



Ausminerals Limited

ACN 099 336 866

Information Memorandum

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1 COMPANY AND PROJECTS OVERVIEW

1.1 Background

Ausminerals Limited was incorporated in February 2002 as a proprietary company limited by shares. On 21 September 2007, the Company became a public company limited by shares and on 22 August 2008 the shares of the company were listed on the National Stock Exchange of Australia.

Ausminerals holds, directly or through subsidiaries, the core assets of the Ausminerals Group.

1.2 Objectives

This information memorandum is available for sophisticated investors and existing shareholders who require updated details of the company's projects. It does not of itself contain all the information that is generally required to be set out in a document of this type but should be read in conjunction with the company's prospectus dated 16 October 2007 and the various NSX announcements put out by the company since its listing on 22 August 2008. On the 1 June 2009 the company announced the intention to raise capital for:

- Development of the company's gold tenements in Leonora, Western Australia.
- Refurbishment of the existing processing plant at the same location.
- Working Capital

The major commodity focus of the Ausminerals Group is gold in Leonora, north of Kalgoorlie in WA, and agricultural/industrial minerals in the dairy belt of Victoria. The Victorian operation is an existing and rapidly growing business of the Ausminerals Group with sales for the 5 months ending May 2009 up by 44% on the corresponding period last year and forecasts of even better results next year once sales of products from the recently completed Pelletizing Plant and soon to be completed Grinding Plant commence in earnest.

The Ausminerals Group has interests in the tenements detailed throughout this Information Memorandum.

1.3 Project Summary

The type of interest the Ausminerals Group has in the various tenements referred to in this Information Memorandum can be grouped as follows:

- tenements where the title is registered to the Ausminerals Group;
- tenements where the Ausminerals Group has a 51% interest through a joint venture;

The tables below show the type of interest the Ausminerals Group has for each individual tenement. Further details of the type of licence, registration status and expiry dates are available upon request, along with the Consulting Geologist's Report.

(a) **Tenement titles registered to Ausminerals Group:**

Gold Projects, Randwick WA	Gold Projects, NT	Uranium & Base Metals Projects, South Australia	Limestone and Feldspar, Victoria
P37/7751	MC933 (East Brilliant Mine)	EL3294 – URANIUM/FELDSPAR	WA467–LIMESTONE ML5994 - FELDSPAR ML5995 - FELDSPAR

(b) **Tenements over which Ausminerals has a 51 per cent interest as part of the Randwick Joint Venture:**

Randwick

P37/6384	P37/6385	P37/6386	P37/6387	P37/6388	M37/1218
P37/6121	P37/6122	P37/6123	P37/6124	P37/6125	P37/6126
P37/6127	P37/6128	P37/5732	M37/1280	M37/1281	P37/7186
P37/7187	P37/7188	P37/7189	P37/7190	P37/7191	P37/7192

(c) **Tenements over which Ausminerals holds the Gold Hill Option:**

M37/0220

2 PROJECT DETAILS

2.1 Gold Projects, Western Australia

(a) **Randwick**

The Randwick district of Leonora/Laverton, Western Australia is a district with ongoing further economic discoveries. Ausminerals has:

- a 51% interest in 24 tenements covering over 1800 hectares, with the ability to increase its interest to 70% through exploration expenditure.
- options to purchase a further tenement from the Gold Hill Joint Venture partners in the same area.
- an agreement to provide management services by Australasian Gold Pty Limited in the tenements subject to the Gold Hill Joint Venture.

The tenements described above are located in close proximity to the Navigator Resources Limited ("*Navigator*") GME Resources Limited ("*GME*") and Minara Resources Limited ("*Minara*") operations. Navigator has announced a gold resource of 1 million ounces, GME has reported enormous quantities of nickel, and Minara Resources Limited has been mining nickel and cobalt in the same area for a number of years.

The Ausminerals Group's Randwick tenements are located approximately 47 kilometres north east of the town of Leonora and cover an area of over 10,000 hectares. The area includes the Gold Hill deposit which was previously mined in 1999-2001 with a reported 60,000 tons of minus 3mm untreated material available for immediate gold extraction, and the main ore body with approximately 400,000 tons of oxide ore at 2.1 grams per ton of gold to be treated with heap leach extraction using the existing processing facilities.

Previous exploration in this area by the Ausminerals Group and others has outlined 9 distinct ore bodies with reported gold grades from previous drilling of different ore bodies of 13 meters at 10.3 grams per ton; 5 meters at 2.85 grams per ton; 2 meters at 10.82 grams per ton, 2 meters at 12.1 grams per ton; 1 meter at 68 grams per ton and 10 meters at 3.24 grams per ton. Ausminerals considers that these promising results indicate the potential for economically viable mining operations, particularly considering the current gold price of around Aus\$1,200 per ounce.

