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AUSTRALIA MINERALS & MINING GROUP LTD

Annual Report 2013





**AUSTRALIA MINERALS
& MINING GROUP LTD**

Corporate Directory

Directors

Luke Atkins - Non-executive Chairman
Ric Dawson - Managing Director
Peter Bailey - Independent Director
Daniel Tenardi - Non-executive Director

Company Secretary

Piers Lewis

Stock Exchange Listing

Australian Stock Exchange
ASX Code: AKA
Options Code: AKAOB

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross Western Australia 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Registered Office

3 Bay Road
Claremont Western Australia 6010

Telephone: +61 8 9389 5557
Facsimile: +61 8 9389 5510

Email: info@ammg.com.au
Website: www.ammg.com.au

Australian Business Number

45 125 301 206

Media/Public Relations

Professional Public Relations
Level 2, 1 Altona Street
West Perth Western Australia 6005
Telephone: +61 8 9388 0944

Bankers

Australian & New Zealand Group (ANZ)
7/77 St George's Terrace
Perth Western Australia 6000

Auditors

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

Solicitors

Steinepreis Paganin
The Reid Buildings
Level 4, 16 Milligan Street
Perth Western Australia 6000

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With a healthy cash position at year end, AMMG is in a strong position to further advance its mineral projects that have generated significant Chinese and overseas interest

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Chairman's Letter

Dear Shareholders

Please find herein the annual report and financial statements of the Company for the year ended 2013.

It has been another extremely active year with considerable progress being made by the Company in its third full year as an ASX publicly listed company.

The 2013 year has witnessed some significant achievements in the exploration activities undertaken.

The Company remains well funded with approximately \$2.8 million in the bank as at 30 June 2013, with no debt.

This reflects a tremendous effort by the AMMG team who have strived to ensure that the Company received the maximum value for its capital investment in the advancement of its suite of projects.

The Company has received strong interest from Chinese and overseas entities on a number of its projects. Discussions and information exchanges are progressing, which is highly encouraging in the context of current market conditions.

The Company has a number of consultants on the ground in China actively marketing a number of its projects.

The conversion of a number of historical exploration programs to JORC status by our exploration team has significantly added to the attractiveness of the projects to third parties notwithstanding the current domestic financial market conditions.

At the end of the day, Australia, with its stable government and close shipping distance to China, will always ensure that it remains attractive as a supply source for bulk minerals of the type targeted by AMMG. It is these factors linked to the rise in consumption from China that AMMG is seeking to exploit.

Significant achievements for the year include the following:

- 99.99% (4N) high purity alumina (HPA) produced, using AMMG's innovative processing technology;
- Three patent applications lodged with the Australian patent office for AMMG's innovative processing technology;
- 297Mt JORC indicated and inferred aluminous clay resource delineated;
- 807Mt JORC inferred heavy mineral/ilmenite resource delineated;
- 400-500Mt coal exploration target* estimated at the Green Range Coal Project;
- Drilling results at Pingaring Nickel Project indicated 2.56% nickel with cumulative olivine textures in Komatiite encountered;
- Encouraging Bencubbin magnetite coarse grind results;
- Constance Range maiden iron ore JORC inferred resource at Deposit D;

On behalf of the board, I would like to thank our shareholders for their financial support; and our outgoing director Mr Jamie Coote for his contribution as director over the past twelve months.

I would also like to thank our stakeholders including strategic private landholders. Further, our highly efficient management team who have progressed the Company's projects in such a highly cost-effective and efficient manner as reflected by our healthy cash position and suite of mineral projects, which have undergone significant advancements.

I look forward to meeting you at the upcoming annual general meeting and introducing you to the AMMG board and management team.

Yours Faithfully

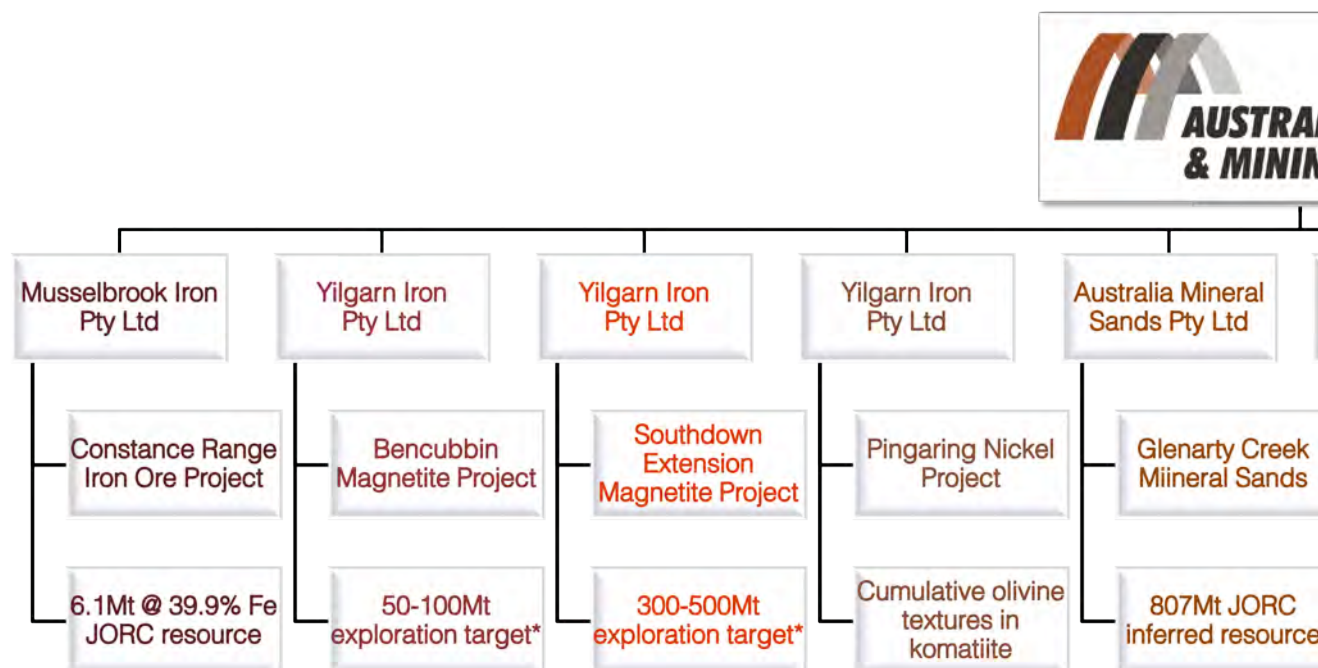
Luke Atkins

**The term "Exploration Target" should not be misunderstood nor misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2012), 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*

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Review of Operations

Australia Minerals & Mining Group is a Western Australian-based multi-commodity explorer focused on creating shareholder wealth by adding value to its project portfolio



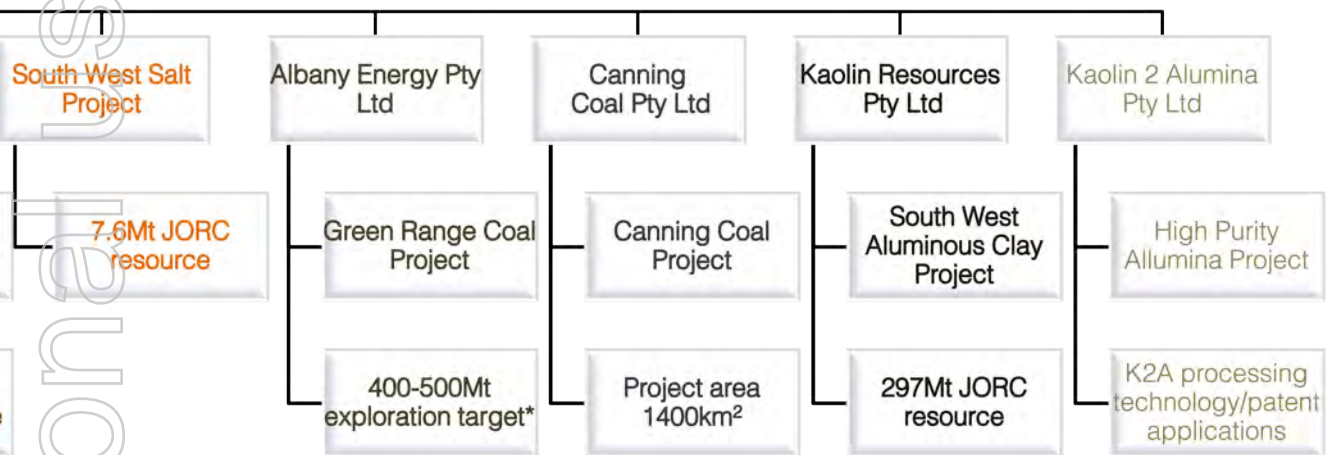
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Review of Operations



**AUSTRALIA MINERALS
& MINING GROUP LTD**



Review of Operations

AMMG's board and management team are highly experienced in operating successful exploration and mining projects, particularly joint venture partnerships, capital raisings and engineering studies

Australia Minerals and Mining Group Ltd (ASX: AKA) ("AMMG or the Company") is a Western Australian-based diversified exploration company that listed on the ASX in January 2010.

The Company's 100% owned mineral projects target a variety of commodities that are increasingly in demand from China and overseas.

The Australian-based projects target a range of minerals in order to take advantage of the shifting focus and changing criteria of the investment community.

AMMG's corporate strategy is focused on the development of its exploration assets with the potential to develop spin-out or joint venture its individual projects.

The Company remains well funded with circa \$2.8 million in the bank as at 30 June 2013, with no debt.

This cash position reflects the Company's corporate strategy, which sought to undertake business and exploration activities in a cost efficient manner over the year.

The Company's 2013 corporate activity objectives were to:

- add value and advance its diversified suite of mineral projects in a cost effective manner;
- target a range of commodities that have sustained demand from China and overseas;
- identify potential strategic end-users as well as cornerstone investors and/or joint venture partners to realise value in its projects; and
- identify potential lower capital, nearer-term start-up operations to generate cashflow.

AMMG's 100% owned projects:

Aluminous clay	Mineral sands
Iron ore	Salt
Coal	Gold
Nickel	Gypsum

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Review of Operations



AMMG's Chinese investor road show, June 2013



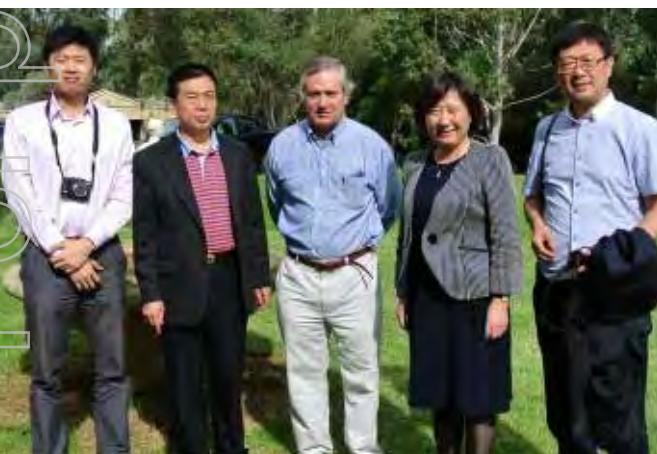
Bauxite & Alumina Miami conference, March 2013



AMMG on tour of its Albany hub projects visiting the Albany port with a Chinese delegation



AMMG's booth at China Mining Tianjin conference, November 2012



AMMG was visited in Perth by a leading Chinese iron ore company, March 2013



PDAC Toronto 2013 at AMMG's booth, March 2013

Review of Operations

China requires long-term supply security of bulk minerals; Australia is a preferred supplier due to its close shipping distance, its stable government, same time zone and the recent currency arrangements between the two countries.

During the year AMMG focused on advancing its negotiations with its Chinese networks to secure a potential joint venture or off-take agreement.

The Company continues to strengthen its significant relationships in China, progressing its strategy to secure a strategic investor to realise value in its diversified suite of mineral projects.

The Company appointed a number of consultants in China on a success-based fee arrangement to actively market its suite of advanced mineral projects for potential outright sale and/or joint venture opportunities.

AMMG has also received strong interest for a number of projects including the lower cost non-ferrous bulk mineral commodities where a JORC resource has been delineated, with potential for access to existing infrastructure.

The market potential for bulk minerals in China is significant, with its low-cost processing and manufacturing sectors sourcing long term supply security.

AMMG has forged strong corporate relationships with significant Chinese companies with a number of high level meetings occurring in Perth, Beijing, Tianjin, Shenyang and Guangdong over the year

During the year, AMMG's corporate activity with Chinese and international investors included the following:

- Participation at the Bauxite & Alumina conference, Singapore, October 2012;
- Participation at the China Mining Congress in Tianjin, November 2012;
- Chinese road show to potential investors in Tianjin, Beijing and Shanghai, November 2012;
- Hosted a leading Chinese delegation on a tour of its south-west regional projects and Albany port, February 2013;
- Participation at the PDAC conference in Toronto, March 2013;
- Participation at the Bauxite & Alumina conference, Miami, March 2013;
- Hosted one of China's largest iron ore mining companies, Hanking Industrial Group, in Perth in May, 2013;
- Participation at the RIU Sydney Resources Round-Up, May 2013;
- Participation at the Mines & Money Beijing conference, June 2013; and
- Chinese road show to potential investors in Beijing, Shenyang and Guangdong, June 2013.

AMMG believes the key to securing Chinese or overseas investment is in offering a diverse range of commodities with sustained demand and low-risk within its project portfolio

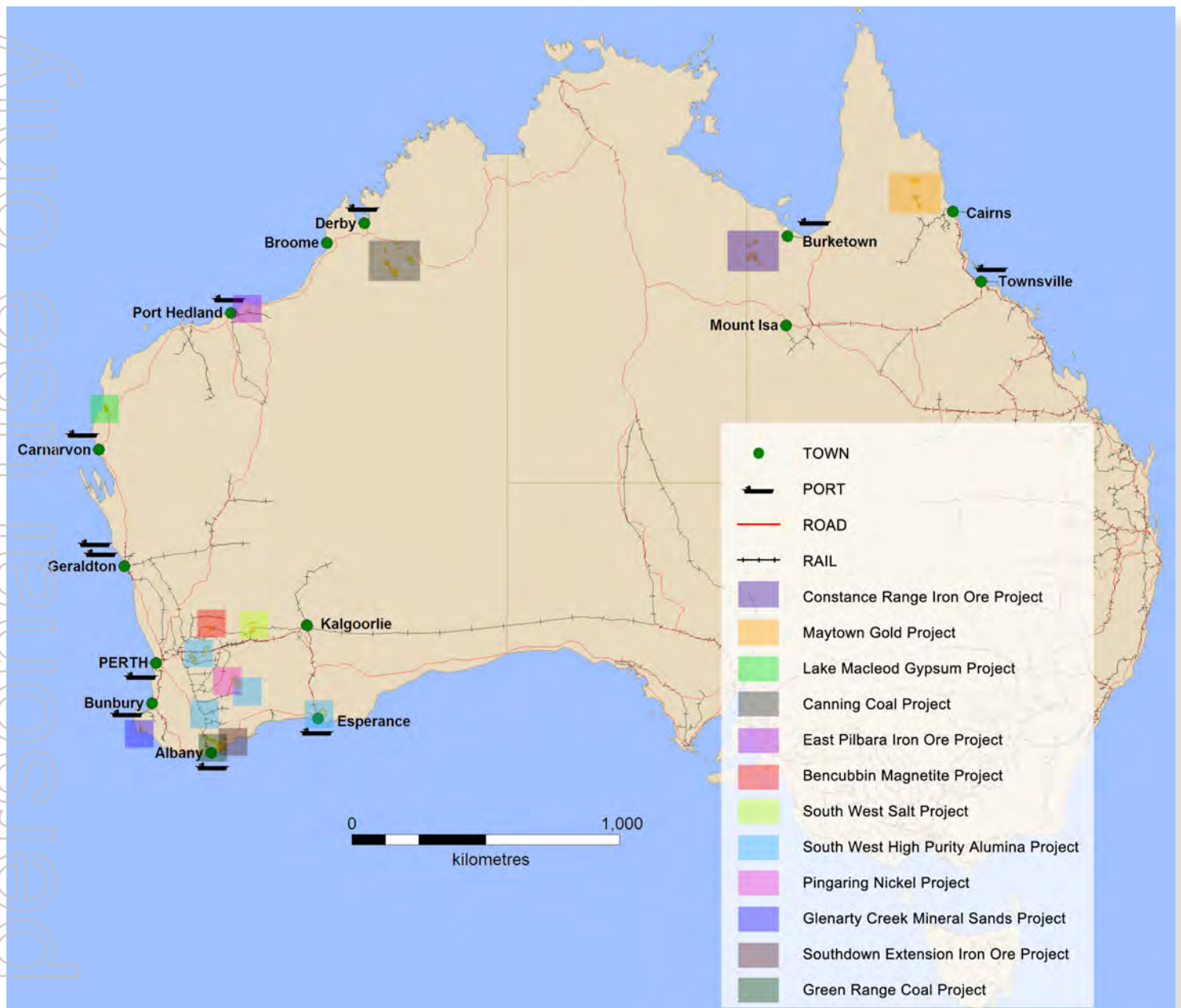






The Chinese investment community remains active in looking for quality mineral projects that carry low risk; AMMG's projects continue to attract substantial levels of Chinese interest

Project Review



Location map showing the Company's 100% owned projects in Western Australia and Queensland

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Project Review

AMMG's exploration activity focused on adding value to its projects by way of resource delineation, analytical test work, process development, landowner negotiations and engineering studies

<p>South West High Purity Alumina Project</p> <p>297Mt JORC aluminous clay resource</p> <p>2.5-3.9Bt exploration target*</p> <p>99.99% (4N) HPA produced using AMMG's innovative process</p> <p>3 patent applications lodged</p> <p>Definitive Feasibility Study (DFS) commenced</p>	<p>Green Range Coal Project</p> <p>400-500Mt exploration target*</p> <p>Potash/glaucanite potential 800Mt-1.2Bt exploration target*</p> <p>Successful applicant in state government's EIS co-funded program</p> <p>Land access negotiated with private landowners</p>	<p>Bencubbin Magnetite Project</p> <p>50-100Mt magnetite exploration target*</p> <p>Successful applicant in state government's EIS co-funded program for 2012 and 2013</p> <p>'Coarser' grind size of 150 microns average iron concentrate above 70%</p> <p>Land access negotiated with private landowners</p>
<p>Glenarty Creek Mineral Sands Project</p> <p>Rover Range Deposit JORC inferred resource 701Mt @ 3.8% HM containing 2.6% ilmenite</p> <p>Miller's Mill Deposit JORC inferred resource 106Mt @ 3.6% HM containing 2.8% ilmenite</p> <p>Project located 120km from Bunbury port via sealed highway</p> <p>Private freehold land - Native Title extinguished</p>	<p>Pingaring Nickel Project</p> <p>Analytical results indicated 2.56% nickel laterite</p> <p>AMMG's drilling program was first to intersect fresh ultramafic rock</p> <p>Cumulative texture of mineral olivines indicating good nickel sulphide 'neighbourhood'</p> <p>Successful applicant in state government's EIS co-funded program</p>	<p>Constance Range Iron Ore/DSO Project</p> <p>JORC resource of 6.1Mt at 39.9% iron at Deposit D</p> <p>Exploration target* 20-50Mt at 58% iron at Deposit I (purchase subject to due diligence)</p> <p>Strong interest expressed from Chinese iron ore company</p> <p>Close shipping distance to China approx. 6,000kms</p>

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COMPETENT PERSONS STATEMENT

Information in this report is based on information compiled by Mike O'Mara, who is a Member of the AIG and is an employee of AMMG. He has sufficient relevant experience to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC code). Mike O'Mara consents to the inclusion of this information in the form and context in which it appears.

Project Review

South West Aluminous Clay Project

Tenure

AMMG's 100% owned South West Aluminous Clay Project (via its wholly owned subsidiary Kaolin Resources Pty Ltd) is made up of one granted exploration licence and twelve applications targeting aluminous clay in the Yilgarn Craton of south-Western Australia.

Location and Access

The project extends across five areas in Western Australia: Meckering, Kerrigan, Kellerberrin, Gibson and Bobalong. The total project area covers approximately 3,315km².

The tenements are in relatively close proximity to existing rail and road infrastructure, including both Kwinana and Albany ports.

