

AUSTRALIA MINERALS & MINING GROUP LTD
ACN 125 301 206

Pro Forma Balance Sheet
As at 6 January 2010

Current Assets		8,629,990
Cash at Bank		
Non Current Assets		147,979
Tenement Acquisition & Exploration Cost		
TOTAL ASSETS		<u>8,777,969</u>
Less Current Liabilities		
Loan	119,561	
Sundry Creditors		
Expenses of the offer	568,105	687,666
NET ASSETS		<u>8,090,303</u>
Equity		
Contributed Equity (Note 1)	8,799,170	
Accumulates losses	(2,867)	
Expenses of the offer	<u>(706,000)</u>	
TOTAL EQUITY		<u>8,090,303</u>

Note 1
83,975,002 Ordinary fully paid shares
17,000,000 Class A Performance shares *

*The terms and conditions of the Class A Performance Shares are attached

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TERMS AND CONDITIONS OF PERFORMANCE SHARES

1. *Rights attaching to the Performance Shares*

- a. **(Performance Shares)** Each Performance Share is a share in the capital of the Company.
- b. **(General Meetings)** The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- c. **(No Voting Rights)** The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- d. **(No Dividend Rights)** The Performance Shares do not entitle the Holder to any dividends.
- e. **(Rights on Winding Up)** Upon winding up of the Company, the Performance Shares may participate in the surplus profits or assets of the Company only to the extent of \$0.000001 per Performance Share.
- f. **(Transfer of Performance Shares)** Prior to the Company being listed on the official list of the ASX, the Performance Shares are transferable. In the event the Company becomes listed on the official list of the ASX, the Performance Shares will no longer be transferable.
- g. **(Reorganisation of Capital)** In the event that the Company becomes listed on the official list of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.
- h. **(Application to ASX)** The Performance Shares will not be quoted on ASX. In the event that the Company becomes listed on the official list of the ASX, upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.
- i. **(Participation in Entitlements and Bonus Issues)** Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.
- j. **(No Other Rights)** The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

2. *Conversion of the Performance Shares*

- a. **(Conversion of Performance Shares)** Each Performance Share will convert into one (1) Share upon the Company identifying a JORC compliant inferred resource of 25 million tonnes of gypsum from the Lake Macleod Tenements.
- b. **(Redemption if Milestone not Achieved)** If the Milestone is not achieved on or prior to the Performance Share Expiry Date, then the Performance Shares will be automatically

redeemed by the Company for the sum of \$0.000001 per Performance Share within 10 Business Days after the Performance Share Expiry Date.

- c. **(After Conversion)** The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- d. **(Conversion Procedure)** the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into the Shares.
- e. **(Ranking of Shares)** The Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

Definitions

Lake Macleod Tenements means:

- a. E08/1891, E08/2007, E09/1572, E09/1592 and E09/1686; and
- b. any other mining tenement or mining tenements which may be granted in lieu of or relate to the same ground as the tenements referred to in paragraph (a) above

Performance Share Expiry Date means that date which is 5 years after the date of quotation of the Company's fully paid ordinary shares on the official list of the Australian Securities Exchange.