Drill cuttings showing gold analysis results of 4 metres at 35 grams per ton from a program conducted in August 2006 have been further investigated by metallurgical test work to determine the suitability for gold extraction by heap-leach methods, resulting in recoveries of up to 95% as determined by bottle-roll tests. Further test work has been undertaken using technology developed by Gekko which indicate that recoveries up to 98% are achievable.

The Ausminerals Group has an agreement for the use of the gold processing plant at Gold Hill to process ore and this will be utilized to process the approximately 60,000 tons of previously untreated minus 3mm ore to establish early cash flow from the operation. The plant requires some minor refurbishment for it to be operational and production is envisaged by the end of 2009. Following is an aerial view of one of the open cut pits, the existing camp facilities, tailings dams and equipment.



2.2 Uranium and Base Metals Projects, South Australia

The Ausminerals Group's uranium and base metals project comprises an Exploration Licence (EL 3294). Some minor exploration is planned for this area during the next year but the company's main focus will remain on income producing projects.

Unlike other State governments, in South Australia a mining lease or retention lease may be granted by the government for mining operations (other than exploratory operations) for the recovery of radioactive minerals including uranium. Currently there are three uranium mining leases that have been issued by the South Australian State government.

2.3 Victorian Agricultural and Industrial Minerals, Victoria

Ausminerals Group owns processing facilities at Timboon in Victoria which incorporate earthmoving, crushing and screening, gas fired drying, bagging and bulk storage facilities. A Pelletizing Plant has recently been installed and a new Grinding Plant will be commissioned during July 2009 both of which will further increase the product range. Processing at this site is shortly expected to include limestone, gypsum, feldspar, potash, trace elements and fertilizers, and services include toll processing, trucking, spreading and blending. The company has plenty of spare production capacity at Timboon which will be utilized to further expand the range of products and services at this site.

The production facilities and limestone quarry are located on a 260 acre freehold property in prime dairy country approximately 3 km from Timboon. The property and processing facilities have been independently valued by Andrew Nock Pty Limited at \$5.9 million.

The mainstay of the operation has historically been the supply of processed limestone to the agricultural and stock feed manufacturing industries. New products and services have been developed over the past 2 years resulting in sales increases for the 5 months ending May 2009 of 44% on a year on year basis and further significant growth is expected in the 2009/2010 financial year.

Limestone is used in a variety of industries including for animal feed, glass and fiberglass, adhesives, plastics and rubber compounding, industrial fillers, chemical processing, water treatment, mining, and for the treatment of acid soils which is a major problem affecting Australia.

The company holds mining leases in South Australia from which feldspar will be sourced. Feldspar is widely used in applications such as for glass manufacturing, fibreglass, fillers and extenders in applications such as paints, plastics and powder coatings, and in sanitary ware and tableware.

Gypsum, potash and fertilizers are used extensively for soil enhancement of pastures, a key element for a successful dairying industry.

3. DIRECTORS AND OFFICERS

3.1 Board of Directors

Mr Chris Valttila - LLB

Non Executive Chairman

Mr Valttila is a Director and owner of Baltic Pacific Pty Ltd, which trades in industrial minerals and develops industrial mineral projects mainly in the Asia Pacific and Europe regions. He is currently involved in industrial minerals projects in China and Europe.

In 2001 Mr Valttila was appointed as a Non Executive Director with Minerals Corporation Limited, a public Australian minerals company which at that time had interests in kaolin, feldspar, garnet and toll processing of various minerals. He resigned from the company in 2002.

Mr Valttila has over 20 years of experience in the exploration and mining industries. He is a past Chairman of Cellier Oy Finland, part of the French Cellier SA engineering group specializing in technology for minerals processing, and has over 30 years experience in industrial minerals and the pulp and paper industry in Asia Pacific and Northern Europe. He was part of senior management focusing on financing and development for industrial projects with Ekono Oy, a large diversified engineering group in Finland that is now part of Jaako Poyry. Mr Valttila was formerly a Director owner of a joint venture company with Nokia Oy, Finland which established and operated a mineral processing plant in the region.

Mr Valttila holds a degree in Law from the University of NSW. He has post graduate qualifications in International Law from the University of Helsinki, Finland.

Mr Valttila is fluent in English, German, Finnish and Swedish.

Mr Erwin Bouverie - Managing Director

Mr Bouverie has 27 years' experience in developing projects from the grass roots stage through exploration, feasibility studies, metallurgical assessment, plant design and construction, production and marketing, including hands-on experience in minerals exploration, mining and production.

More recently in the last 10 years he has been involved in gold and base metals exploration and processing in the Leonora/Laverton region of Western Australia.

Mr Bouverie has ASX listed public company experience as an executive director and held senior marketing and operational management positions with Minerals Corporation Limited, an ASX listed public company, from its establishment in 1982 until his resignation at the end of 2001.