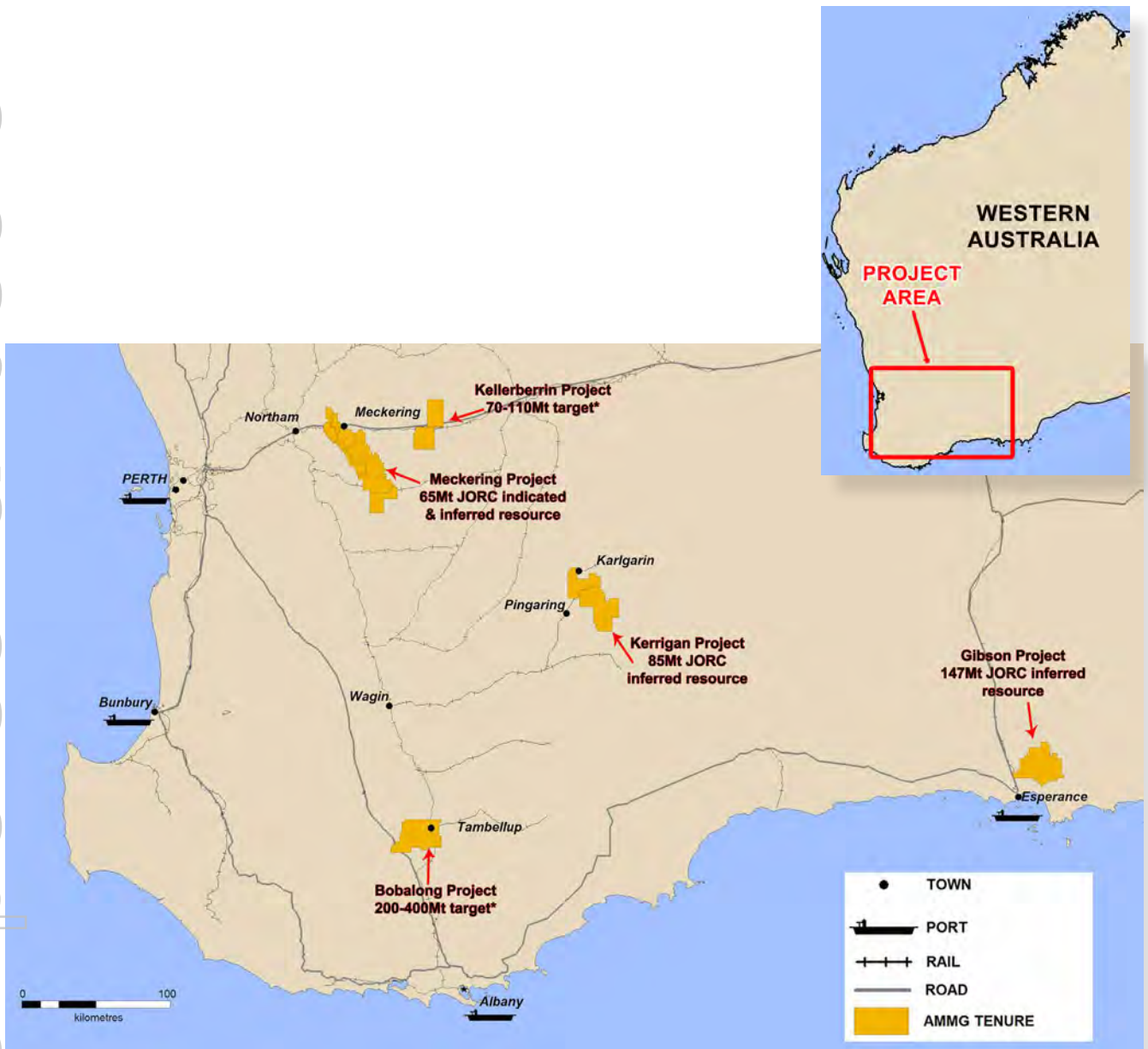
AMMG's 100% owned South West Aluminous Clay Project carries a combined resource of 297Mt of aluminous clay with an exploration target* of 2.5 - 3.9Bt

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Project Review

South West Aluminous Clay Project



Location map showing AMMG's South West Aluminous Clay Project, Western Australia

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AMMG holds one of the largest reported aluminous clay resources in Australia and is targeting a variety of paper and filler markets as well as the high-value HPA market



Project Review

South West Aluminous Clay Project

World-Class JORC Resource

AMMG's project carries a combined JORC-compliant resource of **297Mt of aluminous clay** with **screened grades of up to 38% alumina** (Al_2O_3).

The exploration target* is 2.5 billion tonnes (Bt) to 3.9Bt.

The resource is made up of 65Mt (comprising indicated 16.77Mt at 83.2% brightness and inferred 48.28Mt at 83.5% brightness) at the Meckering project.

The Bradley Deposit, within the Kerrigan project, carries an 85Mt inferred resource (at 85% brightness).

An inferred JORC resource of 147Mt of aluminous clay at 10.3% alumina was delineated at the Gibson project.

The Company is now planning the next phase of exploration in order to increase its combined aluminous clay resource.

Project Highlights

- World-class combined 297Mt aluminous clay JORC resource.
- Exploration target* 2.5Bt - 3.9Bt.
- 100% owned project located within close proximity to existing infrastructure.
- AMMG's raw aluminous clay has been subject to a natural ancient weathering process - it is a unique feedstock with very low levels of impurities.
- AMMG is pursuing a range of markets including paper and filler for its world-class aluminous clay resource.
- Land access agreements in place with key private landowners.

AMMG developed an innovative processing technology for the production of high purity alumina; the process is favoured by the Company's very low impurity aluminous clay material

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The successful production of 99.99% (4N) HPA using AMMG's innovative processing technology

Project Review

High Purity Alumina (HPA) Project

AMMG's Processing Technology

The Company has developed an innovative processing technology for high purity alumina (HPA) production. Three patent applications were lodged with the Australian patent office during the year.

The acid-based process is favoured by AMMG's aluminous clay material, which contains **low levels of impurities**, such as iron and titanium, and **screened grades of up to 38% alumina**.

AMMG's process benefits from a **low-energy input** using low temperatures and pressures. It produces saleable by-products and the key reagents are recyclable.

HPA Production

Using its technology the Company successfully produced **99.99% (4N) HPA, which is a high value premium product**. AMMG believes that greater purity levels of 5N or 6N may be able to be achieved, subsequent to further laboratory testing.

Subsequent to year end, the Company commenced a Definitive Feasibility Study (DFS) to determine the design, construction and financing requirements for a HPA pilot production plant.

Project Highlights

- AMMG's HPA process is simple, **energy efficient, cost effective and environmentally friendly** (minimal waste).
- The process is supported by the Company's **low-impurity** aluminous clay feedstock.
- The HPA end product is a high-value product that caters to a wide variety of high performance applications including high-tech electronics and LEDs.
- >99.9% (3N) HPA is priced at **US\$40/kg to US\$300/kg** depending on the level of purity and particle size.
- Global demand for HPA is currently 15,000tpa but is expected to grow to 25,000tpa by 2015.

AMMG's innovative HPA

process is energy efficient, cost effective and environmentally friendly (minimal waste);
it produces a high-value low-volume end product

Project Review

High Purity Alumina (HPA) Project

What is High Purity Alumina (HPA)?

HPA is a specialised alumina that has a purity level of more than 99.9% (3N).

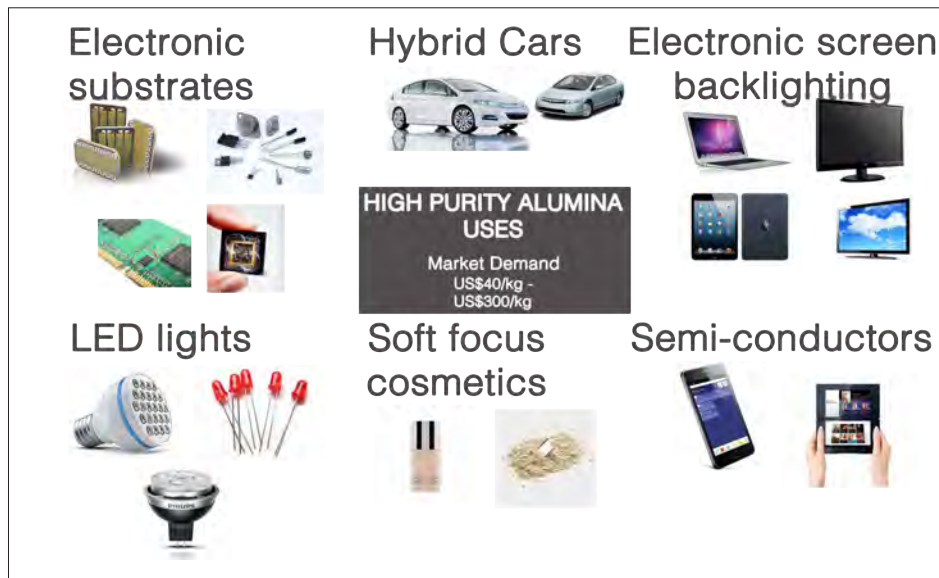
It is a premium high-end product that is used for its superior characteristics in a number of high performance applications such as high-tech electronics and LEDs.

Applications such as sapphire single crystals (substrates, tablet screens, high-speed chips, opto-electronics) use HPA for its extreme hardness, superior electrical insulation and high heat resistance.

Semiconductors (LEDs, tablet screens, plasma display panels, data processing electronics) use HPA for its high brightness, superior corrosion resistance and high bending strength.

It is reported that approximately 60% of HPA produced is allocated to the LED industry (smartphones, tablets, computers), which is a rapidly growing market.

Due to this rising LED market, HPA demand is predicted to increase by 7% from 15,000tpa to 25,000tpa by 2015.

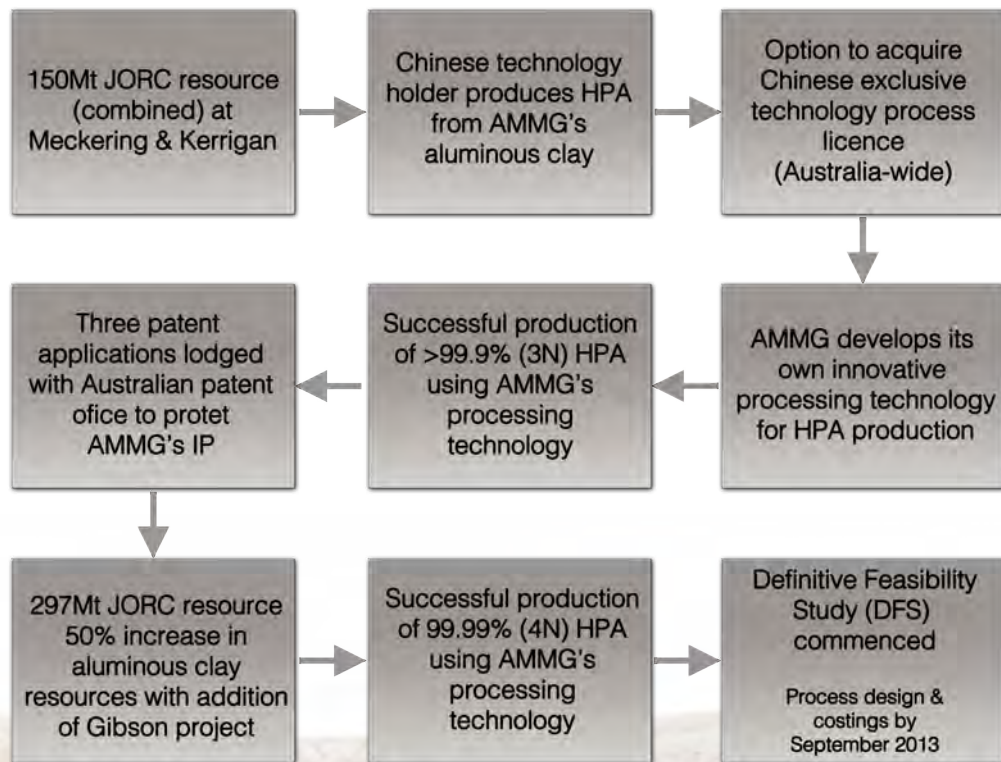


HPA is used in a wide variety of high-performance applications

Project Review

High Purity Alumina (HPA) Project

Project Pathway



Project Review

Pingaring Nickel Project

Tenure

The Company's 100% owned Pingaring Nickel Project (via its wholly owned subsidiary Yilgarn Iron Pty Ltd) is made up of one 122-block exploration licence totalling approximately 353km², which was granted on May 31, 2012.

Location and Access

The project is located approximately 340km south-east from Perth and the Kwinana port. Lake Grace is located approximately 40km north-east of AMMG's tenement.

Major infrastructure within the Western Australian Wheatbelt surrounds the tenement, with existing rail bisecting AMMG's ground.

The Pingaring area hosts some significant nickel deposits, with Western Area's Forrestania nickel mine located approximately 100kms north-east of AMMG's project.

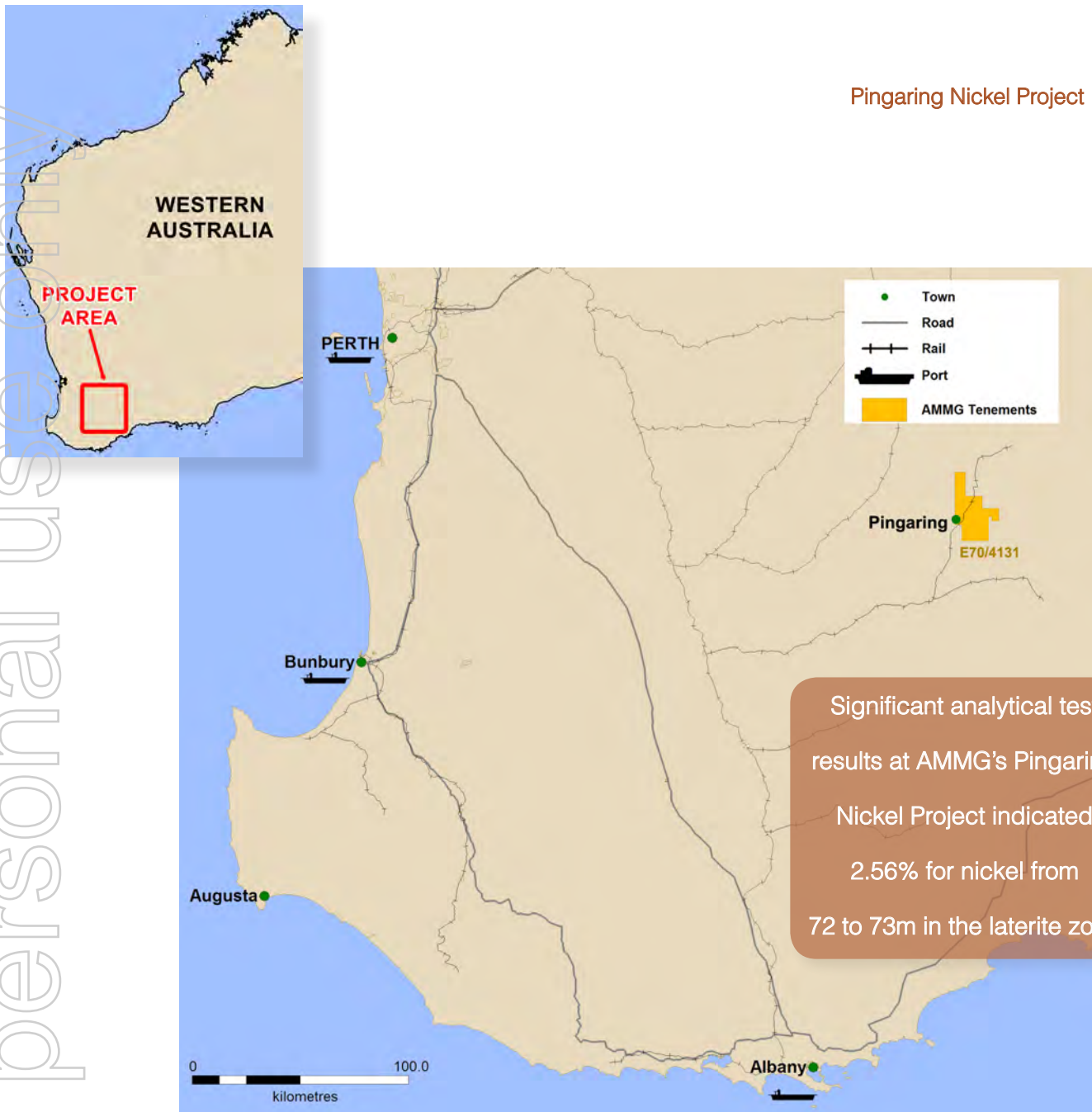
Project Highlights

- Significant analytical results were 2.56% for nickel from 72-73m in the laterite zone.
- AMMG's exploration is the first in the area to drill into fresh ultramafic rock.
- Pingaring is located in an area close to major infrastructure within the Wheatbelt; it is 340km from Perth and Kwinana port.
- AMMG believes Pingaring's geological environment is indicative of a potential nickel sulphide deposit due to the presence of cumulative textures in the Komatiitic ultramafic unit.



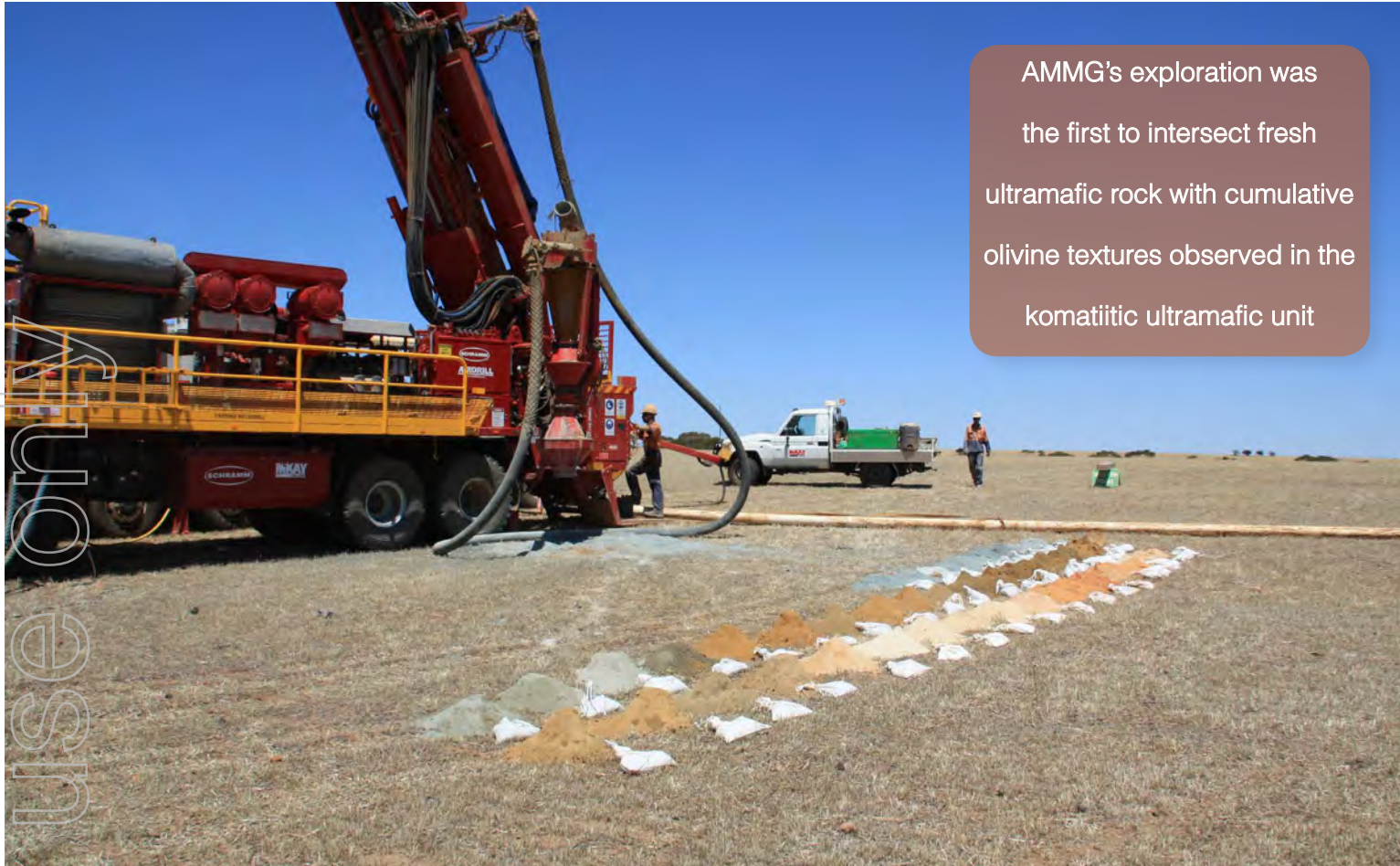
Project Review

Pingaring Nickel Project



Significant analytical test results at AMMG's Pingaring Nickel Project indicated 2.56% for nickel from 72 to 73m in the laterite zone

AMMG's Pingaring Nickel Project



AMMG's exploration was the first to intersect fresh ultramafic rock with cumulative olivine textures observed in the komatiitic ultramafic unit



Project Review

Pingaring Nickel Project

Stage 1 RC Drilling Program

The Company commenced its stage 1 RC drilling program in November 2012, targeting areas showing potential nickel anomalies based on historical data.

The stage 1 drill program was co-funded by the state government's Exploration Incentive Scheme (EIS), which refunded 50% of the costs associated with the drilling.

AMMG's drilling was the first in the area to **intersect fresh ultramafic rock**; it confirmed the presence of a Komatiitic ultramafic unit and some relict olivine cumulate textures were also observed.

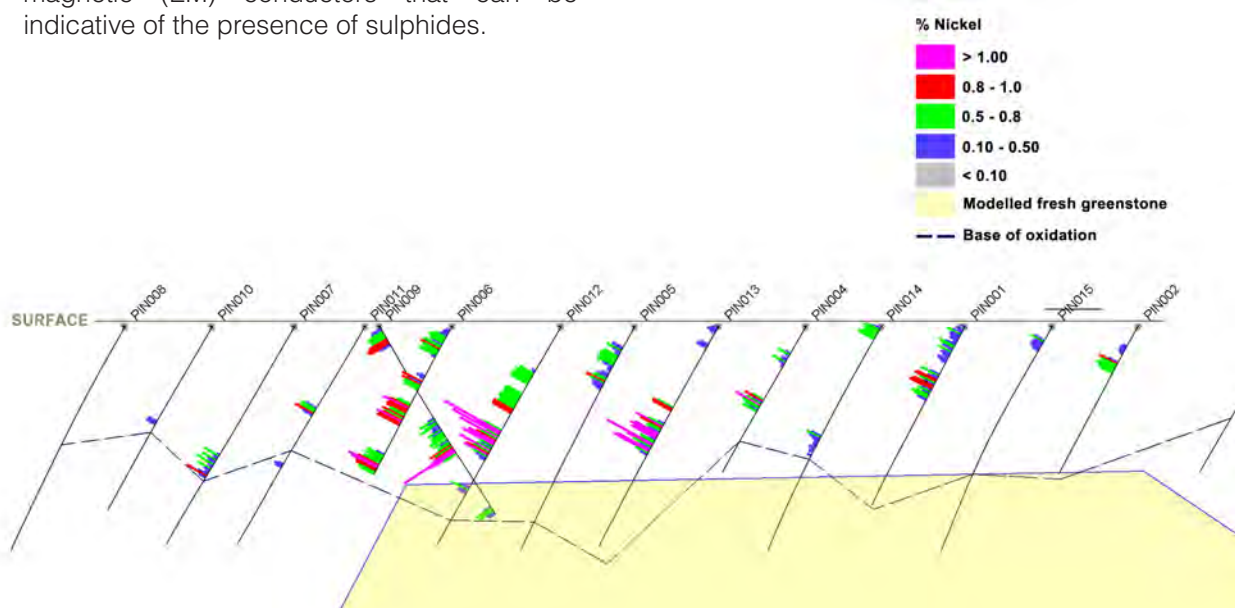
It is believed that the geological environment would have the potential to host a nickel sulphide deposit.

