

4 March 2009

ASX ANNOUNCEMENT

AUSMELT TO SELL AM2 MINERAL PROCESSING BUSINESS

Ausmelt Limited (AET) has executed a Heads of Agreement for the sale of its AM2 Mineral Processing business to Axis House (Pty) Ltd of South Africa.

Ausmelt has agreed to sell all the intellectual property, worldwide patent rights and stocks of raw materials and finished AM2 product to Axis House for A\$3.7 million, subject to the completion of due diligence.

Axis House is a mining chemical distributor based in South Africa and Southern Democratic Republic of Congo and is Ausmelt's marketing representative for AM2 in this region.

Mr Paul Abbott, Managing Director of Ausmelt, said today: "It is with great regret that the Company has decided to sell the AM2 business, particularly given the amount of cost and effort invested in developing and commercialising this unique mineral flotation reagent.

"However, market conditions have deteriorated significantly as a result of the global financial crisis and this has created a great deal of uncertainty for Ausmelt about the likely level of new business activity in the mining and metals industry over the next year or so.

"In response to the current global downturn, the Company is currently consolidating and streamlining its existing operation. The sale of the AM2 business will help strengthen the cash position of the Company to more prudent levels until market conditions improve."

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