In 2002, Mr Bouverie acquired the Kurdeez lime operations. At that time the operations were making a substantial loss. Since Mr Bouverie's operational involvement and management those operations are now cash flow positive.

Mr Bouverie has acquired and managed the Ausminerals Group's projects over the past 7 years, focusing on an operational strategy of bringing projects into early production.

Mr Wayne Wilson - *Non-Executive Director*

Mr Wilson has been involved in the Mining Industry for more than 40 years, commencing in 1964 as a cadet mine manager. Positions held during this period include Mine Superintendent at Rhonda Collieries Pty Ltd from 1982 to 1985, and Mine Manager, Deputy General Manager and General Manager at Oakleigh Coal Mines in the 1990s.

Mr Wilson is a director of Burnett Coal Pty Limited which holds 49% of the Monto Coal Project in partnership with Macarthur Coal Pty Limited. He is also Managing Director of Ausfel Pty Limited, which recently owned exploration licenses for gold and uranium in South Australia. Those licences have been acquired by the Ausminerals Group and are described elsewhere in this Information Memorandum.

Mr Guy Kempny - *Alternate Director for Mr E Bouverie*

Mr Kempny is an IT Technical Specialist with broad experience in project management and marketing for Australian and international clients. He has co-authored four IBM technical red books in North Carolina and managed demonstration showcase areas for all of IBM Australia's and IBM New Zealand's nationwide Forum events. Mr Kempny managed the IT infrastructure for the IBM Executive Briefing Centre for the 2000 Olympic Games and has managed IT facets for other major events such as the AusOpen and US Open Grand Slam Tennis events and the Nagano 1998 Winter Olympics.

Mr Kempny is an experienced investor for close to 25 years, in multiple mining projects, including gold in Western Australia and North Queensland and industrial minerals in NSW, SA and Victoria. He has had hands-on experience with Ausminerals projects including with the Pelletising Plant in Victoria, and gold exploration in WA.

3.2 Company Secretary

Mr Trevor Stone - FCPA

Company Secretary

Trevor has a broad range of experience at a senior level accumulated over the past 25 years, including as Finance Manager, Director, Company Secretary and Public Officer in large organisations.

In 1984, Mr Stone was appointed as CFO of Australian Aerospace Ltd (formerly Eurocopter International Pacific Limited). He was responsible for the establishment of all financial systems, integration of logistics and product support activities, and satisfying full financial reporting requirements to all shareholders. Mr Stone also played a major role in the company's commercial development, overseeing the expansion of operations to Melbourne, Brisbane and Auckland.

Mr Stone has acted as Ausminerals Limited's Group Accountant and Company Secretary since August 2006. During that time he has worked closely with the Directors and Auditors preparing the company's accounts, and on other related matters.

4 ADDITIONAL INFORMATION

4.1 Rights Attaching to Shares

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available from the Company's registered office during business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. Shares issued pursuant to this Information Memorandum will rank equally with the Company's existing Shares.

Voting Rights

Subject to any rights or restrictions attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of the Company:

- a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

Rights on Winding Up

Subject to the Corporations Act 2001, Listing Rules and the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of fully paid Shares held by them (and a partly paid share is counted as a fraction of a fully paid share equal to the amount paid on it, divided by the total issue price of the share).

Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act 2001, any other applicable laws, the Settlement Rules and the Listing Rules of the NSX, shares are freely transferable.

Future Increases in Capital

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the Listing Rules, the Constitution of the Company and the Corporations Act 2001, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

Variation of Rights

Under the Corporations Act 2001, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

Dividend Rights

Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of ordinary Shares in proportion to the number of Shares held by them.

5. GLOSSARY

ASX	Means the Australian Stock Exchange Limited (ACN 008 624 691)
ASIC	means Australian Securities and Investments Commission.
NSX	means NSX Limited ACN 008 624 691.
Auditors	means PKF, Chartered Accountants.
Ausminerals	means Ausminerals Limited ACN 099 336 866.
Ausminerals Group	means Ausminerals and its subsidiaries.
Board	means the board of Directors unless the context indicates otherwise.
Company	means Ausminerals Limited (ACN 099366886).
Constitution	means the constitution of Ausminerals Limited, unless the context indicates otherwise.
Consultant Geologist	means Stanley Wollen.
Corporations Act 2001	means the Corporations Act 2001 of Australia.
Directors	means the directors of the Company from time to time.
Dollars or \$	means Australian dollars unless other wise stated.
Glossary	means this glossary.
Gold Hill Option	means the option described in section 2.1(a).
Listing Rules	means Listing Rules of the NSX.
Management	means the persons responsible for the management of Ausminerals Limited.
Share	means 1 fully paid ordinary share in Ausminerals Limited.
Shareholder	means a holder of Shares.