial statements, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Moore Stephens ABN 75 368 525 284

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AUSTRALIA MINERALS AND MINING GROUP LIMITED

Audit Report

Auditor's Opinion

In our opinion:

- a. the financial report of Australia Minerals and Mining Group Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 10 of the report of the directors for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Australia Minerals and Mining Group Limited for the year ended 30 June 2010 complies with s 300A of the *Corporations Act 2001*.

Neil Pace
Partner

Moore Stephens

Dated this 24th day of September 2010.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Corporate Governance Statement

The Board of Directors of Australia Minerals & Mining Group Limited (“AMMG”) is responsible for its corporate governance, that is, the system by which the Group is managed. This statement outlines the main corporate governance practices in place since the successful IPO in January 2010 to the end of the financial year, which comply with the ASX Corporate Governance recommendations unless otherwise stated.

I. BOARD OF DIRECTORS

I.1 Role of the Board and Management

ASX Principle 1

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Executive Chairman is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

I.2 Composition of the Board

ASX Principle 2

The Company currently has the following Board members:

Mr Luke Atkins	Executive Chairman
Mr David Brooks	Non-Executive Director
Mr Chris Forrester	Non-Executive Director
Mr Daniel Tenardi	Non-Executive Director

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Corporate Governance Statement

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board has assessed the independence status of the directors and has determined that the only independent director is Christopher Forrester.

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the directors which define an independent director to be a director who:

- is non-executive;
- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the net assets of the Company or an individual director's net worth is considered material for these purposes.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of directors required for the Board to properly perform its responsibilities and functions will be appointed.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board's duties and physical ability to undertake the Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Committees of the Board

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

Corporate Governance Statement

The Company continues to monitor its compliance with Listing Rule 12.7 with respect to the requirement to have an audit committee and to comply with the best practice recommendations set by the ASX Corporate Governance Council in relation to the composition, operation and responsibility of the audit committee.

1.4 Conflicts of Interest

In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

1.5 Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

2. ETHICAL STANDARDS

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

2.1 Code of Conduct for Directors

ASX Principle 3

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the company.
- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.



Corporate Governance Statement

2.2 Code of Ethics and Conduct

The Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group.

All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Group information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates; perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

2.3 Dealings in Company Securities

The Company's share trading policy imposes basic trading restrictions on all Directors and employees of the Group. Directors and employees must not:

- deal in the Company's securities on considerations of a short term nature and must also take reasonable steps to prevent any person connected with them from doing the same;
- deal in the Company's securities during a close period; and
- deal in any of the Company's securities if they have unpublished price-sensitive information.

A 'close period' is:

- the period of two months immediately preceding the preliminary announcement of the Company's annual results; and
- the period of two months immediately preceding the announcement of the Company's half-year results.

'Unpublished price sensitive information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to have a significant effect on the price or value of the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others - including colleagues, family or friends - knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (e.g. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, clearance must be obtained from the Chairman before dealing in any securities and Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Corporate Governance Statement

2.4 Interests of Other Stakeholders

ASX Principle 10

The Group's objective is to leverage into resource projects to provide a solid base in the future from which the Group can build its resource business and create wealth for shareholders. The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

3. DISCLOSURE OF INFORMATION

3.1 Continuous Disclosure to ASX

ASX Principle 5

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information. Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed if:

1. It is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and
2. The information is confidential; or
3. One of the following applies:
 - i. It would breach a law or regulation to disclose the information;
 - ii. The information concerns an incomplete proposal or negotiation;
 - iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - iv. The information is generated for internal management purposes;
 - v. The information is a trade secret;
 - vi. It would breach a material term of an agreement, to which the Group is a party, to disclose the information;
 - vii. The information is scientific data that release of which may benefit the Group's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Group's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

3.2 Communication with Shareholders

ASX Principle 6

The Group places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meeting's; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Group also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.



Corporate Governance Statement

4. RISK MANAGEMENT AND INTERNAL CONTROL

4.1 Approach to Risk Management and Internal Control

ASX Principle 7

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value.

