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AUSMINERALS SHAREHOLDER UPDATE

Dear Investor

National Stock Exchange (NSX) Listing

Our shares have been trading on the National Stock Exchange since the 22 August 2008 when we listed at 16 cents. We have been fortunate not to have suffered the huge share price downgrade that other companies have endured, with our last trade being at 18 cents. We are concentrating on improving cash flow through some of the expansion we are undertaking and believe that this will set us apart from a lot of the listed companies that are now struggling due to lack of cash flow.

Gold/Nickel

In results recently received on metallurgical test work by Gekko Systems, a leading producer of gold extraction equipment, indications are that gold recoveries of up to 98% are achievable using their equipment, a marked improvement on the 65% recoveries expected using the heap-leach method only. Their estimated equipment cost is approximately \$2 million and operating costs are expected to be relatively low compared to normal CIP operations. Additional metallurgical investigations will be carried out once drilling programs have been concluded.

The WA Department of Industry & Resources has approved the proposed drilling programs at Leonora which we will proceed with once funding becomes available.

Agricultural Products

Sales of agricultural products are over 7% above the same period last year and will improve even further once planned additional equipment allows for expansion of the product range. The new bulk storage facility now has signage attached and newspaper advertising is about to commence. A range of competitively priced fertilizers has been sourced in preparation for the season commencing February 2009.

The Pelletizing Plant gas-drying facility has just been installed and commissioning will commence shortly. Enquiry for pelletized lime products is strong, apparently because the weak Australian dollar is affecting the cost of imports giving us a further distinct advantage in the market place.

We have selected a suitable grinding plant for installation at Timboon and expect it to arrive during January 2009. Once installed it will further expand the range of products for higher value niche markets and cash flow and profits from this business are expected to grow significantly over the next few years in light of these changes.

Thank you again for your continued support; please visit our website at www.ausminerals.com.au for updates of a material nature.

Yours sincerely

Erwin Bouverie
MANAGING DIRECTOR