AMMG received positive analytical results showing individual metre assays of up to **2.56% nickel in the laterite zone**.

The Company proposes to conduct further exploration to detect underground electro-magnetic (EM) conductors that can be indicative of the presence of sulphides.

Historical Exploration

- Tiger Resources explored the area between 1995 and 2001, intersecting lateritic profiles over ultramafic rocks.
- Anomalous nickel and cobalt were intersected with maximum values of 1.8% nickel and 0.9% cobalt.
- Due to the deep weathering profile, Tiger Resources was not able to penetrate into fresh rocks at the time, due to budget constraints.
- In 1968 Electrolytic Zinc Company Australia Ltd intersected shallow mineralised zones of up to one metre at 0.81% nickel and 1.7 metres at 0.45% copper.



Long section showing AMMG's Pingaring RC drill hole targets

Project Review

Glenarty Creek Mineral Sands Project

Tenure

AMMG's 100% owned Glenarty Creek Mineral Sands Project (via its wholly owned subsidiary Australia Mineral Sands Pty Ltd) is made up of one granted tenement and one in application covering approximately 150km².

Location and Access

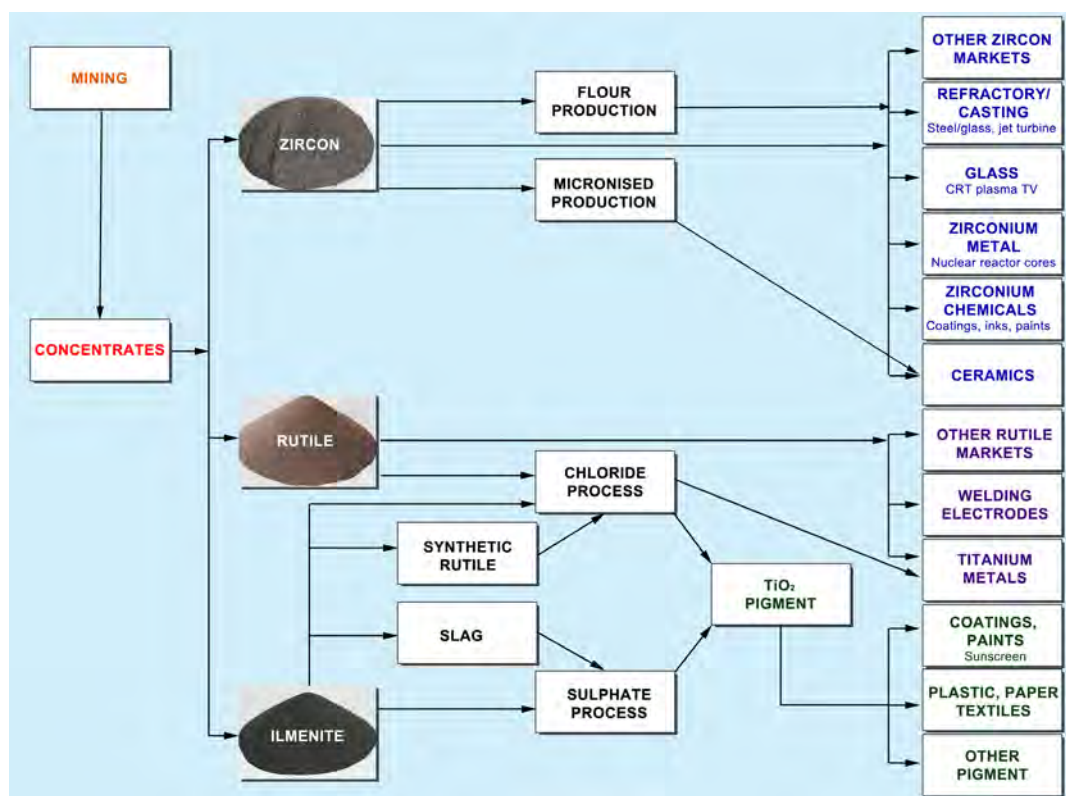
The project is located within a known mineral sands region in the south-west of Western Australia.

It is situated on the Scott Coastal Plain on the Vasse Shelf, which is part of the large Perth Basin, which contains granulite derived heavy mineral (HM) accumulations within Cainozoic sediments that are deposited in a fluvial environment.

The project area has a **direct route to the Bunbury port (120kms away)** via BHP-constructed transport route, Sues Road.

Project Highlights

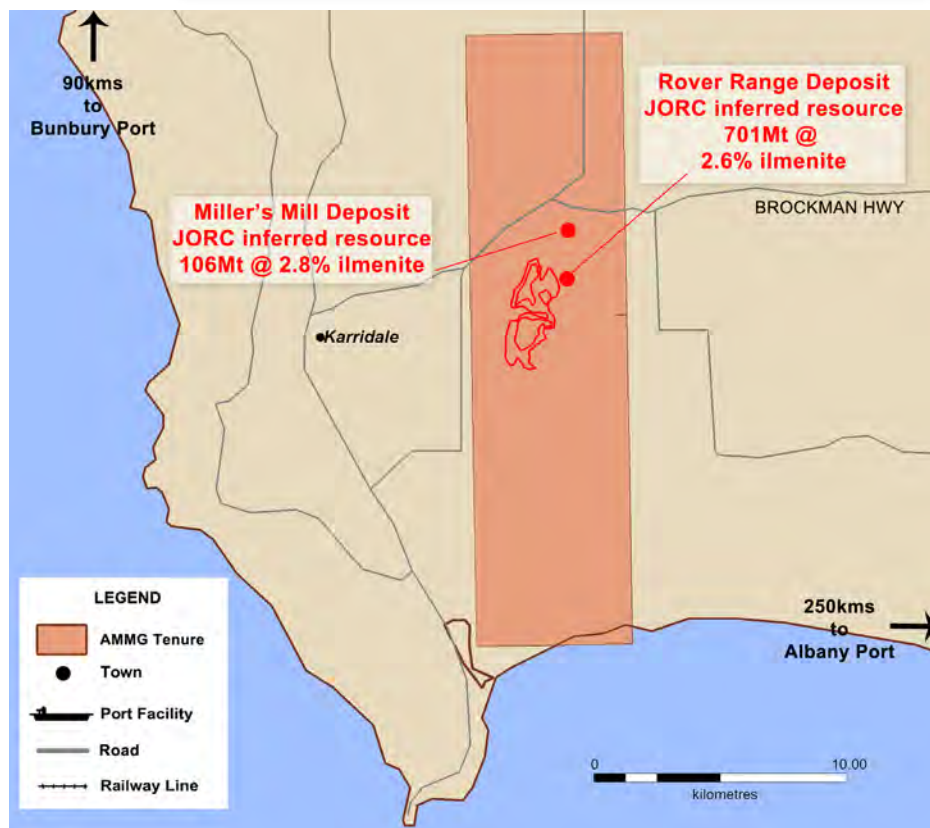
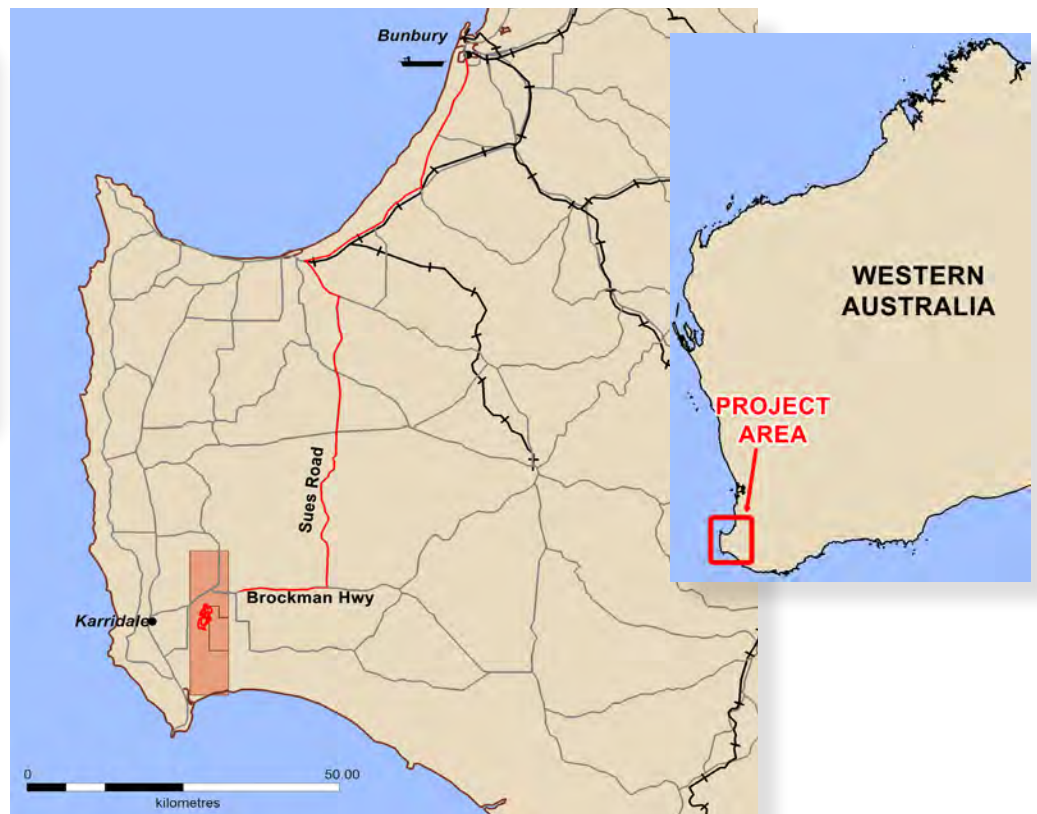
- JORC inferred resource of **701Mt at 2.6% ilmenite** at the Rover Range Deposit.
- JORC inferred resource of **106Mt at 2.8% ilmenite** at the Miller's Mill Deposit.
- AMMG's **100% owned project** is located within a well-known mineral sands region.
- Mineral analysis is underway to validate product and potential revenue combination.
- The tenement is bisected by Brockman Highway, with a **direct route to Bunbury port** (120kms away).
- The project is held over privately owned bushland where Native Title is extinguished.




Mineral sands (zircon, rutile, ilmenite) processing

Project Review

AMMG's Glenarty Creek project is located within a world-class mineral sands region surrounded by significant mineral sands deposits



AMMG's Glenarty Creek Mineral Sands Project



AMMG's Glenarty Creek Project has a direct route to Bunbury port via BHP-constructed sealed highway

Glenarty Creek Mineral Sands Project

Miller's Mill Deposit

The Company delineated a JORC (2004) inferred resource of **106Mt at 3.6% HM containing 2.8% ilmenite**, using a lower cut-off of 2.5% ilmenite over the entire thickness of the Miller's Mill resource.

The resource at Miller's Mill was based on BHP's historical drilling and an updated independent geologist report completed by Continental Resource Management (August, 2011).

Previous Exploration

At the Miller's Mill Deposit (formerly named the Warner Glen Deposit) BHP Titanium Minerals Pty Ltd (BHPTM) intersected between 30 and 51m of sediments averaging more than 2% ilmenite. The resource was estimated by BHPTM over the entire thickness of the deposit.

Project Review

Glenarty Creek Mineral Sands Project

Rover Range Deposit

AMMG delineated a JORC (2004) inferred resource at its Rover Range Deposit of **701Mt at 3.8% HM containing 2.6% ilmenite**, using a lower cut-off of 2% ilmenite.

Within the Rover Range area, the mineralised unit has been shown to extend for 5km north-south and 2.5km east-west.

One of the highlights and distinct advantages of the Rover Range Deposit is the **potential low strip ratio and thickness** of the deposit, which is up to 50m.

The shallow water table also makes the deposit amenable to traditional sand mine dredging techniques similar to those used at other nearby deposits.

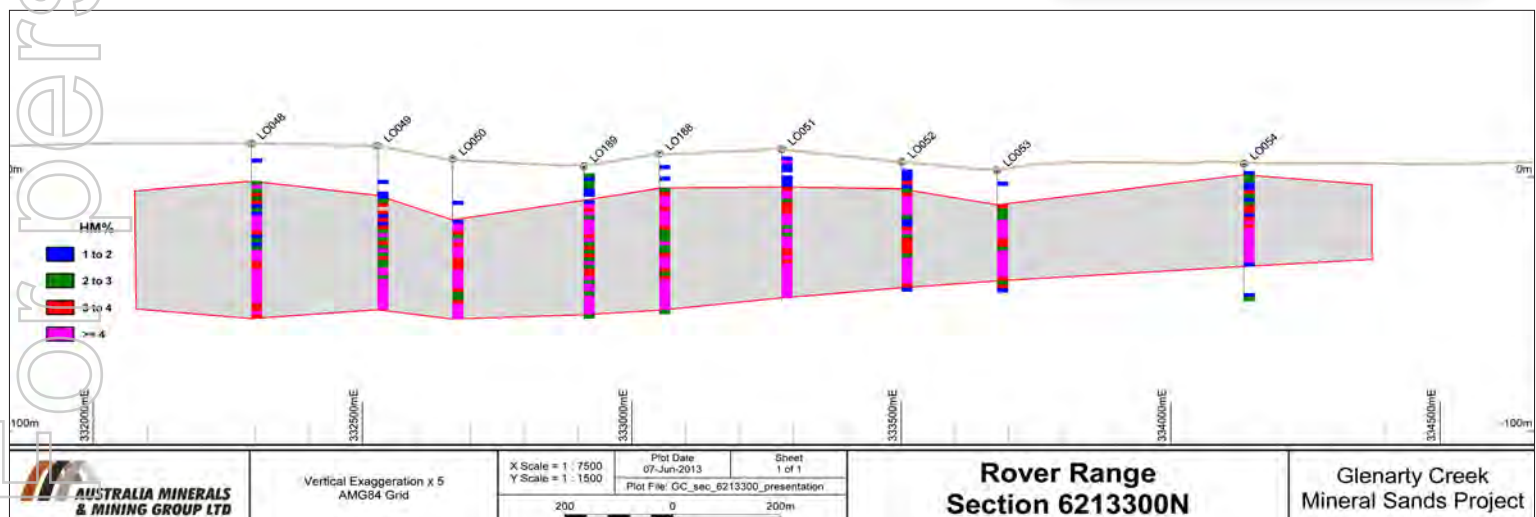
Previous Exploration

BHPTM carried out extensive exploration in the project area from 1987 to 1999 and outlined two areas of HM mineralisation for a Bankable Feasibility Study (BFS).

BHPTM's exploration included aircore drilling, tonnage-grade estimations, assays, conceptual mine plan feasibility studies and environmental, geotechnical and hydrological studies.

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

AMMG's Glenarty Creek Mineral Sands Project carries a combined JORC resource of 807Mt at 3.7% heavy mineral



Cross-section of AMMG's Rover Range Deposit

Project Review

Green Range Coal Project

Tenure

AMMG's 100% owned Green Range Coal Project (via its wholly owned subsidiary, Albany Energy Pty Ltd) is made up of two granted tenements and one in application status totalling approximately 1,122km².

The Company has 100% interest in the coal, iron and potash rights at its Green Range project.

Location and Access

The Green Range Coal Project is strategically situated 40 to 70kms from the town and port of Albany.

Road access to the area is via the sealed South West Highway, and much of the region is private cleared freehold agricultural land, thereby extinguishing Native Title.

Project Highlights

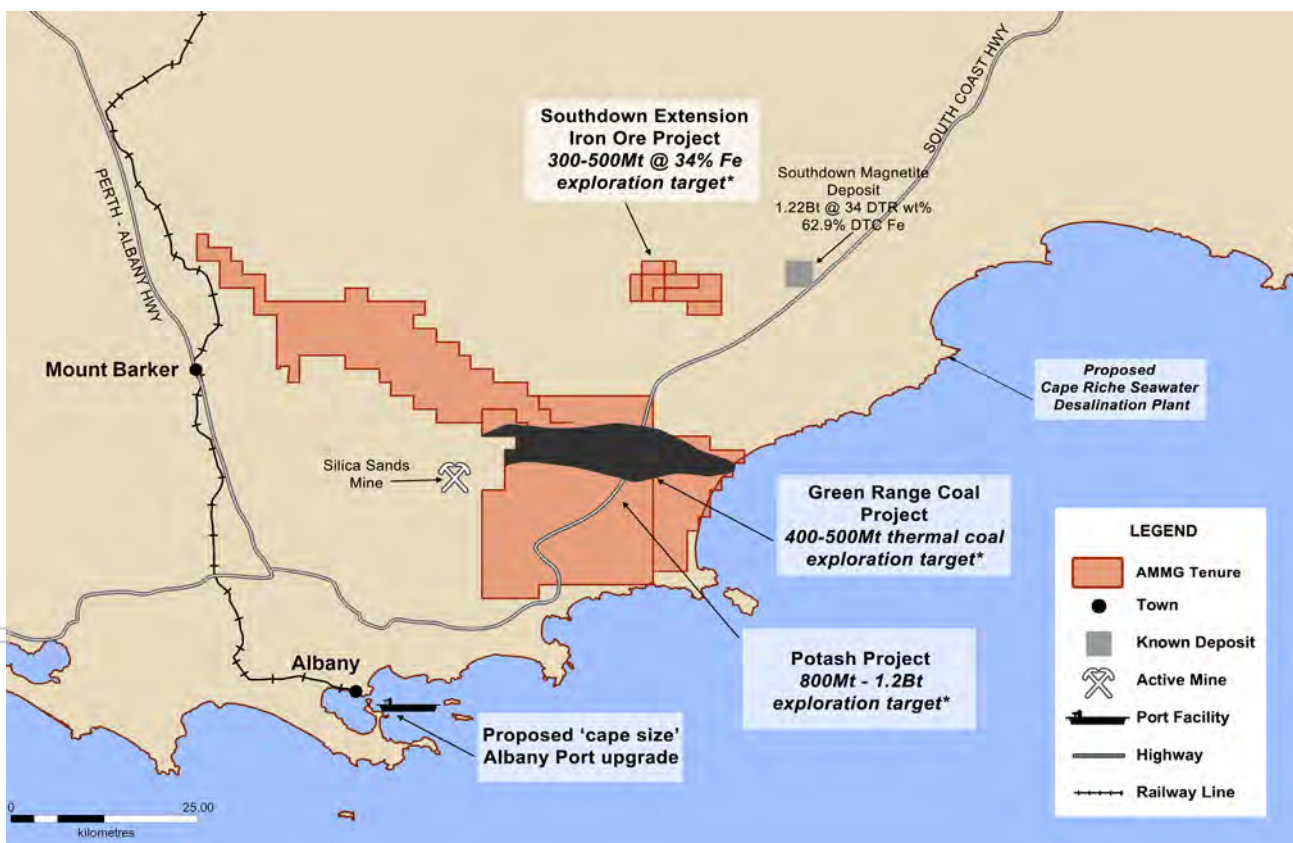
- Strategically located just 40 to 70kms from the town and port of Albany.
- AMMG's exploration target* is 400-500Mt of thermal coal grade based on previous drill data.
- Historical diamond drill core analysis confirms sub-bituminous or thermal coal grade (up to 24Mj/kg or 5,732 kcal/kg).
- AMMG's potash exploration target* is 800M - 1.2Bt.
- Port of Albany currently proposing to upgrade its capacity to handle 'cape-sized' vessels.



The port of Albany, Western Australia

Project Review

AMMG estimates an exploration target* of 400-500Mt of thermal coal grade, based on historical drill data



AMMG's Green Range Coal Project within the Albany hub

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AMMG and a Chinese delegation visiting the Albany port authority head office in February 2013

Year Drilled	Drill Hole No	Depth to Base-ment (metres)	Significant Coal Intersections (metres)			Specific Energy MJ/kg (Gross Dry)	Specific Energy kcal/kg (Gross Dry)	H ₂ O %	Ash %	Volatiles %	Fixed Carbon %
			From	To	Width						
1981	GRRRC1	69.7	64	69.6	5.6	21.0	5025	62	13.1	46.6	40.3
1981	GRRRC2	78.5	74	78.4	4.4	20.0	4776	55.4	18.2	43.7	38.1
1981	GRRRC4	112.5	112	114.8	2.8	17.8	4251	56.1	24.4	40.5	35.1
1981	MP2	109.0	92.3	93.5	1.1	20.3	4853	42.1	18.8	45.9	35.3
2001	PHGR4	71.3	66.3	71.3	4.9	23.7	5658	13.3	12.7	46.9	40.4
2001	PHGR6	80.2	76.7	78.5	1.8	24.3	5791	13.5	12.1	47.4	40.5

Historical drill core data

Project Review

Green Range Coal Project

Previous Exploration

Substantial historical exploration by BHP and CRA Exploration (Rio Tinto) in the early 1980s has indicated that coal exists in the Green Range basin area.

In 1981, CRA Exploration reported a historical resource (non-JORC compliant) of **500Mt of coal** at stripping ratios in excess of 10:1.

In 2001 Phanerozoic Energy Pty Ltd explored the area to determine coal bed methane gas extraction, intersecting coal seams greater than 1.5 metres.

Phanerozoic Energy confirmed the existence of lignite and coal as permanent features in the Green Range basin area.

Phanerozoic intersected **4.95m of sub-bituminous coal** from a depth of 66.3m with a Gross Dry Calorific Value (GDCV) of **24MJ/kg** (classifying the coal as a sub-bituminous coal).

