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# AUSMINERALS LIMITED

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## **AUSMINERALS SHAREHOLDER UPDATE**

### **HIGHLIGHTS**

- ***Sales up by 22% for the March quarter.***
- ***Gold production to commence within 6 months.***
- ***New Grinding Plant construction nearing completion.***

Dear Investor

Six months ago virtually everyone was staring down the barrel of uncertainty caused by the worldwide economic downturn. I am however pleased to report that we have gone against the negative trend by significantly improving sales on a year on year basis for the first quarter of this calendar year, and we have achieved some of our goals as detailed below.

#### Gold

The company's drilling program analysis results from various of its deposits included gold of 12 metres at 9.7 grams per ton (g/t), 1 metre at 68 g/t, 1 metre at 59 g/t, 8 metres at 3.3 g/t, 2 metres at 19.7 g/t, 15 metres at 4.8 g/t and 2 metres at 15.5 g/t. Given these excellent results, the continuing high gold price, and the successful improvement of cash flow from the company's agricultural minerals operation, we now aim to commence gold production within 6 months from these properties at Leonora, north of Kalgoorlie in West Australia. This will require additional capital which the company is planning to raise from placements to sophisticated investors and existing shareholders in line with an announcement which was submitted to the NSX on 1 June 2009. The funds raised will be utilized to:

- Refurbish the existing gold production plant.
- Acquire new equipment.
- Working Capital

Assuming the gold price remains near current levels and the required capital is raised, income from the company's operations will rise significantly and share price increases and dividend payments to shareholders could become a reality within a relatively short period. With this in mind we are keen to take advantage of the current abundant availability of skilled labour and equipment such as drill rigs at short notice and on favourable rates. We encourage you to support the capital raising to make this plan a reality.

#### Agricultural Products

Sales of agricultural products and services for the quarter ending March 2009 were 22% above the same period last year and the trend is expected to gather momentum once the new grinding circuit is commissioned and production from it allows for further expansion of the product range. Niche markets requiring high value products from such a facility will be targeted, with production trials expected to commence in late July 2009. Preliminary marketing efforts have already resulted in expressions of



interest from potential customers who welcome our entry into the market. Currently these markets are largely supplied by products from the USA and Germany. Following are some recent photographs of the new Grinding Plant under construction.



#### Share Price

Whilst trading on most stock exchanges has generally been very thin, a lot of junior listed companies have suffered huge reductions in their share price, to the detriment of their shareholders. We have been fortunate not to have suffered the same fate due mainly to the patience and loyalty shown by shareholders such as you. We appreciate that and reaffirm our commitment to continuing to improve cash flow through some of the expansion we are undertaking. We expect to be able to reward you with the appropriate returns in dividends and share price improvements in the not too distant future. We look forward to your ongoing support.

Yours sincerely

Erwin Bouverie  
MANAGING DIRECTOR