The Group operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the US Treadway Commission (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- fluctuations in commodity prices and exchange rates;
- accuracy of mineral reserve and resource estimates;
- reliance on licences, permits and approvals from governmental authorities;
- ability to obtain additional financing; and
- changed operating, market or regulatory environments.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

4.2 Risk Management Roles and Responsibilities

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

In 2010 the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

4.3 Integrity of Financial Reporting

ASX Principle 4

The Board also receives a written assurance from the Chief Executive Officer or equivalent (CEO) and the Chief Financial Officer or equivalent (CFO) that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

4.4 Role of External Auditor

ASX Principle 6

The Group's practice is to invite the auditor (who now must attend) to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Corporate Governance Statement

5. PERFORMANCE REVIEW

ASX Principle 8

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees (if any) during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance;
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group;
- an analysis of the Group's prospects and projects; and
- a review of feedback obtained from third parties, including advisors.

The Remuneration Report discloses the process for evaluating the performance of senior executives, including the Managing Director.

In 2010, performance evaluations for senior executives took place in accordance with the process disclosed above and in the Remuneration Report.

6. REMUNERATION ARRANGEMENTS

ASX Principle 9

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

In addition to the above, the Group has developed a limited equity-based remuneration arrangement for key executives and consultants.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Compliance with ASX Corporate Governance Statements

During the 2010 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Recommendation Ref	Notification of Departure	Explanation for Departure
2.1	A majority of the Board are not independent directors.	<p>The Board considers that only one out of the four Directors are independent directors in accordance with the ASX Corporate Governance Council's definition of independence:</p> <p>Mr Christopher Forrester (Independent Non-Executive)</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of additional independent non-executive Directors.</p> <p>The Board believes that the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.</p>
2.2 & 2.3	The Chairman is not Independent and the role of Chairman and Chief Executive should not be exercised by the same individual	<p>Mr Atkins currently holds the position of Executive Chairman which does not comply with the ASX Corporate Governance Council's recommendations.</p> <p>While the Board considers the importance of a division of responsibility and independence at the head of the Company, the existing structure is considered appropriate and provides a unified leadership structure. Mr Atkins has been the major force behind the IPO of the Company and its current growth and direction. The Board considers at this stage of the Company's development he is able to bring quality and independent judgement to all relevant issues, and the Company benefits from his long standing experience of its operations and business relationships</p>
2.4	A separate Nomination Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
4.1, 4.2, 4.3	A separate Audit Committee has not been formed and there is not an Audit Committee operating charter.	<p>The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.</p> <p>The Company continues to monitor its compliance with Listing Rule 12.7 with respect to the requirement to have an audit committee and to comply with the best practice recommendations set by the ASX Corporate Governance Council in relation to the composition, operation and responsibility of the audit committee.</p>
8.1	There is no separate Remuneration Committee.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company.

As the Company's activities increase in size, scope and/or nature, the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

Further details of the Company's corporate governance policies and practices are available on the Company's website at www.ammg.com.au.



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Additional Information

The shareholder information set out below was applicable as at 5 October 2010.

TWENTY LARGEST HOLDERS OF LISTED SECURITIES

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Shares

Name	No of Ordinary Shares Held	Percentage of Issued Shares
Lake Macleod Gypsum Pty Ltd	14,568,087	17.35
Tenardi Daniel Lewis	4,468,085	5.32
Cunningham Peterson Sharb	3,829,787	4.56
Aust Global Cap Pty Ltd	2,500,000	2.98
Aust Mineral Investment Group	2,393,617	2.85
Forrester Christopher J	2,207,447	2.63
Atkins Luke Frederick	2,000,000	2.38
Eagle River Holdings Pty Ltd	1,840,000	2.19
Vanguard Custs Pty Ltd	1,755,319	2.09
Tenardi D L & Jankowska S	1,500,000	1.79
Cheng Wing Res Ltd	800,000	0.95
Albatross Pass Pty Ltd	754,007	0.90
Wittenoom Robert	750,000	0.89
Conti Lina	735,000	0.88
TSE Management Pty Ltd	650,000	0.77
Khew Han Pin & Ah Yook	630,000	0.75
King Jennifer	625,000	0.74
Bowden Graeme	625,000	0.74
Bufs Investment Pty Ltd	600,059	0.71
Lee Yet Ling	600,000	0.71
Total Top 20	43,831,408	52.18
Others	40,143,594	47.82
Total Ordinary Shares on Issue	83,975,002	100.00