AMMG hosted a significant Chinese delegation on a tour of its south west regional projects that are located within close proximity to Albany Port

Background Geology

The Green Range area is subject to a Mediterranean climate with an average annual rainfall of approximately 900mm and a temperature range of around 11 – 22° Celsius.

AMMG's project straddles the mid-late Proterozoic Boranup complex of the Albany-Fraser Orogen and is prospective for steaming or thermal coal.

The project covers 702.3m² of the Werillup Formation and the Pallinup Sandstone, which are both formations of the Late Eocene Plantagenet Group. There is a Proterozoic basement of granitoid/gneiss.



Project Review

Constance Range Iron Ore Project

Tenure

AMMG's 100% owned Constance Range Iron Ore Project (via its wholly owned subsidiary Musselbrook Iron Pty Ltd) is made up of five granted exploration licences and four applications totalling approximately 850km².

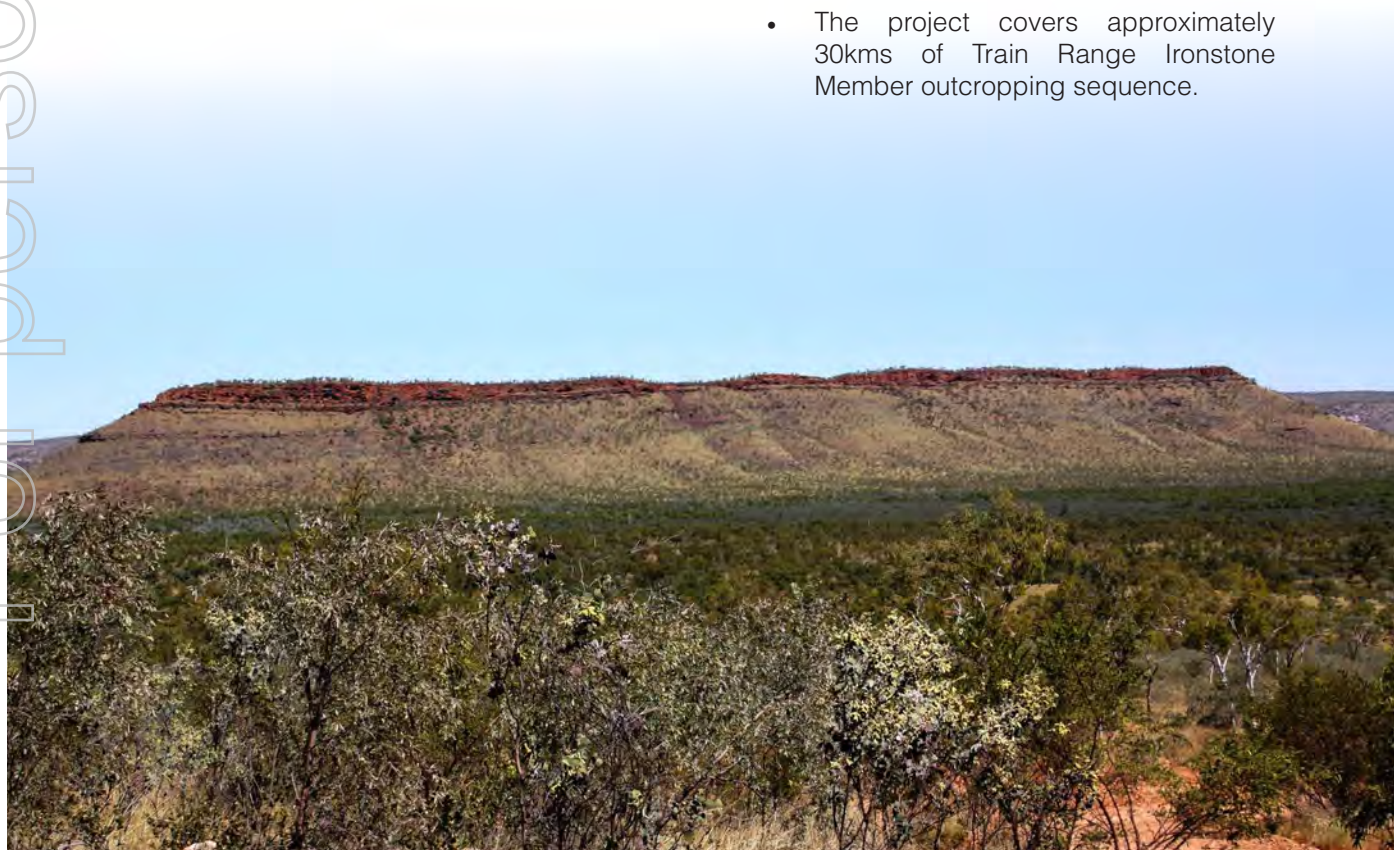
Location and Access

The project is located approximately 180kms to the north-west of Mount Isa and 160kms from Burketown, Queensland. It is located 250kms from the port of Karumba.

China's MMG Century Zinc Mine and existing slurry pipeline infrastructure are located about 10kms from AMMG's Constance Range project, with the port of Karumba located approximately 250kms away.

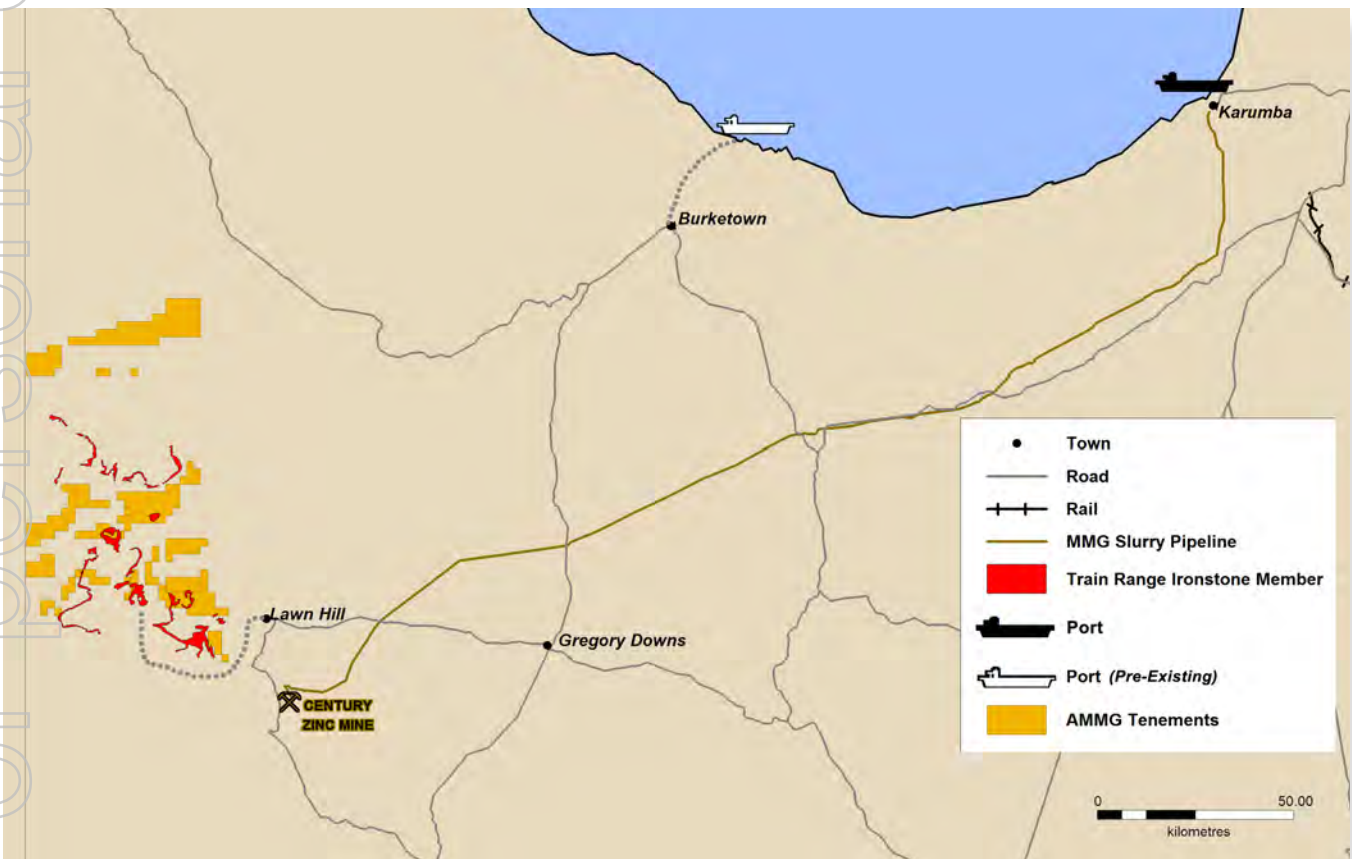
Project Highlights

- JORC inferred resource of 6.1Mt at 39.9% iron (Fe), **calcined iron (caFe) grade 52.5%** at Deposit 'D'.
- Deposit 'I' is currently under contract (subject to due diligence), with an exploration target* estimated at **200-250Mt at approximately 50-55% caFe**.
- Strategically located 250kms from the port of Karumba.
- Approximately 5,500kms shipping distance to China.
- Substantial historical database of BHP's previous drilling available.
- Drilling data indicates high iron, low alumina, ultra-low phosphorous and low zinc levels at AMMG's project.
- The project covers approximately 30kms of Train Range Ironstone Member outcropping sequence.



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Project Review



AMMG's Constance Range Iron Ore Project, Queensland

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A maiden JORC resource of 6.1Mt
at 39.9% iron with calcined iron
grade of 52.5% was obtained at
AMMG's 100% owned Constance
Range Iron Ore Project



Project Review

Constance Range Iron Ore Project

Previous Exploration

- The Constance Range project was BHP's flagship project before it shifted its focus to the Pilbara.
- BHP's exploration from 1956 to 1963 resulted in the delineation of 15 outcropping ironstone deposits over a strike length of approximately 100kms.
- Seven of the 15 deposits outlined by BHP can be found across AMMG's tenements.
- Nearby Deposit 'A' (100% owned by Viento Group) has a JORC inferred resource of 236Mt at 53.2% iron.

AMMG Exploration

The Company commenced its stage 1 RC drilling program in September 2012 at Deposit 'D'.

After conducting block modelling of analysed RC drill samples at Deposit 'D', a maiden JORC compliant inferred resource was obtained: **6.1Mt at 39.9% iron (Fe), calcined iron (caFe)* grade 52.5%.**

AMMG plans to conduct further field work including surveying historical holes to obtain a JORC 2012 compliant resource.

Interest in the Company's Constance Range project has been received from potential overseas investors and/or joint venture partners. A large sample was requested by a leading Chinese iron ore company, with results pending.

$$^{\#}\text{caFe} = \text{Fe}\% / (100 - \text{LOI}\%) * 100$$

AMMG's Constance Range Iron Ore Project has generated significant interest from Chinese and international iron ore companies

Project Review

Bencubbin Magnetite Project



Bencubbin Magnetite Project

Project Review

Bencubbin Magnetite Project

Tenure

The Company's 100% owned Bencubbin Magnetite Project (through its wholly owned subsidiary Yilgarn Iron Pty Ltd) is made up of one granted 64-block exploration licence totalling approximately 190km².

Location and Access

The project is situated in the Yilgarn Craton of Western Australia, approximately 220kms from Perth.

The tenement is bisected by an existing rail network and the Kwinana port is approximately 220kms away.

The area is private freehold land with several land access agreements in place.

Project Highlights

- Exploration target* 50-100Mt over the length of the magnetic anomalism.
- The average iron concentrate was **above 70% with an average mass recovery of 38.6% with a 'coarser' grind size of 150 microns.**
- The results are highly encouraging for magnetite as the 'coarser' grain size means potentially lower crushing costs.
- Magnetite contains low levels of impurities such as alumina and silica, which can reduce production costs.
- Aeromagnetic analysis shows the geological structure under the surface for approximately 14kms.
- Successful applicant in the 2012 and 2013 Exploration Incentive Scheme (EIS) state government's co-funded drilling program.

AMMG's Bencubbin project is strategically located just 220kms from the Kwinana port and is bisected by existing rail



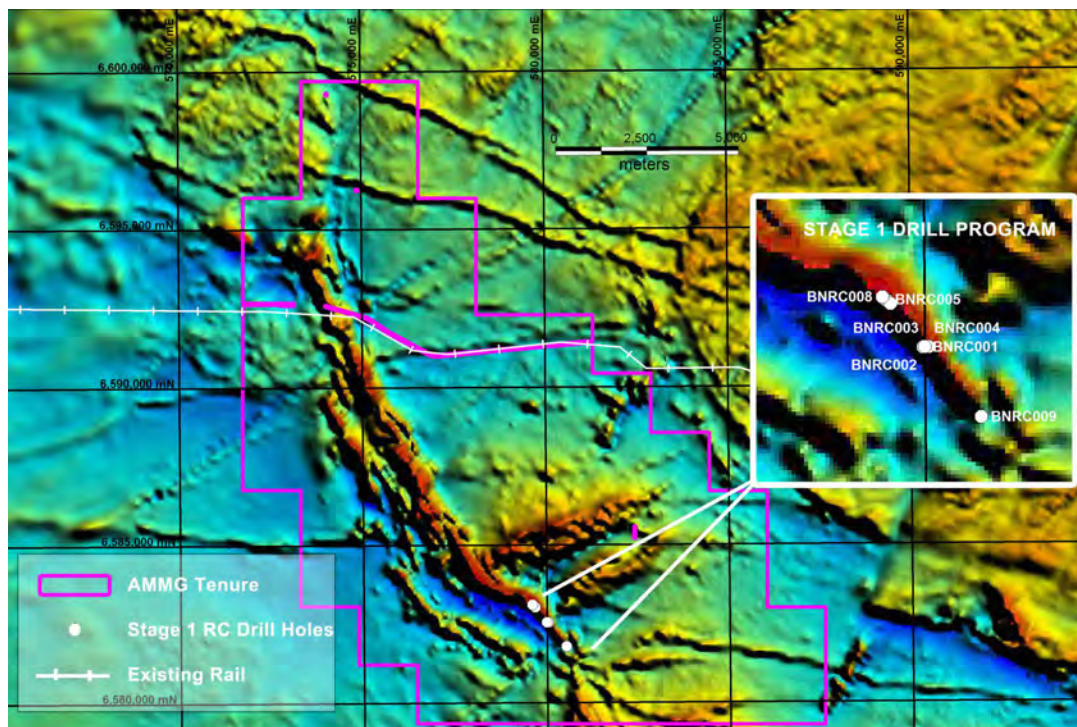
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Project Review

Bencubbin Magnetite Project

AMMG Exploration

- Previous exploration included ground magnetic surveys to reveal magnetic signature over Bencubbin project.
- AMMG's stage 1 RC drill program (co-funded by EIS) in 2012 to confirm the dip and thickness of the greenstone belt.
- Nine drill holes averaging 65m to test magnetic anomalies and increase the metallurgical understanding of the mineralisation.
- Highly encouraging results from metallurgical test work showed average iron concentrate of **above 70% with an average mass recovery of 42.8%.**
- **Grind size was -75 microns** (coarser than other WA iron ore projects that have been reported).



Map showing AMMG's drill hole locations targeting magnetic anomalies

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Encouraging metallurgical test results indicated a very 'coarse' liberation of magnetite at a grind size of 150 microns, with the average iron concentrate above 70%

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AMMG's exploration target* is estimated at between 300-500Mt with iron grades of approximately 34% in the magnetite, based on available drill hole data and magnetic surveys



Project Review

Southdown Extension Magnetite Project

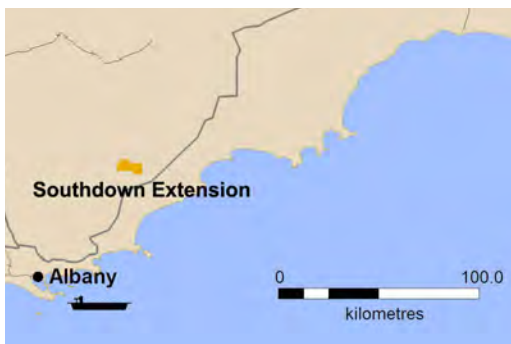
Tenure

The Southdown Extension Magnetite Project (held through the Company's wholly owned subsidiary Yilgarn Iron Pty Ltd) is made up of six granted tenements totalling approximately 105km².

Location and Access

AMMG's Southdown project is strategically located **approximately 80kms from the town and port of Albany** on the south coast of Western Australia.

The project area is situated over private freehold land and access agreements have been signed with the key landowners.



Project Highlights

- AMMG's exploration target* is 300-500Mt over a strike length of about 8.5 kms.
- Strategically located **80kms to port and major town of Albany**.
- Adjacent to Grange Resources' \$2.8 billion Southdown magnetite project, with a reported resource of 1.22Bt grading 34% iron in the magnetite.
- AMMG drill holes intersected a magnetite rich gneiss close to the magnetic anomaly.
- Metallurgical test work showed average iron concentrate of 68%; average mass recovery of 35%.
- Grind size was -75 microns (coarser than other WA magnetite projects that have been reported).
- AMMG conducted a diamond drill program in July 2012 to intersect the footwall mineralisation.
- Albany Port plans to expand its capacity to handle cape-sized vessels via the Grange Dredging Project.

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Project Review

Southdown Extension Magnetite Project

Previous Exploration

Previous tenement holders, Minemakers Ltd, announced that strong magnetite mineralisation had been intersected during a successful diamond drill program in 2007.

Three targets over an 8.5km strike length were targeted. Results indicated an average magnetite grade of 39% containing an average 66% iron grade.

Historical exploration by Anglo American and Minemakers resulted in approximately one million dollars of expenditure towards exploration, involving RC and diamond drilling, aeromagnetic data acquisition and interpretation.

AMMG's Exploration

AMMG's stage 1 RC drill program in January 2012 tested magnetic anomaly defined from initial ground magnetic surveys.

Drill holes SDRC002 and SDRC003 intersected a magnetite rich gneiss close to a magnetic anomaly.

Metallurgical test work showed average iron concentrate of 68%; average mass recovery of 35%.

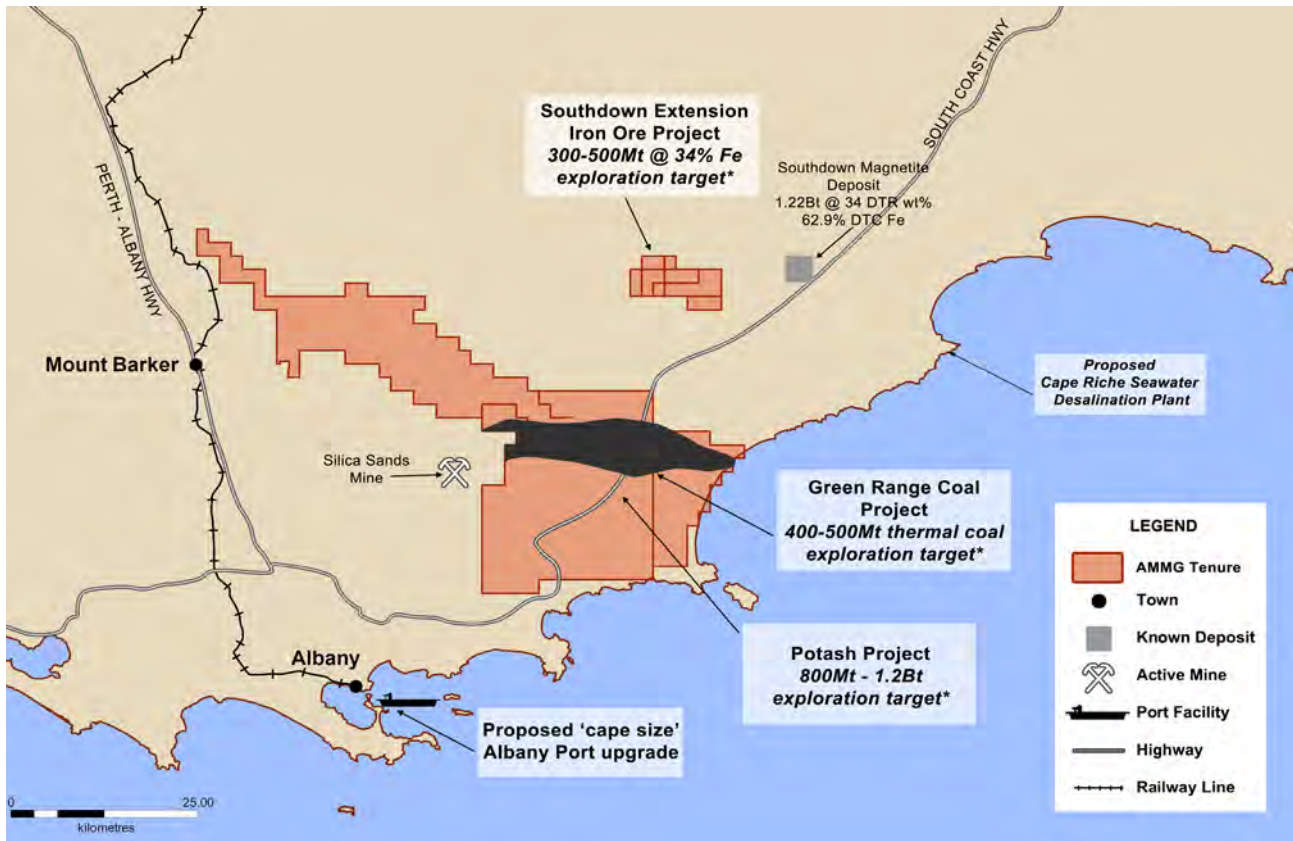
Grind size was -75 microns (coarser than other WA iron ore projects that have been reported).

Size testing was conducted on the drill core to ascertain the optimal grind size for the extraction of a high grade iron, low silica magnetite concentrate.



Project Review

Southdown Extension Magnetite Project



AMMG's Southdown Extension Magnetite Project within the Albany hub

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Project Review

South West Salt Project

Tenure

The Company's 100% owned and 100% joint ventured South West Salt Project is made up of four granted exploration licences and two in application; the total project area is approximately 670km².

