



AUSMINERALS LIMITED

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Sale of Industrial Minerals Assets

Ausminerals Limited (the Company) advises that after an exhaustive due diligence process the sale of the Company's industrial minerals assets has fallen through.

The Company commenced negotiations with a number of interested parties who responded to advertisements placed for the sale of its subsidiaries, Kurdeez Lime P/L and Victorian Agricultural Lime P/L in January 2010. Following a process of elimination, in March 2010 Mecrus Pty Limited committed to a Heads of Agreement to purchase the businesses on a debt free and going concern basis, subject to due diligence. The agreed consideration was approximately \$1,650,000 including stock and debtors for the 2 companies. The Board accepted the offer which also included an undertaking by Mecrus to invest \$500,000 in Ausminerals shares which would leave the Company debt free and with enough funds to complete some planned drilling on the gold tenements.

The initial target date of 14 May 2010 to receive a deposit and make the deal unconditional was not met, but Mecrus indicated that they were still interested and negotiations continued. The proposed settlement date of 30 June 2010 also passed with the parties continuing to talk. By this time the indicated sale price was down to \$1,000,000 plus debtors and stock. Unfortunately talks have now ended with advice from them that they no longer wish to proceed with the purchase.

Erwin Bouverie
Managing Director