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Additional Information

TWENTY LARGEST HOLDERS OF LISTED SECURITIES (Continued)

\$0.20 Listed Options

Name	No of \$0.20 Listed Options Held	Percentage of \$0.20 Listed Options
Lake Macleod Gypsum Pty Ltd	10,268,085	24.46
Eagle River Pty Ltd	1,170,000	2.79
Sharbanee Paul Gabriel	1,166,455	2.78
Peterson Jason & Lisa	1,104,965	2.63
Forrester Christopher J	1,103,723	2.63
Aust Global Cap Pty Ltd	925,000	2.20
Vanguard Custs Pty Ltd	877,659	2.09
Albatross Pass Pty Ltd	647,267	1.54
Mulato Nominees Pty Ltd	500,000	1.19
Fennell Michael John	475,000	1.13
Cunningham A R & Snooks N	404,965	0.96
Nefco Nominees Pty Ltd	375,000	0.89
Aust Trade Access Pty Ltd	373,750	0.89
Conti Lina	367,500	0.88
Khew Han Pin & Ah Yook	335,000	0.80
TSE Management Pty Ltd	325,000	0.77
Bowden Graeme	312,500	0.74
Dilkara Nominees Pty Ltd	312,500	0.74
Bill Brooks Pty Ltd	312,500	0.74
Lee Yet Ling	300,000	0.71
Total Top 20	21,656,869	51.56
Others	20,330,632	48.44
Total \$0.20 Listed Options on Issue	41,987,501	100.00



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Additional Information

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of security holders by size of holding as at 5 October 2010:

Distribution	Ordinary Shares		\$0.20 Listed Options	
	Number of Shareholders	Number of Shares	Number of Option holders	Number of Options
1 – 1,000	2	886		
1,001 – 5,000	20	77,300	95	456,261
5,001 – 10,000	113	1,121,491	28	236,000
10,001 – 100,000	279	13,723,411	265	10,513,384
100,001 – and over	122	69,051,914	71	30,781,856
Totals	536	83,975,002	459	41,987,501

There were 11 holders of less than a marketable parcel of ordinary.

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the holding company's register as at 5 October 2010 are:

Substantial Shareholder	Number of Shares
Lake Macleod Gypsum Pty Ltd	14,568,087
Daniel Tenardi & Associates	5,968,085
Luke Atkins & Associates	4,393,617



AUSTRALIA MINERALS AND MINING GROUP LIMITED

Additional Information

UNQUOTED SECURITIES

I Class A Performance Shares

Holder	Number
Class A Performance Shares	
Lake Macleod Gypsum Pty Ltd	6,962,766
7 Other Shareholders each holding less than 20%	10,037,234
Total	17,000,000

The Class A Performance Shares ("Performance Shares") will convert into fully paid ordinary shares in the capital of the Company upon the Company identifying a JORC compliant inferred resource of 25 million tonnes of gypsum from the Company's tenements located in Lake Macleod, Western Australia (**Milestone**). The Performance Shares will convert into fully paid ordinary shares on one for one basis if the Milestone is achieved within 5 years from the date on which the Company becomes listed on the ASX. If the Milestone is not achieved within this timeframe, all Performance Shares will be redeemed for the sum of \$0.000001 per Performance Share. At the date of this report the Milestone had not been achieved.