Location and Access

AMMG's South West Salt Project is located at Lake Deborah approximately 450km east of Perth and 20km north-west of Koolyanobbing.

It is within relatively close proximity to existing infrastructure with the rail line bisecting the project area.

WA Salt Supply, an existing salt harvesting and production facility, operates from the north-eastern side of the lake on adjoining tenements.

This existing operation stockpiles and exports a variety of salt grades through the Koolyanobbing rail siding and rail line, which links through to Perth and Esperance.

Salt is produced by the solar evaporation of salt water;

evaporation exceeds rainfall by a factor of up to 15:1 in Australia



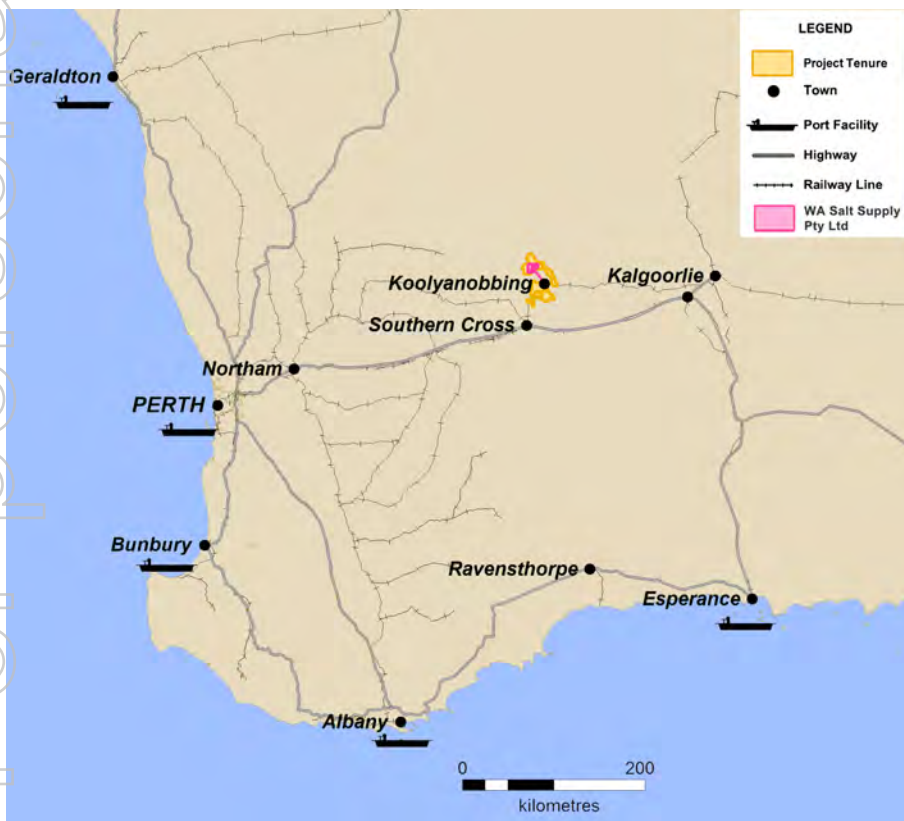
South West Salt Project (Lake Deborah) with existing rail network bisecting the project area

Project Review

South West Salt Project

Project Highlights

- Large naturally occurring **high purity salt deposits** are available over the project, with the potential for **high output and profitable salt productions**.
- Existing rail line bisects the project, with other existing infrastructure within close proximity.
- **Current salt resource in excess of 7.6Mt** exists at the project; exploration target* of 20-30Mt.
- Average salt crust thickness between 75mm to 100mm; salt content is an average **98% sodium chloride**, with low levels of other minerals.
- Nearby WA Salt Supply Pty Ltd has been successfully operating since 1945; stockpile and export salt through the Koolyanobbing rail line/siding, which links to Esperance and Perth.
- WA Salt Supply produce a reported 200,000 tonnes of salt per year, exporting to countries all over the world.
- AMMG is confident that a similar operation could be constructed and operated at its South West Salt Project.
- AMMG has received some significant overseas interest in this project.



The South West Salt Project

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Project Review

South West Salt Project

Background

AMMG's tenements cover most of Lake Deborah and the surrounding outer lake shores.

The external area of the lake is generally flat and sparsely populated with native scrub and grassland typical of the local region.

Lake Deborah East lies in the upper reaches of the disaggregated Yilgarn River palaeochannel network in the centre of the Yilgarn Craton.

The regional landscape is characterised by gently undulating lateritic duricrust with elevated sand plains incised by broad paleoadrainages, which supports the extensive salt lake systems that characterise the area.

Lake Deborah is very highly evolved chemically and bromide and bitterns have become concentrated in the brine pool.

As a result, Lake Deborah East differs from typical salt lakes in eastern Australia where salt deposition is controlled by downward fluxes of solutes.

Salt is produced by the solar evaporation of salt water; evaporation exceeds rainfall by a factor of up to 15:1 in Australia.

Market Demand

World salt production amounted to about 290Mt in 2011. China and the USA are the largest producers, accounting for over 70Mt annually.

World demand for salt is expected to increase over the next three years from 290Mt to 300Mt.

80% of salt produced in Australia comes from Western Australia, with 12.8Mt produced at a value of approximately A\$354 million.

Salt is mainly used as a feedstock for the production of chemicals, glass and plastic.

It is used in the manufacture of hydrochloric acid; metallurgical processing; plastics; food processing; agriculture; and domestically.

AMMG's salt resource is in excess of 7.6Mt with the potential to significantly increase this number; a 20-30Mt exploration target* is estimated at the project

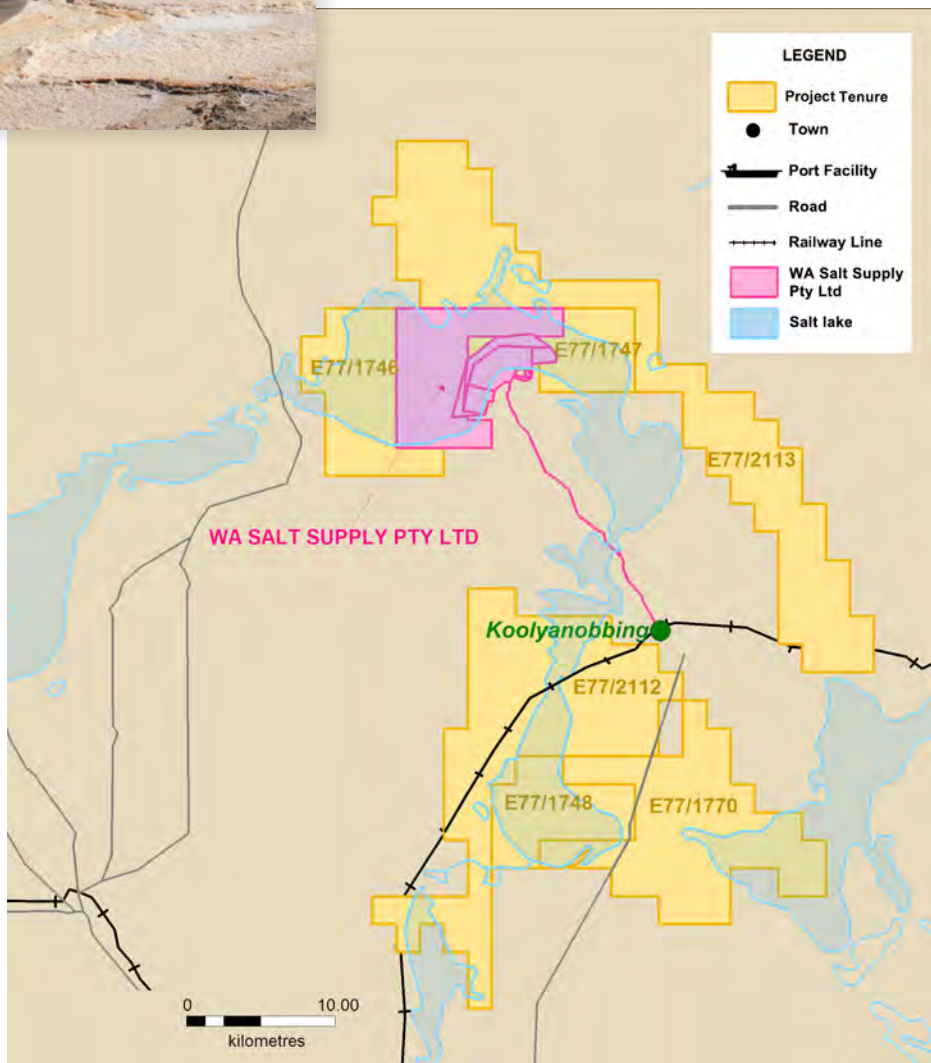
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Project Review



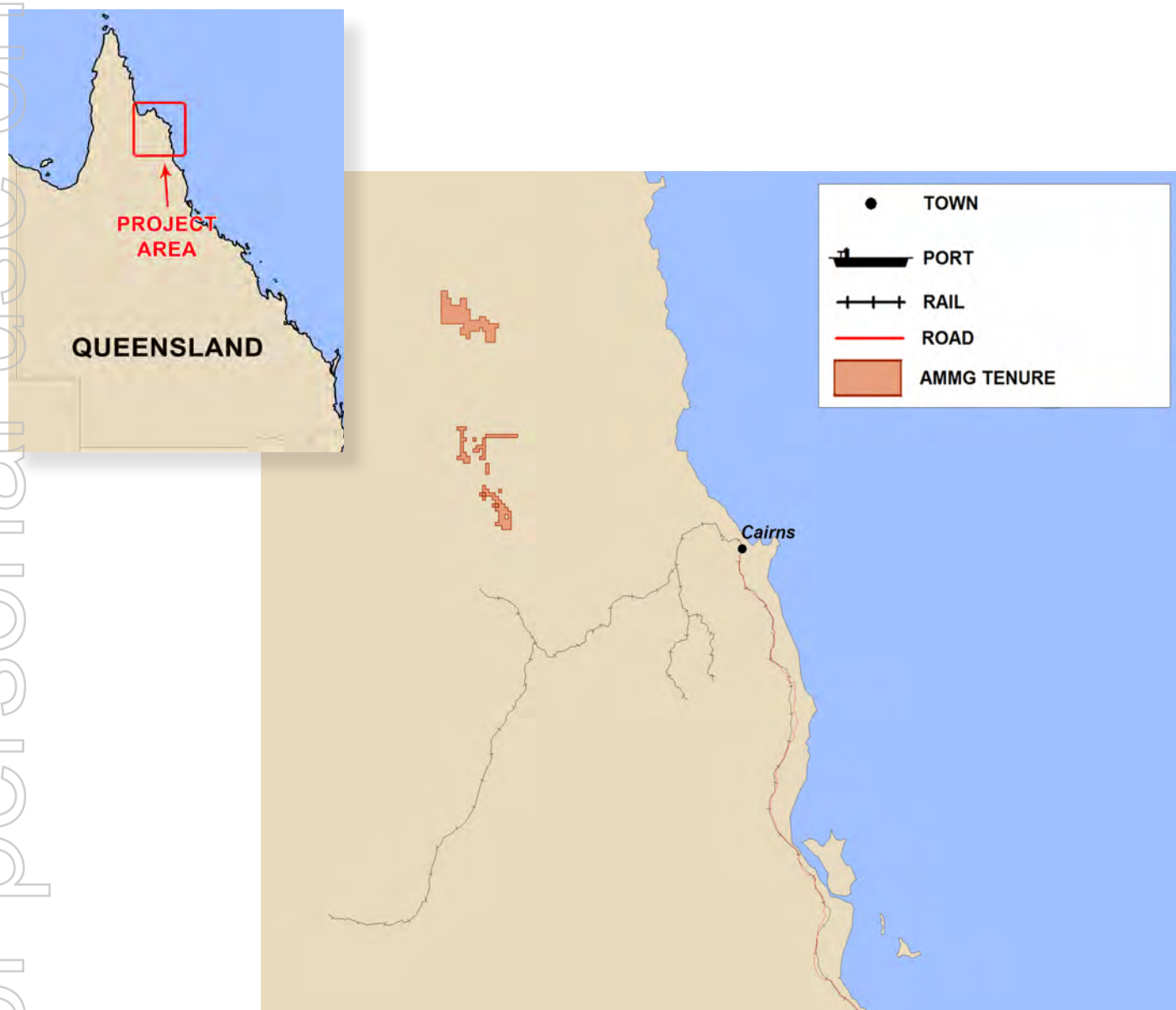
AMMG's believes its salt project could become a high output and profitable salt production



South West Salt Project Tenure

Project Review

Maytown Gold Project



AMMG's Maytown Gold Project, Queensland

Project Review

Maytown Gold Project

Tenure

AMMG's 100% owned Maytown Gold Project is made up of two exploration licence applications: EPM17331 and EPM18030.

Location and Access

Both project areas are located approximately 150km and 175km north-west of Cairns respectively.

The tenements cover a total area of approximately 600km² in the Palmer River Goldfields of far north Queensland.

Access to the project area from Cairns is via Palmer Roadhouse on the Peninsular Development Road and west on tracks through the old Maytown prospect areas.

Access from the west can be made via Mareeba, on the Captain Cook and Kennedy Highways to Chillagoe and gravel roads to Palmerville Station and station tracks to Maytown.

Project Highlights

- Greater than **1.3 million ounces** of historic gold won during the Palmer River goldfields discovery of 1878.
- Approximately 10% of the historic gold discoveries were from hard rock mines at the Maytown reefs, just 9kms from AMMG's project.
- Cambrian Resources NL conducted exploration in 1988 and identified several hard rock drill targets for gold within the area.
- AMMG is targeting the gold-quartz and gold-quartz-antimony veins within shear zones in the Hodgkinson Formation.
- Potential exists within broad zones of alteration containing swarms of gold bearing quartz stringers and leaders that crop out between previously mined clusters of quartz fissure reefs.

Since 2003 the number of gold exploration and mining projects in Queensland has tripled with Australia currently the leading gold-producing nation

Project Review

Maytown Gold Project

Background Geology

AMMG's Maytown project is located in the north-western corner of the Hodgkinson Basin, a deformed marine sedimentary sequence of Siluro-Devonian age which forms the northern part of the Tasman Fold Belt.

Several primary mineralisation styles have been identified including gold-quartz veins in Proterozoic rocks west of the Palmerville Fault, skarn sand metasomatic style mineralisation in breccia pipes in the Chillagoe Formation and gold-quartz-antimony veins within shear zones in the Hodgkinson Formation.

It is the latter two which are relevant to the AMMG Maytown project area and should be the focus of exploration activities.

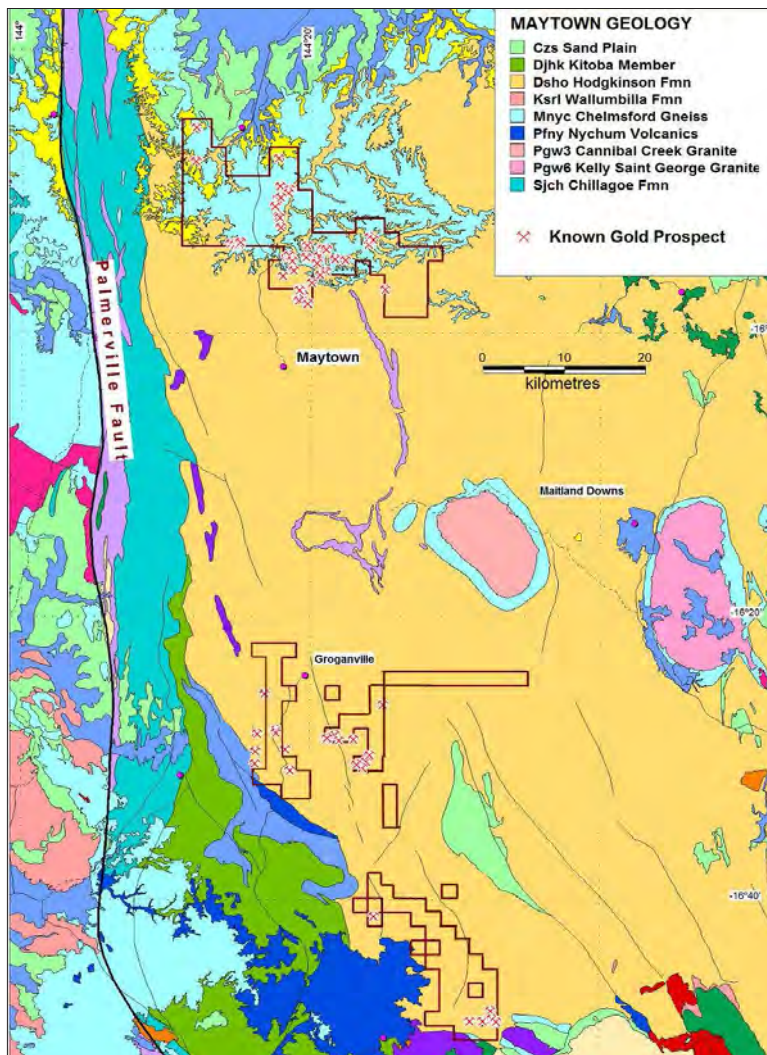
Potential exists within broad zones of alteration containing swarms of gold bearing quartz stringers and leaders that crop out between previously mined clusters of quartz fissure reefs.

The setting and hard-rock mineralisation style of the area is similar to the orogenic gold deposits in Central Victoria. These similarities include:

- Margin turbidite rock sequence;
- Significant past alluvial gold production;
- Proximity to granites;
- Alteration consist of silicification and sulphide mineralisation;
- Structural control, with plunges to mineralisation being important in developing a gold resource;
- Refractory nature of the gold, with gold occurring in solid solution in pyrite and arsenopyrite; and
- An antimony association.

The Palmer River Goldfields is one of the richest alluvial goldfields ever discovered in Queensland with over 1.3 million ounces of historic gold won

Project Review



There are known gold occurrences within AMMG's Maytown Gold Project according to the Queensland Mines and Energy database

Geology and prospect locations at AMMG's Maytown Gold Project

Previous Exploration

Previous historical activities have focused on alluvial resources and those that were locked out of alluvial material focused on hard rock resources. This has been biased towards small high-grade, lode type deposits.

The Palmer River goldfield was first gazetted on 27 November 1873. It is one of the richest alluvial goldfields ever discovered in Queensland, with records indicating total production of approximately **over 1.3 million ounces of gold from 1878**.

Over the last two decades the Maytown area has been explored by several companies including Houston Oil and Minerals Company,

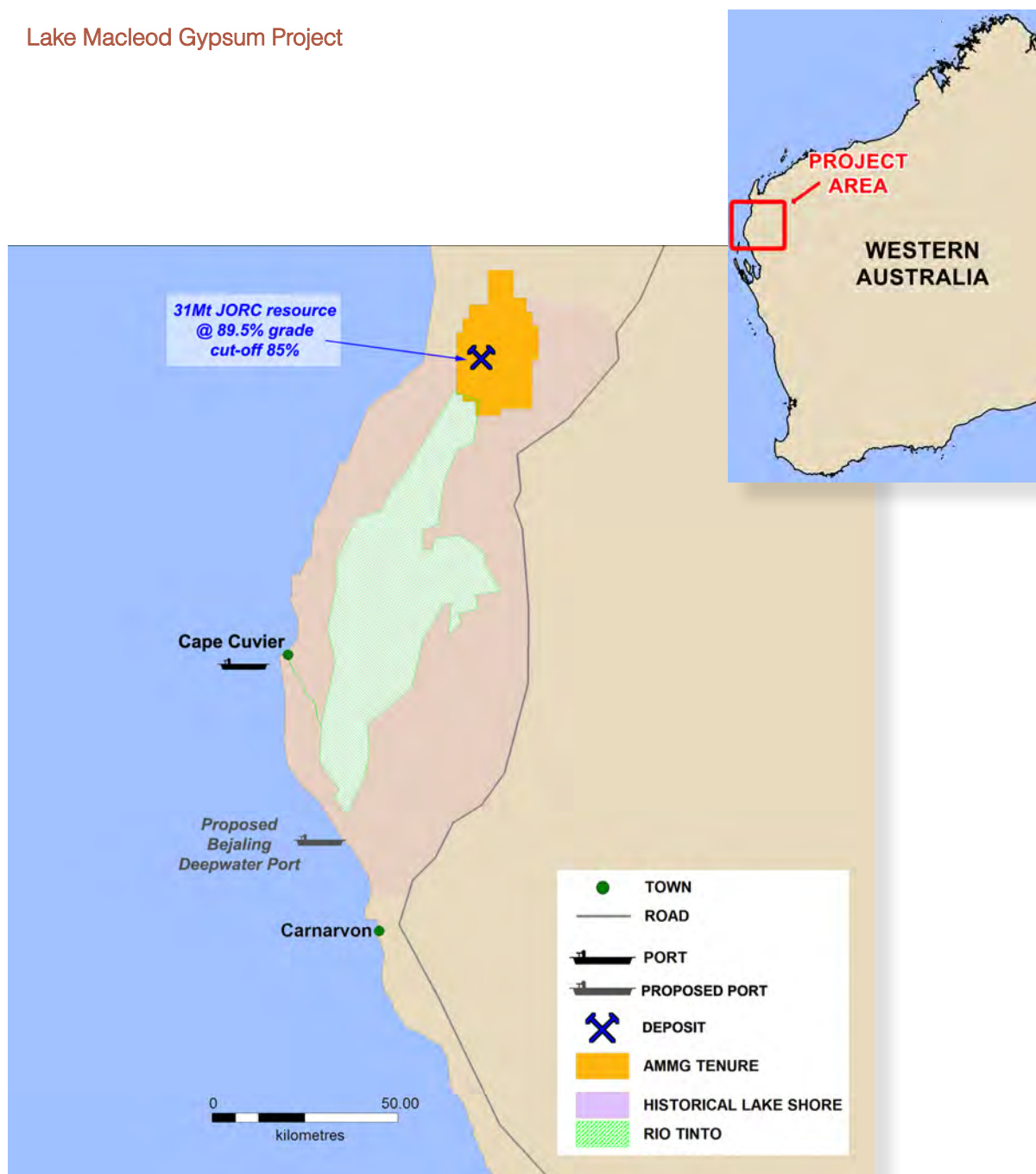
Odin Australia Ltd, Cambrian Resources NL, Gold Copper Exploration and Republic Gold Ltd (joint venture with BHP Billiton Minerals Pty Ltd).