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Additional Information

UNQUOTED SECURITIES

The names of the holders holding more than 20% of each class of unlisted securities are listed below:

Holder	Number
\$0.20 Options Expiring 31 August 2015	
Luke Atkins	6,000,000
David Brook	2,000,000
Total	8,000,000
\$0.20 Options Expiring 8 February 2015	
William Witham	1,000,000
\$0.25 Options Expiring 8 February 2015	
William Witham	500,000
\$0.30 Options Expiring 8 February 2015	
William Witham	500,000
\$0.30 Options Expiring 4 February 2015	
Sam Middlemas	1,000,000
\$0.25 Options Expiring 15 September 2015	
Derek Judkins	300,000
Jane Carew-Reid	100,000
Summer Qi	100,000
Total	500,000

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Berkeley's listed securities.



Additional Information

EXPLORATION INTERESTS

As at 30 June 2010, the Company has an interest in the following tenements:

Tenement ID	Registered Holder	State	Site	AMMG Interest	Grant Date
E09/1592	Tailrain	WA	Lake Macleod	Earning 100%	Application
E09/1572	Tailrain	WA	Lake Macleod	Earning 100%	15/03/2010
E08/2007	Tailrain	WA	Lake Macleod	Earning 100%	Application
E08/1891	Tailrain	WA	Lake Macleod	Earning 100%	Application
E09/1686	AMMG	WA	Lake Macleod	100%	Application
E45/3264	Tailrain	WA	Pilbara	Earning 100%	Application
E45/3265	Tailrain	WA	Pilbara	Earning 100%	Application
E45/3266	Tailrain	WA	Pilbara	Earning 100%	Application
E45/3267	Tailrain	WA	Pilbara	Earning 100%	Application
E45/3282	Tailrain	WA	Pilbara	Earning 100%	Application
E45/3653	AMMG	WA	Pilbara	100%	Application
E70/3198	AMMG	WA	Scott River	100%	15/02/2010
E70/3902	AMMG	WA	Gairdner	100%	Application
E70/3817	Kaolin Resources	WA	Gabbin North	100%	Application
E70/3673	AMMG	WA	Mt Kokeby	100%	1/12/2009
E70/3811	Kaolin Resources	WA	Mt Mallet/Bradley	100%	Application
E70/3842	Kaolin Resources	WA	Kalgarin	100%	Application
E70/3853	AMMG	WA	Bencubbin	100%	Application
E16/394	AMMG	WA	Mt Manning	100%	Application
E30/417	AMMG	WA	Illaara	100%	Application
E70/3870	AMMG	WA	Lake Biddy	100%	Application
E77/1769	AMMG	WA	Brontie	100%	Application
E77/1770	AMMG	WA	Seabrook	100%	Application
E63/1407	AMMG	WA	Pink Lake	100%	Application
E70/3923	AMMG	WA	Meckering	100%	Application
E70/3913	Kaolin Resources	WA	Kukerin	100%	Application
E70/3909	Kaolin Resources	WA	Pingaring	100%	Application
E04/2027	AMMG	WA	Calwynyardah	100%	Application
E16/397	AMMG	WA	Mt Manning	100%	Application
E77/1746	A. Oliver	WA	Lake Deborah	Earning 100%	Application
E77/1747	A. Oliver	WA	Lake Deborah	Earning 100%	Application
E77/1748	A. Oliver	WA	Lake Deborah	Earning 100%	Application
E77/1759	A. Oliver	WA	Lake Deborah	Earning 100%	Application
EPM16620	AMMG	QLD	Constance Range	100%	4/11/2008
EPM17164	AMMG	QLD	Constance Range	100%	Application
EPM17920	AMMG	QLD	Constance Range	100%	Application
EPM17919	AMMG	QLD	Constance Range	100%	Application
EPM18375	AMMG	QLD	Constance Range	100%	Application
EPM18710	AMMG	QLD	Constance Range	100%	Application
EPM17064	AMMG	QLD	Maytown	100%	Application
EPM17065	AMMG	QLD	Maytown	100%	Application
EPM17331	AMMG	QLD	Maytown	100%	Application
EPM18030	AMMG	QLD	Maytown	100%	Application



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