In 1988 Cambrian Resources identified several hard rock drill targets for gold within the area.

Cambrian Resources concluded that workings upstream in the north Palmer Valley did pose good exploration targets for broad stringer gold mineralisation overlooked by the 'high graders'. Rock chip samples assayed up to 1.22g/t gold.

Project Review

Lake Macleod Gypsum Project



AMMG's Lake Macleod Gypsum Project

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Project Review

Lake Macleod Gypsum Project

Location and Access

AMMG's 100% owned Lake Macleod Gypsum Project is located approximately 950kms north of Perth in the Gascoyne region of Western Australia.

The 200-block exploration licence application covers known gypsum deposits located east of Lake Macleod, which contain the extensive gypsum deposit owned by Dampier Salt Ltd, a subsidiary of Rio Tinto.

Cape Cuvier, a privately-operated deep water port capable of accommodating vessels of up to 100,000 tonnes, is about 35kms from AMMG's project.

Major access to the project is via the sealed Northwest Coastal Highway. Elsewhere, graded shire roads, station tracks and the service road for the Perth-Dampier Gas Pipeline provide restricted access.

Lake Macleod Potential

AMMG's tenements cover part of the Lake Macleod area, a very large saline playa lake known to host substantial gypsum deposits.

These deposits represent high quality, low impurity sources of gypsum, which are suitable for use in wallboard and plaster products as well as the cement and agriculture industries.

Dampier Salt began producing gypsum from Lake Macleod in 1997 at a rate of 1.5Mt per annum. They reported that their large gypsum deposits could sustain an increased production rate depending on market demand. Dampier Salt primarily exported to Asian markets.

Recently the company announced that it had resumed operations at its Lake Macleod project, shipping 44,000 tonnes of gypsum to an Australian customer.

Project Highlights

- An inferred mineral resource of **30.9Mt of gypsum at a grade of 89.5%** using a cut-off of 85% contained calcium sulphate.
- Substantial historical data available on the project.
- Nearby Rio Tinto/Dampier Salt's Lake Macleod operations recently resumed.
- Existing infrastructure within close proximity; potential for DSO operation.
- Lake Macleod contains a high quality world-class natural gypsum, with highly desirable size and purity attributes.

AMMG's Lake Macleod Gypsum

Project carries an inferred resource of 31Mt of gypsum at a grade of 89.5% using a cut-off of 85% contained calcium sulphate

Project Review

Lake Macleod Gypsum Project

Historical Exploration

Gypsum was discovered in the Lake Macleod area as early as the 1830's.

Texada Mines Pty Ltd explored the area in the mid 1960's and established the then world's second largest solar salt industry utilising the natural brine resources of the lake. About 1.6Mt of salt was shipped annually from Cape Cuvier mainly to Japan.

In 1984 Cape Cuvier Exploration & Mining delineated a gypsum resource and sent samples to overseas consumers. Screened product assayed at about 98% purity with recovery of about 66%.

In 1992 Rio Tinto began working on a process to recover gypsum from the surface of Lake Macleod. Their success in producing a premium product resulted in the commencement of operations in 1997.

Prima Resources NL assessed the potential for gypsum and lime between 1995-98. Prima defined both a gypsum deposit and also limestone of suitable quality for supplying lime to the cement industry.

AMMG's Exploration

In July 2010 AMMG commenced its stage 1 auger drilling program at its Lake Macleod East Project.

The drilling results indicated that the gypsum deposited in distinct small 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.

Analysis of the drill data suggested that some significant areas may contain a total of around 8.8 million BCM of gypsum, having average purity of 76%. Subject to further analysis this may place the gypsum in certain cement grade markets.

Although the drilling indicated the potential for a sufficient resource within the Lake Macleod East Project, it was concluded that the Lake Macleod North Project had greater potential for a significant gypsum resource.

In 2011 AMMG delineated an inferred JORC resource of 30.9Mt of gypsum at a grade of 89.5% using a cut-off of 85% contained calcium sulphate at its Lake Macleod North Project.

The resource assessment was based on historical drill hole data carried out in the mid-1990's.

China's plasterboard (gypsum) consumption continues to grow; China is the third largest producer and consumer of plasterboard in the world.

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Gypsum is used in cement, fertilising, paper and textiles industries; it is also used in the construction industry in the form of plasterboard

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Financial Report

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AUSTRALIA MINERALS & MINING GROUP LIMITED

DIRECTORS' REPORT

The Directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2013.

DIRECTORS

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

Richard Morris Dawson – B.App.Sc(Geol). EMBA MAusIMM MAICD
Managing Director
Appointed 10 January 2011

Mr Ric Dawson was appointed inaugural Managing Director of the Company in early January, 2011. He was previously founding Chairman/Managing Director of ASX listed, Western Australian based gold, copper and iron ore explorer, Prosperity Resources Ltd. He was involved from conception, through private funding, to ultimate seeking initial public offering (IPO) and its listing on the Australian Securities Exchange.

Mr Dawson has over 25 years experience in the Australian and international resource industries, and is a qualified geologist.

As the founder of Prosperity Resources Ltd, Mr Dawson successfully managed and developed the company's exploration projects in WA, the NT, and Indonesia. He oversaw the advancement of the Masuparia gold copper/porphyry project based in Indonesia. The Woolshed Iron Ore project at Mt Gibson was managed, discovered and developed by Mr Dawson.

Furthermore, he has led commercial negotiations with numerous Chinese steel companies, and played key roles in successful capital raisings, joint ventures, and IPO's. Mr Dawson has worked for over 10 years for one of the leading Australian broking firms, and has a wealth of experience in senior executive and financial/marketing roles.

Luke Frederick Atkins – LLB
Non-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.

Peter Bailey
Independent Director
Appointed 8 June 2012

Mr Bailey is a highly experienced and qualified engineer with over 40 years experience in the mining and industrial mineral production industry and has an electrical engineering degree for the University of London. Mr Bailey spent the majority of his career in the iron ore mining, bauxite mining, zinc-lead-copper mining, alumina refining and alumina chemicals industries respectively.

In 2007 Mr Bailey retired from his position of Chief Executive Officer of Sherwin Alumina, an alumina refinery based in Texas, USA, of which he was a major co-owner.

Prior to Sherwin, in 1998 Mr Bailey was appointed as President of Alcoa Worldwide Chemicals' industrial chemicals department. He was responsible for Alcoa's worldwide chemicals business, comprising 13 plants across eight countries, with an annual revenue of approximately \$700 million.

AUSTRALIA MINERALS & MINING GROUP LIMITED

DIRECTORS' REPORT

DIRECTORS (Continued)

Previously, Mr Bailey was President of Alcoa Bauxite and Alumina in 1996, and was responsible for Alcoa's eight alumina plants outside of Australia.

Mr Bailey has returned to WA to his Margaret River winery business and will continue to maintain his businesses in the USA, UK and Australia. He has also provided consultancy work to China Minmetals.

Daniel Lewis Tenardi

Non-Executive Director

Appointed 17 September 2009

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

Mr Tenardi has recently been appointed Chief Executive Officer of Ngarda Civil & Mining, an Indigenous owned and operated contracting company, providing earthmoving, civil engineering and contract mining services to the resource and construction sectors. Ngarda Civil and Mining was established in 2000 as a small contractor in the Pilbara. Ngarda are now the largest Indigenous contracting company in Australia.

Prior to this appointment, Mr Tenardi was Managing Director of Bauxite Resources Ltd, where he led the rapid growth of the company from its initial exploration phase, expansion of land holdings, to the commencement of trial shipments and securing supportive strategic partnerships with key Chinese partners.

Mr Tenardi previously spent 13 years with Alcoa, at its bauxite mines in the Darling Range in Western Australia, and a further two years at Alcoa's Kwinana refinery. He has substantial gold mining experience, including with Roche Mining at the Kalgoorlie Superpit and at Anglo Gold Ashanti's Sunrise Dam. Mr Tenardi subsequently worked at 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.

Mr Tenardi also 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. These roles have helped Mr Tenardi foster close working relationships with Chinese stakeholders in all aspects of mine development.

Jamie Coote BCom, BAppSc

Independent Director

Appointed 8 June 2012, Resigned 10 June 2013

COMPANY SECRETARY

Piers Lewis – B.Comm. CA.

Company Secretary

Appointed 10 January 2011

Piers Lewis joined the Company in January, 2011. Mr Lewis is a Chartered Accountant with 15 years corporate experience, and has held executive and senior management positions throughout London and Australia. Mr Lewis also holds directorships, Company Secretary and CFO positions with other ASX-listed resource companies.

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 \$1,356,774 (2012: \$755,385).

DIRECTORS' REPORT

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

The past twelve months has seen the considerable further advancement of the Company's diversified suite of 100% owned or controlled mineral projects in Western Australia and Queensland. The Company's aim in implementing its corporate strategy was supported by the significant exploration and project development that occurred over the year. The Company remains well funded with **circa \$2.8m** at Bank as at 30 June 2013.

South West High Purity Alumina (HPA) Project

The Company's South West High Purity Alumina (HPA) Project advanced significantly over the year, with a number of major milestones achieved. The Company's combined aluminous clay resource increased to **297Mt of aluminous clay** with the addition of the Gibson project's **147Mt resource** at 10.3% alumina. After acquiring the project in March 2013, AMMG's Gibson project is strategically located just 10kms from the Esperance port.

After engaging consulting processing chemists TSW Analytical Pty Ltd, the development of AMMG's innovative acid-based processing technology was achieved. The processing technology is a unique acid-based **low energy intensive** process that uses low temperatures and pressures; it produces saleable products and the key reagents are potentially recyclable. The processing technology successfully produced **99.99% (4N) HPA**. In order to protect the intellectual property of its processing technology, the Company filed three provisional patent applications with the Australian patent office. AMMG is now progressing with its commercialisation strategy, which involves the completion of a definitive feasibility study (DFS) determining the optimised location and potential construction of a HPA plant facility. It is also pursuing the level of interest it has received to date from a number of significant international investment companies and potential off-take partners. Subsequent to year end, the Company engaged an engineering company to prepare a **definitive feasibility study (DFS)** on the HPA project.

Glenarty Creek Mineral Sands Project

In June 2013 AMMG announced that a JORC compliant inferred resource of **701Mt at 3.8% heavy minerals (HM) containing 2.6% ilmenite** had been delineated at its Rover Range Deposit. To the north-east of this deposit lies the Miller's Mill Deposit, where a further JORC compliant inferred resource of **106Mt at 3.6% HM containing 2.8% ilmenite** was delineated. Both deposits lie within the Company's 100% owned Glenarty Creek Mineral Sands Project, Western Australia. The Glenarty Creek Mineral Sands Project lies within a known mineral sands region and is approximately 120km from the Bunbury port. It is bisected by the Brockman Highway, with a direct route to the port of Bunbury via BHP's purpose-built heavy haulage Sues Road. The Glenarty Creek Project is situated over private freehold bush and farmland where Native Title is extinguished.

Green Range Coal Project

Earlier in the year AMMG acquired the Green Range Coal Project, which was a significant addition to the Company's tenement holdings in the south west region of Western Australia. Historical exploration indicated sub-bituminous or thermal coal exists in the Green Range basin area, with an exploration target* estimated by the Company at **400-500Mt of thermal coal**. The 100% owned project is located just 40-70kms from the town and port of Albany.

Overseas Interest

The Company's south west regional projects in Western Australia generated significant national and international interest over the year, with a leading Chinese delegation visiting the Company early in 2013. AMMG toured its south west projects as well as the Albany port with the Chinese delegation and negotiations are continuing.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

Bencubbin Magnetite Project

The Company's Bencubbin Magnetite Project was drilled early in 2012 and further metallurgical test work conducted in December 2012. Highly encouraging 'coarser' grind metallurgical results were received, which indicated a **very 'coarse' liberation of magnetite** at a grind size of -150 microns. The average iron concentrate was **above 70%** with an average mass recovery of 38.6% with a 'coarser' grind size of 150 microns. The results are highly encouraging for magnetite in Western Australian iron ore regions as it allows for much lower operating costs. A second Exploration Incentive Scheme (EIS) was awarded to the Bencubbin Project for a stage 2 drilling program, which may commence later in 2013. Further land access agreements with private landowners have been negotiated in anticipation of future drill programs.

South West Salt Project

An exploration target* of **20-30Mt of salt** was estimated over the five tenement at AMMG's 100% owned South West Salt Project at Lake Deborah in Western Australia during the year. Significant interest from overseas parties has been received for the salt project.

Constance Range Iron Ore Project

The Company's Constance Range Iron Ore Project was further advanced during the year, with a maiden JORC-compliant inferred resource of **6.1Mt at 39.9% iron, calcined iron (caFe) grade 52.5%** established at BHP historical Deposit 'D' (AMMG's tenement EPM18375). Located about 30 kilometres from Deposit 'D' lies Deposits 'I' and 'J', which are currently under a purchase agreement with Carbine Tungsten Limited. The Company has entered into an agreement to acquire them, with the due diligence phase nearing completion. The historical resource at Deposit 'I' does not comply with JORC standards, however, AMMG has estimated an **exploration target*** of approximately **20-25Mt on a calcined basis equivalent to 58% caFe**. The Company is evaluating options to define a JORC estimate.

Pingaring Nickel Project

During the year the Company completed the stage 1 drilling program at its Pingaring Nickel Project, located approximately 340kms south-east from Perth. The drilling program was co-funded by the state government's EIS program, which refunded 50% of direct drilling costs. Previous exploration by Tiger Resources between 1995 and 2001 intersected anomalous nickel (Ni) and cobalt (Co) with maximum values of 1.8% Ni and 0.9% Co in the near surface weathering profile. However, due to the deep weathering profile, Tiger Resources was not able to penetrate into the fresh ultramafic rock. In the Company's stage 1 RC drill program, designed to test for evidence of fresh ultramafic intersections, the **maximum nickel grade received from individual one metre assays was 2.56% Ni from 72 to 73m** in the laterite zone. The drilling confirmed the presence of a komatiitic ultramafic unit with some relict olivine cumulate textures observed in the RC chips, which is encouraging as there is potential that the Pingaring Project hosts the correct host stratigraphy for a potential nickel sulphide deposit. The Company is now evaluating proposals to conduct a ground EM program. Significant interest from potential investors and joint venture partners has been received.

*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.

Corporate and Financial Position

As at 30 June 2013 the Company had cash reserves and other receivables of \$3.52 million (2012: \$5.43 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.

AUSTRALIA MINERALS & MINING GROUP LIMITED

DIRECTORS' REPORT

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 Non-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 Non-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 7 employees as at 30 June 2013 (2012: 5).

EARNINGS/LOSS PER SHARE

	2013 Cents	2012 Cents
Basic loss per share	(1.3)	(0.7)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes were as follows:

On 2 August 2012, the Company issued 390,000 AKA shares as a component of the consideration for the Green Range Coal Project.

On 17 August 2012, the Company issued 6,250,000 AKA shares and 2,500,000 unlisted options expiring 15 August 2014 for an exercise price of \$0.20 as consideration for 100% of the Southdown Extension EL70/2640-1 tenement.

On 19 December 2012 the Company issued 3,000,000 director incentive options that expire on the 18 November 2017, the first 1,000,000 options have an exercise price of \$0.20 and vest on the 6 June 2013; the second 1,000,000 options have an exercise price of \$0.25 and vest on the 6 June 2014; and the last 1,000,000 options have an exercise price of \$0.30 and vest on the 6 June 2015.

On 11 April 2013 the Company issued 226,880 employee performance rights that convert to ordinary shares upon performance hurdle being met.

On 31 May 2013 the Company issued 21,465,500 listed AKAOB options with an exercise price of \$0.20 that expire on the 31 March 2014.

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 Personnel. All employee options were issued for nil consideration:

Issued To	Number of Options Granted	Exercise Price	Value per Option at Grant Date	Value of Options Granted	Expiry Date
Director	1,000,000	0.20	\$0.0332	\$33,200	18 December 2017
Director	1,000,000	0.25	\$0.0302	\$30,200	18 December 2017
Director	1,000,000	0.30	\$0.0278	\$27,800	18 December 2017

Since 30 June 2013 and up until the date of this report there have been no options issued:

AUSTRALIA MINERALS & MINING GROUP LIMITED

DIRECTORS' REPORT

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
500,000	20 cents each	8 February 2015
600,000	20 cents each	31 January 2017
333,333	30 cents each	4 February 2015
199,999	25 cents each	15 March 2015
2,500,000	20 cents each	15 August 2014
1,000,000	20 cents each	18 December 2017
1,000,000	25 cents each	18 December 2017
1,000,000	30 cents each	18 December 2017
21,465,500	20 cents each	31 March 2014

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.

CORPORATE STRUCTURE

Australia 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 apart from:

On 26th August 2013 105,200 shares were issued to employees on conversion of employee rights.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The near term focus for the Company is on finishing the definitive feasibility study ("DFS") on the Company's High Purity Alumina ("HPA") Kaolin project. Upon release of the HPA DFS the Company will seek to move the project further along the development stage. In conjunction with the HPA project, the Company will continue to develop its suite of exploration assets, including Constance Range Iron Ore, Glenarty Creek Mineral Sands, Canning Coal, Bencubbin Iron Ore, Green Range Coal, South West Salt, Pingaring Nickel and Lake Macleod Gypsum.

Determining and optimising funding options whether using debt or equity finance for the Company's activities will continue to be a priority for the management of the Company. In particular, the development of the HPA project and the exploration of the Company's exploration projects, along with general working capital will require funding arrangements in the coming years. The management continues to review opportunities to fund the Company's suite of assets.

AUSTRALIA MINERALS & MINING GROUP LIMITED

DIRECTORS' REPORT

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES (Continued)

Exploration Risk

Mineral exploration and development are high-risk undertakings, and there is no assurance that exploration of the Tenements will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control 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 B Class Performance Shares	Directors' Interest in C Class Performance Shares	Directors' Interest in D Class Performance Shares	Directors' Interest in Listed Options	Directors' Interest in Unlisted Options
Luke Atkins	Non-Executive Chairman	6,443,055	-	-	-	-	6,000,000
Ric Dawson	Managing Director	200,000	2,000,000	3,000,000	3,000,000	-	-
Daniel Tenardi	Non-Executive Director	7,000,000	-	-	-	-	-
Peter Bailey	Independent Director	189,949	-	-	-	-	3,000,000
Jamie Coote ¹	Independent Director	-	-	-	-	-	-

¹- These shareholdings are as at the date of the director's resignation, not as at the date of this report.

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	19	20
Ric Dawson	20	20
Daniel Tenardi	20	20
Peter Bailey	20	20
Jamie Coote	19	19

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 Non-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 Non-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 9.25% 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.

Non-Executive Chairman and Senior Management

The remuneration of the Non-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.

AUSTRALIA MINERALS & MINING GROUP LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

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 Non-Executive Chairman are based on the recommendation of the Non-Executive Chairman, subject to the approval of the Board in the annual budget setting process.

Service Agreement

The Non-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.

On the 27th January 2013 the Company renewed the contract with ERP for a further 1 year with the same terms stated above.

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

	Primary		Post Employment	Equity Compensation	
2012/2013	Base Salary/Fees \$	Motor Vehicle \$	Superannuation Contributions \$	Options / Performance Shares \$	Total \$
Directors					
R Dawson – Managing Director	223,495	-	25,177	110,000*	358,671
L Atkins – Non-Executive Chairman (i)	261,621	17,400	3,300	-	282,321
D Tenardi – Non-Executive (iv)	40,000	-	-	-	40,000
P Bailey – Non-Executive (vi)	40,000	-	-	50,083	90,083
J Coote – Non-Executive	37,071	-	-	-	37,071
Executives					
P Lewis – Company Secretary (v)	60,075	-	-	25,637	85,712
TOTAL	665,595	17,400	28,477	185,720	897,192

* – As at the date of this report the Performance shares have not met the vesting conditions.

AUSTRALIA MINERALS & MINING GROUP LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

	Primary		Post Employment	Equity Compensation	
2011/2012	Base Salary/Fees \$	Motor Vehicle \$	Superannuation Contributions \$	Options/ Performance Shares \$	Total \$
Directors					
R Dawson – Managing Director	219,585	-	19,763	110,000*	349,348
L Atkins – Non-Executive Chairman (i)	294,317	17,400	4,050	-	315,767
D Brook – Non-Executive (ii)	40,000	-	-	-	40,000
C Forrester – Non-Executive (iii)	40,000	-	-	-	40,000
D Tenardi – Non-Executive (iv)	40,000	-	-	-	40,000
P Bailey – Non-Executive (vi)	-	-	-	-	-
J Coote – Non-Executive	-	-	-	-	-
Executives					
P Lewis – Company Secretary/CFO (v)	66,476	-	-	38,245	104,721
TOTAL	700,378	17,400	23,813	148,245	889,835

* - As at the date of this report the Performance shares have not met the vesting conditions.

- (i) Consulting fees were paid to Executive Resource Personnel Pty Ltd and \$40,000 Chairman fee paid to Luke Atkins.
- (ii) Directors' fees were all paid to Brook Consulting.
- (iii) Directors' fees were all paid to Calcat Resources Pty Ltd.
- (iv) Directors' fees were all paid to Tenardi Daniel Lewis Pty Ltd.
- (v) Company Secretary fees were all paid to Smallcap Corporate Pty Ltd.
- (vi) Directors' fees were all paid to Waylen Bay Capital Pty Ltd.

Share-based compensation

The Company issued Class B, C and D Performance shares to Mr R Dawson, as approved by shareholders at the meeting dated 11 May 2011.

The Board of Directors, excluding Mr Dawson, has attached a fair value to these performance shares issued. The performance shares convert to ordinary shares upon various milestones being achieved by the Company. As at the date of this report, these milestones have not been met.

The Company issued a total of 3,000,000 options to Mr P Bailey on 19 December 2012. The options are split so the first 1/3 have an exercise price of \$0.20, expire 18 December 2017 and vest 6 June 2013, the second 1/3 have an exercise price of \$0.25, expire 18 December 2017 and vest 6 June 2014 and the final 1/3 have an exercise price of \$0.30, expire 18 December 2017 and vest 6 June 2015. The Board of Directors have attached a fair value to these options issued of \$0.0332 p/option for the first 1/3, \$0.0302 p/option for the second 1/3 and \$0.0278 p/option for the final 1/3 based on the Black Scholes valuation method (refer to Note 11 for particulars used in the Black Scholes valuation).

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 \$20,460 (2012:\$ 25,300).

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.

AUSTRALIA MINERALS & MINING GROUP LIMITED

DIRECTORS' REPORT

NON-AUDIT SERVICES

There were no non-audit services provided by the external auditors during the year.

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 12th day of September 2013.
Signed in accordance with a resolution of the Directors.

R Dawson
Managing Director

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephens.com.au


**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
AUSTRALIA MINERALS AND MINING GROUP LIMITED & CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 12th day of September 2013

AUSTRALIA MINERALS & MINING GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

As at 30 June 2013

	<u>NOTES</u>	<u>2013</u>	<u>2012</u>
		\$	\$
Other income	2	<u>718,736</u>	692,671
Accounting and audit fees		32,582	26,684
ASX and Share Registry fees		57,000	71,530
Chairman's fees		40,000	45,000
Company Secretarial fees		56,566	66,476
Directors' fees		90,111	101,666
Depreciation	3	24,894	35,419
Employee Benefit expense		245,335	195,661
Insurance expense		44,156	47,958
Rent expense		59,834	46,384
Expense of share-based payments	3	214,178	184,111
Exploration Written off	3	651,588	373,321
Research Expenditure		287,004	-
Other expenses		<u>272,262</u>	253,847
Loss before income tax		1,356,774	755,385
Income tax	5	-	-
Net loss from Continuing operations	12	<u>1,356,774</u>	755,385
Discontinued operations		-	-
Net loss for the year		<u>1,356,774</u>	755,385
Other Comprehensive Loss net of tax			
Items that will not be reclassified to profit and loss		-	-
Items that may be reclassified subsequently to profit and loss		-	-
Total Comprehensive Loss attributable to members of the parent entity		<u>1,356,774</u>	755,385
Basic earnings/(loss) per share (cents per share)	18	(1.3) cents	(0.7) cents
Diluted earnings/(loss) per share (cents per share)	18	(1.3) cents	(0.7) cents

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

AUSTRALIA MINERALS & MINING GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2013

	<u>NOTES</u>	<u>2013</u> \$	<u>2012</u> \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	19(a)	2,827,198	4,955,630
Other receivables	6	689,698	473,120
TOTAL CURRENT ASSETS		3,516,896	5,428,750
NON-CURRENT ASSETS			
Plant and equipment and motor vehicles	7	22,753	39,330
Capitalised mineral exploration expenditure	8	3,160,887	2,227,172
Development Expenditure	9	720,024	-
TOTAL NON-CURRENT ASSETS		3,903,664	2,266,502
TOTAL ASSETS		7,420,560	7,695,252
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	260,051	260,401
TOTAL CURRENT LIABILITIES		260,051	260,401
TOTAL LIABILITIES		260,051	260,401
NET ASSETS		7,160,509	7,434,851
EQUITY			
Contributed equity	11(a)	9,403,181	8,805,581
Share Option Reserve	13	1,405,881	921,049
Accumulated losses	12	(3,648,553)	(2,291,779)
TOTAL EQUITY		7,160,509	7,434,851

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

AUSTRALIA MINERALS & MINING GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Notes	Contributed Equity	Share Based Payment Reserve	Losses	Total
BALANCE AT 1 JULY 2011		8,804,581	694,950	(1,536,393)	7,963,138
Loss for the year	12	-	-	(755,385)	(755,385)
Other comprehensive income for the year					
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		-	-	(755,385)	(755,385)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	11(b)	1,000	-	-	1,000
Performance shares issued		-	134,220	-	134,220
Options to shareholders		-	41,988	-	41,988
Directors' and Employees options		-	49,891	-	49,891
BALANCE AT 30 JUNE 2012		8,805,581	921,049	(2,291,779)	7,434,851
BALANCE AT 1 JULY 2012		8,805,581	921,049	(2,291,779)	7,434,851
Loss for the year	12	-	-	(1,356,774)	(1,356,774)
Other comprehensive income for the year					
TOTAL COMPREHENSIVE INCOME		-	-	(1,356,774)	(1,356,774)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	11(b)	597,600	-	-	597,600
Performance rights issued		-	133,822	-	133,822
Options to shareholders		-	214,655	-	214,655
Directors' and Employees options		-	80,355	-	80,355
Options to vendor		-	56,000	-	56,000
BALANCE AT 30 JUNE 2013		9,403,181	1,405,881	(3,648,553)	7,160,509

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

AUSTRALIA MINERALS & MINING GROUP LIMITED

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2013

	<u>NOTES</u>	<u>2013</u>	<u>2012</u>
		\$	\$
Cash flows from operating activities			
Interest received		161,220	266,028
Payments for exploration and evaluation		(1,344,878)	(1,172,186)
Payments for Research & Development		(220,365)	(47,869)
Payments to suppliers and employees (inclusive of goods and services tax)		(930,077)	(700,113)
Net cash used in operating activities	19(b)	<u>(2,334,100)</u>	<u>(1,654,140)</u>
Cash flows from investing activities			
Payments for plant and equipment and motor vehicles		(8,317)	(13,514)
Net cash used in investing activities		<u>(8,317)</u>	<u>(13,514)</u>
Cash flows from financing activities			
Proceeds from the issue of shares		-	42,988
Proceeds from the issue of options		213,985	-
Net cash provided by financing activities		<u>213,985</u>	<u>42,988</u>
Net (decrease)/increase in cash held		(2,128,432)	(1,624,666)
Cash at the beginning of the financial year		<u>4,955,630</u>	<u>6,580,296</u>
Cash at the end of the financial year	19(a)	<u>2,827,198</u>	<u>4,955,630</u>

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

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Australia Minerals & Mining Group Limited ("AMMG" or "the 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.

Australia 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 Securities 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 12th September 2013.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(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.

(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 33%
- Motor vehicles 22.5%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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) **Research and Development**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

(j) **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.

(k) **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.

(l) **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.

(m) **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.

(n) **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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(o) 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.

(p) Comparative Figures

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

(q) 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.

(r) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(r) Critical accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 10 (h).

Exploration and evaluation assets

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy (refer Note 1(h)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. The Group applies the principles of AASB 6 and recognises exploration and evaluation assets when the rights of tenure of the area of interest are current, and the exploration and evaluation expenditures incurred are expected to be recouped through successful development and exploitation of the area. If, after having capitalised the expenditure under the Group's accounting policy in Note 1(h), a judgment is made that recovery of the carrying amount is unlikely, an impairment loss is recorded in profit or loss in accordance with the Group's accounting policy in Note 1(q). The carrying amounts of exploration and evaluation assets are set out in Note 8.

(s) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: *Financial Instruments* (December 2010) and AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*.

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010-7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012-10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*), and AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation – Special Purpose Entities*. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

- AASB 13: *Fair Value Measurement* and AASB 2011-8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

- AASB 2011-4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent *Corporations Act 2001* disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the *Corporations Act*, which is applicable to the Group; and
 - AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.
 - AASB 119: *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).
- These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:
- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
 - disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
 - (i) service cost and net interest expense in profit or loss; and
 - (ii) remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

The directors anticipate that the application of the amendments to AASB 119 will not have an impact on the amounts reported in respect of the Group's defined benefit plans.

- AASB 2012-2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012-5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011* (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009-2011 Cycle* by the International Accounting Standards Board, including:

- AASB 1: *First-time Adoption of Australian Accounting Standards* to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: *Presentation of Financial Statements* and AASB 134: *Interim Financial Reporting* to clarify the requirements for presenting comparative information;
- AASB 116: *Property, Plant and Equipment* to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: *Members' Shares in Co-operative Entities and Similar Instruments* to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

(t) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Australia Minerals & Mining Group Limited at the end of the reporting period. A controlled entity is any entity over which Australia Minerals & Mining Group Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 25 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
2. OTHER INCOME		
Other Income		
Interest	161,220	308,668
R&D refund	438,990	331,667
EIS Rebate	109,658	45,131
Other	8,868	7,205
Total	<u>718,736</u>	<u>692,671</u>

EIS rebate is co-funding received from the Department of Mines and Petroleum for drilling campaigns undertaken by the Group.

3. EXPENSES		
Contributions to employees superannuation plans	66,517	59,443
Depreciation - Plant and equipment	17,428	25,642
- Motor vehicles	7,466	7,467
Exploration Written off	651,588	373,321
Research expenditure	287,004	-
Share Based Payment expense	214,178	184,111
Training	<u>91,682</u>	<u>657</u>

4. AUDITORS' REMUNERATION

Audit – Moore Stephens

Audit and review of the financial statements	<u>23,130</u>	<u>21,585</u>
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AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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 (2012 - \$Nil).

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

	<u>2013</u>	<u>2012</u>
	\$	\$
Loss from continuing operations	<u>(1,356,774)</u>	(755,385)
Tax at the tax rate of 30% (2010: 30%)	(407,032)	(226,616)
Tax effect of amounts which are deductible in calculating taxable income:		
Non-deductible expenses	64,284	55,719
Temporary differences	(52,464)	(14,253)
Deferred tax asset not brought to account	<u>395,212</u>	185,150
Income tax expense	<u>-</u>	<u>-</u>

(b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	<u>4,091,479</u>	2,774,105
Potential tax benefit at 30%	<u>1,227,444</u>	832,232

(c) Unbooked Deferred Tax Assets and Liabilities

Unbooked deferred tax assets comprise:

Provisions/Accruals/Other	52,181	68,005
Tax losses available for offset against future taxable income	<u>1,227,444</u>	832,232
	<u>1,279,624</u>	900,236

Unbooked deferred tax liabilities comprise:

Capitalised mineral exploration and evaluation expenditure	948,266	718,271
Development Expenditure	<u>216,007</u>	-
	<u>1,164,273</u>	718,271

(d) Franking credits balance

The Company has no franking credits available as at 30 June 2013 (2012: \$Nil).

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

6. OTHER RECEIVABLES

Current

	<u>2013</u>	<u>2012</u>
	\$	\$
GST recoverable	39,061	26,357
Deposits	330,383	279,698
R&D rebate	289,197	167,065
Other	31,057	-
Total	<u>689,698</u>	<u>473,120</u>

7. PLANT AND EQUIPMENT AND MOTOR VEHICLES

Plant and office equipment		
At cost	86,416	78,100
Accumulated depreciation	<u>(71,337)</u>	<u>(53,547)</u>
	<u>15,079</u>	<u>24,553</u>
Motor vehicles		
At cost	33,182	33,181
Accumulated depreciation	<u>(25,508)</u>	<u>(18,404)</u>
	<u>7,674</u>	<u>14,777</u>
	<u>22,753</u>	<u>39,330</u>

Reconciliation

Reconciliation of the carrying amounts for each class of plant and equipment and motor vehicles are set out below:

	<u>2013</u>	<u>2012</u>
	\$	\$
<i>Plant and office equipment</i>		
Carrying amount at beginning of the year	24,553	38,630
Additions	7,723	13,514
Depreciation	<u>(17,197)</u>	<u>(27,591)</u>
Carrying amount at the end of the year	<u>15,079</u>	<u>24,553</u>
<i>Motor vehicles</i>		
Carrying amount at beginning of the year	14,777	22,605
Additions	-	-
Depreciation	<u>(7,103)</u>	<u>(7,827)</u>
Carrying amount at the end of the year	<u>7,674</u>	<u>14,777</u>

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

8. CAPITALISED MINERAL EXPLORATION EXPENDITURE

Non-Current

In the exploration phase

	<u>2013</u>	<u>2012</u>
	\$	\$
Cost brought forward	2,227,172	1,272,321
Expenditure incurred during the year (at cost)	2,032,541	1,328,172
Cost transferred to Development Expenditure	(447,238)	-
Exploration expenditure written off	(651,588)	(373,321)
	<u>3,160,887</u>	<u>2,227,172</u>

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.

9. DEVELOPMENT EXPENDITURE

Non-Current

In the exploration phase

Cost brought forward	-	-
Expenditure incurred during the year (at cost)	272,786	-
Cost transferred from Exploration Expenditure	447,238	-
	<u>720,024</u>	<u>-</u>

The recoupment of costs carried forward is dependent on the successful development and commercial exploitation of processes developed.

10. TRADE AND OTHER PAYABLES

Current (Unsecured)

	<u>2013</u>	<u>2012</u>
	\$	\$
Trade creditors	101,228	29,453
Other creditors and accruals	155,864	230,948
	<u>260,051</u>	<u>260,401</u>

Included within trade and other creditors and accruals is an amount of \$85,204 (2012- \$88,670) relating to exploration expenditure.

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

11. CONTRIBUTED EQUITY

(a) Ordinary Shares

	<u>2013</u> \$	<u>2012</u> \$
107,620,002 (2012: 100,980,002) fully paid ordinary shares	<u>9,403,181</u>	<u>8,805,581</u>

(b) Share Movements During the Year

	2013		2012	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	100,980,002	8,805,581	100,975,002	8,804,581
<i>New share issues during the year</i>				
Conversion of listed options	-	-	5,000	1,000
Shares issued 2 Aug 2012	390,000	35,100	-	-
Shares issued 17 Aug 2012	6,250,000	562,500	-	-
	<u>107,620,002</u>	<u>9,403,181</u>	<u>100,980,002</u>	<u>8,805,581</u>

(c) Class B Performance Shares

The Company issued 2,000,000 Class B Performance Shares to Mr Ric Dawson on 11 May 2011. The performance shares convert to ordinary shares automatically upon:

- (i) the Company's market capitalization, averaged over a period of 30 consecutive days in which the Company's Shares have traded, is at least \$20,000,000, provided this occurs with the Class B Employment Milestone (as defined below); and
- (ii) Mr Dawson has completed a minimum of eighteen (18) months continuous employment with the Company in the position of Managing Director (Class B Employment Milestone);

As at the balance date these Performance shares have not met the vesting conditions.

(d) Class C Performance Shares

The Company issued 3,000,000 Class C Performance Shares to Mr Ric Dawson on 11 May 2011. The performance shares convert to ordinary shares automatically upon:

- (i) the Company's market capitalization, averaged over a period of 30 consecutive days in which the Company's Shares have traded, is at least \$35,000,000, provided this occurs with the Class C Employment Milestone (as defined below); and
- (ii) Mr Dawson has completed a minimum of twenty-four (24) months continuous employment with the Company in the position of Managing Director (Class C Employment Milestone); and

As at the balance date these Performance shares have not met the vesting conditions.

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

11. CONTRIBUTED EQUITY (*Continued*)

(e) Class D Performance Shares

The Company issued 3,000,000 Class D Performance Shares to Mr Ric Dawson on 11 May 2011. The performance shares convert to ordinary shares automatically upon:

- (i) the Company's market capitalization, averaged over a period of 30 consecutive days in which the Company's Shares have traded, is at least \$50,000,000, provided this occurs with the Class D Employment Milestone (as defined below); and
- (ii) Mr Dawson has completed a minimum of thirty-six (36) months continuous employment with the Company in the position of Managing Director (Class D Employment Milestone).

As at the balance date these Performance shares have not met the vesting conditions.

(f) Employee Performance Rights

The Company issued 226,880 performance rights to employees on 11 April 2013 (2012: 31 January 2012). The performance rights convert to ordinary shares automatically upon the employees completing 24 month's employment service to the Company from the date of issue of the rights.

(g) 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>
2,500,000	20 cents each	15 August 2014
1,000,000	20 cents each	18 December 2017
1,000,000	25 cents each	18 December 2017
1,000,000	30 cents each	18 December 2017

(h) 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 2013 is between 0.75 and 4.47 years (2012: 0.42 and 4.59 years). The range of exercise prices for options outstanding at the end of the year was between 20 cents and 30 cents (2012: between 20 and 30 cents). The fair value of options granted during the year was \$147,200 (2012:\$70,800), of which \$106,083 (2012:\$17,899) has been expensed in the current year. 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.

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

11. CONTRIBUTED EQUITY (Continued)

The following table lists the inputs to the model used for the options issued during the year ended 30 June 2013 and 30 June 2012:

Date of Issue	17 Aug 2012	19 Dec 2012	19 Dec 2012	19 Dec 2012	31 Jan 2012
Number of Options	2,500,000	1,000,000	1,000,000	1,000,000	600,000
Volatility (%)	83%	83%	83%	83%	130%
Risk-free interest rate (%)	3.055%	2.7%	2.7%	2.7%	4.2%
Expected life of option (years)	2	5	5	5	5
Exercise price (cents)	20	20	25	30	20
Share price at grant date (cents)	9	7	7	7	14
Value per option (cents)	2.24	3.32	3.02	2.78	11.8

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.

(i) 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.

	<u>2013</u> \$	<u>2012</u> \$
12. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the year	2,291,779	1,536,393
Net loss attributable to members	<u>1,356,774</u>	<u>755,385</u>
Accumulated losses at the end of the year	<u>3,648,553</u>	<u>2,291,779</u>

13. RESERVES

Share based payments Reserve

Balance at the beginning of the year	921,049	694,950
Add: Cash consideration received for listed options	214,655	41,988
Add: Amounts expensed in current year	<u>270,178</u>	<u>184,111</u>
Balance at the end of the year	<u>1,405,881</u>	<u>921,049</u>

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

13. RESERVES (Continued)

Share based payments reserve

The share based payments reserve comprises any equity settled share based payment transactions. The reserve will be reversed against share capital when the underlying share options / performance shares are exercised / converted.

14. OPTION PLAN

The establishment of the Australia 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 Australia 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.

15. RELATED PARTIES

	2013	2012
Short-term employee benefits	682,995	717,778
Post-employment benefits	28,477	23,813
Share-based payments	185,720	148,245
	<u>897,192</u>	<u>889,835</u>

During the current financial year there were no loans made or outstanding at year end (2012 - Nil).

Other transactions with Key Management Personnel (KMP)

- (i) Mr Luke Atkins' parents own the premises that the Company rents for its registered office. During the year the Company paid \$51,212 (2012 - \$46,384) on normal commercial terms and conditions.

Movement in Shares and Options

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:

KMP Shareholdings

The number of ordinary shares in Australia Minerals & Mining Group Limited held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
30 June 2013					
Mr L Atkins	5,750,000	-	-	693,055	6,443,055
Mr R Dawson ¹	100,000	-	-	100,000	200,000
Mr D Tenardi	8,500,000	-	-	-	8,500,000
Mr P Bailey ⁵	-	-	-	189,949	189,949
Mr P Lewis ²	-	-	-	-	-
Mr M Coote ⁶	-	-	-	-	-

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
30 June 2012					
Mr L Atkins	5,750,000	-	-	-	5,750,000
Mr R Dawson ¹	-	-	-	100,000	100,000
Mr D Brook ³	-	-	-	-	-
Mr C Forrester ⁴	2,775,000	-	-	-	2,775,000
Mr D Tenardi	8,500,000	-	-	-	8,500,000
Mr P Bailey ⁵	-	-	-	-	-
Mr P Lewis ²	-	-	-	-	-
Mr M Coote ⁶	-	-	-	-	-

KMP OPTIONHOLDINGS

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Exercised during the Year	Other Changes during the Year	Balance at End of Year	Vested during the Year	Vested and Exer- ciseable	Vested and Unexer- cisable
30 June 2013								
Mr L Atkins	6,000,000	-	-	-	6,000,000	-	6,000,000	-
Mr R Dawson ¹	1,000,000	-	-	(1,000,000)	-	-	-	-
Mr D Tenardi	-	-	-	-	-	-	-	-
Mr P Bailey ⁵	-	3,000,000	-	-	3,000,000	1,000,000	1,000,000	-
Mr P Lewis ²	600,000	-	-	100,000	700,000	200,000	300,000	-
Mr M Coote ⁶	-	-	-	-	-	-	-	-

	Balance at Beginning of Year	Granted as Remuneration during the Year	Exercised during the Year	Other Changes during the Year	Balance at End of Year	Vested during the Year	Vested and Exer- ciseable	Vested and Unexer- cisable
30 June 2012								
Mr L Atkins	6,000,000	-	-	-	6,000,000	-	6,000,000	-
Mr R Dawson ¹	1,000,000	-	-	-	1,000,000	-	1,000,000	-
Mr D Brook ³	2,000,000	-	-	-	2,000,000	-	2,000,000	-
Mr C Forrester ⁴	1,116,223	-	-	-	1,116,223	-	1,116,223	-
Mr D Tenardi	-	-	-	-	-	-	-	-
Mr P Bailey ⁵	-	-	-	-	-	-	-	-
Mr P Lewis ²	-	600,000	-	-	600,000	-	-	-
Mr M Coote ⁶	-	-	-	-	-	-	-	-

1 Mr Dawson was appointed Managing Director on 10 January 2011.

2 Mr Lewis was appointed Company Secretary on 12 January 2011.

3 Mr Brook resigned as a Non-executive Director on the 8 June 2012, the holdings outlined above are his holdings as at the time of his resignation.

4 Mr Forrester resigned as a Non-executive Director on the 6 June 2012, the holdings outlined above are his holdings as at the time of his resignation.

5 Mr P Bailey was appointed Non-executive Director on 6 June 2012.

6 Mr M Coote was appointed Non-executive Director on 8 June 2012, Resigned 10 June 2013.

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

15. RELATED PARTIES (Continued)

Performance shares

2012/2013	A Class Performance Shares	B Class Performance Shares	C Class Performance Shares	D Class Performance Shares
	30 June 2013	30 June 2013	30 June 2013	30 June 2013
Mr L Atkins	-	-	-	-
Mr R Dawson	-	2,000,000	3,000,000	3,000,000
Mr D Brook	-	-	-	-
Mr C Forrester	-	-	-	-
Mr D Tenardi	-	-	-	-
Mr P Bailey	-	-	-	-
Mr M Coote	-	-	-	-
Mr P Lewis	-	-	-	-
2011/2012	30 June 2012	30 June 2012	30 June 2012	30 June 2012
Mr L Atkins	-	-	-	-
Mr R Dawson	-	2,000,000	3,000,000	3,000,000
Mr D Brook	-	-	-	-
Mr C Forrester	-	-	-	-
Mr D Tenardi	-	-	-	-
Mr P Bailey	-	-	-	-
Mr M Coote	-	-	-	-
Mr P Lewis	-	-	-	-

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

16. 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 \$1,134,000 (2012: \$1,082,000). These obligations are also subject to variations by farm-out arrangements, sale of the relevant tenements or seeking expenditure exemption for previous years expenditure from DMP.

(b) Capital Commitments

The Company had no capital commitments at 30 June 2013 (2012 - \$Nil).

17. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The financial statements presented above are the same as the reports the directors review. 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.

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

	<u>2013</u> \$	<u>2012</u> \$
18. 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	(1,356,774)	(755,385)
	<u>Number of Shares 2013</u>	<u>Number of Shares 2012</u>
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	106,762,824	100,978,386
Basic loss per share (cents per share)	1.3 cents	0.7 cents
	<u>2013</u> \$	<u>2012</u> \$

19. 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:

Cash on hand	-	2
Cash at bank	205,037	1,893,696
Deposits at call	2,622,161	3,061,932
	<u>2,827,198</u>	<u>4,955,630</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	(1,356,774)	(755,385)
<i>Non-cash items:</i>		
Depreciation	24,894	35,419
Expense of share-based payments	214,178	184,111
<i>Change in operating assets and liabilities:</i>		
Increase in exploration	(933,715)	(954,851)
Increase in research and development	(525,268)	-
Increase (Decrease) in receivables	242,935	(329,543)
Decrease (Increase) in prepayments	-	7,500
Increase in trade creditors and accruals	(350)	158,609
Net cash outflows used in operating activities	<u>(2,334,100)</u>	<u>(1,654,140)</u>

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

19. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(c) Stand-By Credit Facilities

As at 30 June 2013 the Company has a business credit card facility available totalling \$10,000 (2012:\$10,000) of which \$0 was utilized (2012:\$4,266).

20. 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:

Note	Weighted Average Effective Interest %	Funds Available at a Floating Interest Rate \$	Fixed Interest Rate \$	Assets/ (Liabilities) Non Interest Bearing \$	Total \$
------	---	---	------------------------------	---	-------------

2013

Financial Assets

Cash and cash equivalents	19(a)	4.13%	205,037	2,622,161	-	2,827,198
Other receivables	6		-	-	689,698	689,698
Total Financial Assets			205,037	2,622,161	689,698	3,516,896

Financial Liabilities

Payables	10		-	-	(260,051)	(260,051)
Total Financial Liabilities			-	-	(260,051)	(260,051)
Net Financial Assets			205,037	2,622,161	429,647	3,256,845

2012

Financial Assets

Cash and cash equivalents	19(a)	4.63%	1,893,696	3,061,932	2	4,955,630
Other receivables	6		-	-	306,054	306,054
Total Financial Assets			1,893,696	3,061,932	306,056	5,261,684

Financial Liabilities

Payables	10		-	-	(260,401)	(260,401)
Total Financial Liabilities			-	-	(260,401)	(260,401)
Net Financial Assets			1,893,696	3,061,932	45,655	5,001,283

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

20. 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.

21. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee Entitlements

There are the following employee entitlements at 30 June 2013: Annual Leave Provision \$55,124 (2012: 40,845).

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 14.

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 \$66,517 (2012: \$59,443).

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

22. CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2013 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.

23. 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 apart from:

On 26th August 2013 105,200 shares were issued to employees on conversion of employee rights.

24. PARENT ENTITY DISCLOSURES

	2013 \$	2012 \$
Financial position		
Assets		
Current Assets	3,516,896	5,428,749
Non-Current Assets	3,914,396	2,273,129
Total Assets	7,431,292	7,701,878
Liabilities		
Current Liabilities	260,051	260,401
Total Liabilities	260,051	260,401
Equity		
Contributed equity	9,403,181	8,805,581
Accumulated losses	(3,637,821)	(2,285,153)
Option reserve	1,405,881	921,049
Total Equity	7,171,241	7,441,477
Financial Performance		
Loss for the year	(1,352,668)	(751,847)
Other comprehensive income	-	-
Total comprehensive income	(1,352,670)	(751,847)

AUSTRALIA MINERALS & MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

25. CONTROLLED ENTITIES

Investments in controlled entities comprise:

Name	Principal activities	Beneficial percentage held by economic entity	
		2013	2012
		%	%
Australia Minerals & Mining Group Ltd	Parent entity		
Wholly owned controlled entities:			
Kaolin Resources Pty Ltd	Mineral exploration	100	100
WA Gypsum Pty Ltd	Mineral exploration	100	100
Yilgarn Iron Pty Ltd	Mineral exploration	100	100
Canning Coal Pty Ltd	Energy exploration	100	100
East Pilbara Pty Ltd	Mineral exploration	100	100
Australia Mineral Sands Pty Ltd	Mineral exploration	100	100
Albany Energy Pty Ltd	Energy exploration	100	100
Musselbrook Iron Pty Ltd	Mineral exploration	100	0
	Intellectual Property/Patent Holder		
Kaolin 2 Alumina Pty Ltd		100	0

All controlled entities are incorporated in Australia. Australia Minerals and Mining Group Limited is the head entity of the consolidated group, which includes all of the controlled entities.

DIRECTOR'S DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 77 - 104, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated group.
2. The Chief Executive Officer and Chief Finance Officer have each given the declarations required by s295A of the Corporations Act 2001.
3. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed by authority for and on behalf of the Directors by:

R Dawson

Dated this 12th day of September 2013

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355
F +61 (0)8 9225 6181

www.moorestephens.com.au

**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, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (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. Those 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*, which has been given to the directors of Australia Minerals and Mining Group Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

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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 consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

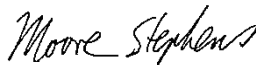
We have audited the remuneration report as included in the Directors' Report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to 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 2013 complies with s 300A of the *Corporations Act 2001*.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 12th day of September 2013

AUSTRALIA MINERALS & 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 throughout the financial year, which comply with the ASX Corporate Governance recommendations unless otherwise stated.

1. BOARD OF DIRECTORS

1.1 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 Managing Director 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.

1.2 Composition of the Board

ASX Principle 2

The Company currently has the following Board members:

Mr Luke Atkins	Non-Executive Chairman
Mr Ric Dawson	Managing Director
Mr Peter Bailey	Independent 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.

CORPORATE GOVERNANCE STATEMENT

1.2 Composition of the Board (Continued)

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 independent directors are:

- Peter Bailey.

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.

CORPORATE GOVERNANCE STATEMENT

1.3 Committees of the Board (Continued)

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.

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.

CORPORATE GOVERNANCE STATEMENT

2.1 Code of Conduct for Directors (Continued)

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.

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 five days immediately preceding the preliminary announcement of the Company's annual results; and
- the period of five days 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. The share trading policy can be viewed on the Company's website.

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 2013 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.

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 2013, 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 & MINING GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT

During the 2013 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.	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: Mr Peter Bailey (Independent Non-Executive). 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. 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.
2.2	The Chairman is not Independent	Mr Atkins currently holds the position of Non-Executive Chairman which does not comply with the ASX Corporate Governance Council's recommendations. 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
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.
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy.	The Company does not currently have a formal gender diversity policy in place. However, its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender. Based on the current scale of activities of the Company, there is no set objective to achieve a certain percentage of female employees in the workforce. The Board does not currently believe that the adoption of a formal gender diversity policy would significantly improve the functions currently performed by the board.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board	Given the Company's small size and stage of development as an exploration company, the Board considers it impractical at this time to set measurable diversity objectives and adopt a formal gender diversity policy.

AUSTRALIA MINERALS & MINING GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT

3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board	The Company currently has 7 employees, of which 4 are male and 3 are female. There are no women in senior executive positions or on the Board. However, the Board will continue to review this annually as the circumstances of the Company change.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	The Company does not have a formal gender diversity policy at this stage of development, and consequently, did not provide the information indicated in the Guide to reporting on Principle 3.
4.1, 4.2, 4.3	A separate Audit Committee has not been formed and there is not an Audit Committee operating charter.	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. 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.
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 & MINING GROUP LIMITED

ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 22 August 2013.

TWENTY LARGEST HOLDERS OF LISTED SECURITIES

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

Ordinary Shares (ASX: AKA)

Name	No of Ordinary Shares Held	Percentage % of Issued Shares
LAKE MCLEOD GYPSUM PL	23,900,002	22.21%
TENARDI DANIEL LEWIS	7,000,000	6.50%
MINEMAKERS IRON PL	5,000,000	4.65%
SHARBANEE PAUL GABRIEL	3,850,000	3.58%
AUST MINERAL INV GRP PL	3,750,000	3.48%
EAGLE RIVER HLDGS PL	2,900,000	2.69%
FORRESTER CHRISTOPHER J	2,750,000	2.56%
ATKINS LUKE FREDERICK	2,693,055	2.50%
DILKARA NOM PL	2,500,000	2.32%
AUST GLOBAL CAP PL	2,500,000	2.32%
ALBATROSS PASS PL	1,618,611	1.50%
CUNNINGHAM A R + SNOOKS N	1,343,334	1.25%
JANKOWSKA S P + TENARDI D	1,200,000	1.12%
STEV SAND HLDGS PL	1,000,000	0.93%
CAPLE R J + CAMERON F M	812,500	0.75%
ARREDO PL	800,000	0.74%
CHENG WING RES LTD	800,000	0.74%
MIKADO CORP PL	750,000	0.70%
SHAH NOM PL	750,000	0.70%
BOWDEN GRAEME	625,000	0.58%
Total Top 20 Shareholders	66,542,502	61.82%
Others	41,077,500	38.18%
Total Ordinary Shares on Issue	107,620,002	100.00%

AUSTRALIA MINERALS & MINING GROUP LIMITED

ADDITIONAL INFORMATION

TWENTY LARGEST HOLDERS OF LISTED SECURITIES (Continued)

\$0.20 Listed Options (ASX: AKAOB)

Name	No of \$0.20 Listed Options Held	Percentage of \$0.20 Listed Options
BIMEDENT PL	3,300,000	15.37%
BRYCKI CHRISTOPHER	2,700,000	12.58%
BURFORD MATTHEW DAVID	1,570,000	7.31%
BRYCKI MARK + NICOLA	1,500,000	6.99%
BRYCKI MARK W + N J	1,500,000	6.99%
BRYCKI MARK W + N J	1,200,000	5.59%
BURFORD SARAH LEITH	1,000,000	4.66%
BURFORD MARY SORBY	1,000,000	4.66%
BURFORD PETER JAMES	1,000,000	4.66%
QUINLAN DANIEL JOHN	750,000	3.49%
NIGRO FRANK JOSEPH	520,000	2.42%
COMSEC NOM PL	430,000	2.00%
KESBY-SMITH CLAIRE	400,000	1.86%
NAHLOUS NICHOLAS GEORGE	300,000	1.40%
MANNERS CRAIG WILLIAM	300,000	1.40%
MANNERS JAYNI FRANCIS	250,000	1.16%
BURFORD MATTHEW D + S L	200,000	0.93%
JANCEY JONINE MAREE	200,000	0.93%
WILLIAMSON T P + JANCEY J	200,000	0.93%
PATICOA NOM PL	200,000	0.93%
Total Top 20 Optionholders	18,520,000	86.26%
Others	2,945,500	13.74%
Total \$0.20 Listed Options on Issue	21,465,500	100.00%

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of security holders by size of holding as at 22 August 2013:

Distribution	Ordinary Shares		\$0.20 Listed Options	
	Number of Shareholders	Number of Shares	Number of Option holders	Number of Options
1 – 1,000	14	3,358	-	-
1,001 – 5,000	39	161,212	1	2,500
5,001 – 10,000	140	1,328,051	3	30,000
10,001 – 100,000	330	15,561,779	46	2,607,500
100,001 – and over	110	90,565,602	22	18,825,500
Totals	633	107,620,002	72	21,465,500

There were 53 holders of less than a marketable parcel of ordinary.

AUSTRALIA MINERALS & MINING GROUP LIMITED

ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the holding Company's register as at 22 August 2013 are:

Substantial Shareholder	Number of Shares
Lake Macleod Gypsum Pty Ltd	23,900,002
Daniel Tenardi & Associates	7,000,000

UNQUOTED SECURITIES

1 Class B Performance Shares

Holder	Number
Class B Performance Shares	
Classico Holdings Pty Ltd*	2,000,000
Total	2,000,000

* An entity controlled by Mr Ric Dawson

The Class B Performance Shares ("Performance Shares") will convert into fully paid ordinary shares in the capital of the Company upon the following milestones being met:

- (i) the Company's market capitalization, averaged over a period of 30 consecutive days in which the Company's Shares have traded, is at least \$20,000,000; and
- (ii) Mr Dawson has completed a minimum of eighteen (18) months continuous employment with the Company in the position of Managing Director (Class B Employment Milestone).

2 Class C Performance Shares

Holder	Number
Class C Performance Shares	
Classico Holdings Pty Ltd*	3,000,000
Total	3,000,000

* An entity controlled by Mr Ric Dawson

The Class C Performance Shares ("Performance Shares") will convert into fully paid ordinary shares in the capital of the Company upon the following milestones being met:

- (i) the Company's market capitalization, averaged over a period of 30 consecutive days in which the Company's Shares have traded, is at least \$35,000,000; and
- (ii) Mr Dawson has completed a minimum of twenty-four (24) months continuous employment with the Company in the position of Managing Director (Class C Employment Milestone).

ADDITIONAL INFORMATION

UNQUOTED SECURITIES (Continued)

3 Class D Performance Shares

Holder	Number
Class D Performance Shares	
Classico Holdings Pty Ltd*	3,000,000
Total	3,000,000
* An entity controlled by Mr Ric Dawson	

The Class D Performance Shares ("Performance Shares") will convert into fully paid ordinary shares in the capital of the Company upon the following milestones being met:

- (i) the Company's market capitalization, averaged over a period of 30 consecutive days in which the Company's Shares have traded, is at least \$50,000,000; and
- (ii) Mr Dawson has completed a minimum of thirty-six (36) months continuous employment with the Company in the position of Managing Director (Class D Employment Milestone).

4 Employee Performance Rights

Holder	Number
Employee Performance Rights	
Jane Carew-Reid	105,556
Summer Qi	110,924
Michael O'Mara	145,800
Total	362,279

5 Unlisted Options

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	500,000
\$0.30 Options Expiring 4 February 2015	
Sam Middlemas	333,333

AUSTRALIA MINERALS & MINING GROUP LIMITED

ADDITIONAL INFORMATION

UNQUOTED SECURITIES *(Continued)*

\$0.25 Options Expiring 15 March 2015	
Jane Carew-Reid	100,000
Summer Qi	100,000
Total	200,000
\$0.20 Options Expiring 31 January 2017	
Piers Lewis	600,000
\$0.20 Options Expiring 15 August 2014	
Minemakers (Iron) Pty Ltd	2,000,000
Total	2,500,000
\$0.20 Options Expiring 18 December 2017	
Peter Bailey	1,000,000
\$0.25 Options Expiring 18 December 2017	
Peter Bailey	1,000,000
\$0.30 Options Expiring 18 December 2017	
Peter Bailey	1,000,000
GRAND TOTAL	15,133,333

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 Australia Minerals and Mining Group's listed securities.

AUSTRALIA MINERALS & MINING GROUP LIMITED

ADDITIONAL INFORMATION

EXPLORATION INTERESTS

As at 30 June 2013, the Company has an interest in the following tenements:

Tenement ID	Registered Holder	State	Project	AMMG Interest	Grant Date
E70/4087	Yilgarn Iron Ore Pty Ltd	WA	Bencubbin	100%	06/07/2011
E70/4501	East Pilbara Iron Pty Ltd	WA	Bobalong	100%	Application
E04/2201	Australia Minerals & Mining Group	WA	Canning Coal	100%	Application
E04/2103	Canning Coal Pty Ltd	WA	Canning Coal	100%	Application
E04/2223	Albany Energy Pty Ltd	WA	Canning Coal	100%	Application
E04/2224	Albany Energy Pty Ltd	WA	Canning Coal	100%	Application
E04/2225	Albany Energy Pty Ltd	WA	Canning Coal	100%	Application
E04/2226	Albany Energy Pty Ltd	WA	Canning Coal	100%	Application
E04/2227	Albany Energy Pty Ltd	WA	Canning Coal	100%	Application
EPM16620	Australia Minerals & Mining Group	QLD	Constance Range	100%	04/11/2008
EPM17164	Australia Minerals & Mining Group	QLD	Constance Range	100%	Application
EPM17919	Australia Minerals & Mining Group	QLD	Constance Range	100%	23/03/2011
EPM17920	Australia Minerals & Mining Group	QLD	Constance Range	100%	Application
EPM18375	Australia Minerals & Mining Group	QLD	Constance Range	100%	27/04/2012
EPM18710	Australia Minerals & Mining Group	QLD	Constance Range	100%	31/07/2012
EPM19722	Australia Minerals & Mining Group	QLD	Constance Range	100%	Application
EPM19772	Musselbrook Iron Pty Ltd	QLD	Constance Range	100%	Application
EPM19773	Musselbrook Iron Pty Ltd	QLD	Constance Range	100%	11/02/2013
E45/4067	East Pilbara Iron Pty Ltd	WA	East Pilbara	100%	Application
E63/1622	Kaolin Resources Pty Ltd	WA	Gibson	100%	Application
E70/3927	Albany Energy Pty Ltd	WA	Green Range	100%	15/06/2011
E70/4305	Yilgarn Iron Pty Ltd	WA	Green Range	100%	Application
E70/4398	Albany Energy Pty Ltd	WA	Green Range	100%	15/04/2013
E70/4341	Australia Mineral Sands Pty Ltd	WA	Glenarty Creek	100%	16/01/2013
E70/4490	Australia Mineral Sands Pty Ltd	WA	Glenarty Creek	100%	Application
E70/4453	East Pilbara Iron Pty Ltd	WA	Kellerberrin	100%	Application
E70/4454	East Pilbara Iron Pty Ltd	WA	Kellerberrin	100%	Application
E70/4503	East Pilbara Iron Pty Ltd	WA	Kerrigan	100%	Application
E70/4445	East Pilbara Iron Pty Ltd	WA	Kerrigan	100%	Application
E77/1746	Oliver, A	WA	Lake Deborah	100%	21/09/2010
E77/1747	Oliver, A	WA	Lake Deborah	100%	21/09/2010
E77/1748	Oliver, A	WA	Lake Deborah	100%	21/09/2010
E77/1770	Australia Minerals & Mining Group	WA	Lake Deborah	100%	08/11/2010
E77/2112	Yilgarn Iron Ore Pty Ltd	WA	Lake Deborah	100%	Application
E77/2113	Yilgarn Iron Ore Pty Ltd	WA	Lake Deborah	100%	Application
E08/2407	WA Gypsum Pty Ltd	WA	Lake Macleod	100%	Application
E09/2000	WA Gypsum Pty Ltd	WA	Lake Macleod	100%	Application
E09/2001	WA Gypsum Pty Ltd	WA	Lake Macleod	100%	Application
E09/2040	East Pilbara Iron Pty Ltd	WA	Lake Macleod	100%	Application
EPM17331	Australia Minerals & Mining Group	QLD	Maytown	100%	Application
EPM18030	Australia Minerals & Mining Group	QLD	Maytown	100%	Application
E70/3923	Australia Minerals & Mining Group	WA	Meckering	100%	30/11/2010
E70/4468	East Pilbara Iron Pty Ltd	WA	Meckering	100%	Application
E70/4450	Kaolin Resources Pty Ltd	WA	Meckering	100%	Application
E70/4451	East Pilbara Iron Pty Ltd	WA	Meckering	100%	Application
E70/4452	East Pilbara Iron Pty Ltd	WA	Meckering	100%	Application
E70/4501	East Pilbara Iron Pty Ltd	WA	Meckering	100%	Application
E70/4499	East Pilbara Iron Pty Ltd	WA	Meckering	100%	Application
E70/4500	East Pilbara Iron Pty Ltd	WA	Meckering	100%	Application
E70/4131	Yilgarn Iron Pty Ltd	WA	Pingaring	100%	31/05/2012
E70/2640	Minemakers (Iron); P. Askins; J. Stewart	WA	Southdown	100%	22/02/2005
E70/4238	Yilgarn Iron Pty Ltd	WA	Southdown	100%	14/12/2011
E70/4239	Yilgarn Iron Pty Ltd	WA	Southdown	100%	15/12/2011
E70/4240	Yilgarn Iron Pty Ltd	WA	Southdown	100%	15/12/2011
E70/4241	Yilgarn Iron Pty Ltd	WA	Southdown	100%	15/12/2011
E70/4242	Yilgarn Iron Pty Ltd	WA	Southdown	100%	15/12/2011

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**AUSTRALIA MINERALS
& MINING GROUP LTD**

ABN 45 125 301 206

Registered Office:
3 Bay Road
Claremont Western Australia 6010
T: +61 8 9389 5557 F: +61 8 9389 5510

www.ammg.com.au