

30 January 2009

ASX ANNOUNCEMENT

AUSMELT UPDATES

EARNINGS GUIDANCE

As foreshadowed at the Company's November 17 Annual Meeting, Ausmelt will report a significant loss for the six months to December 31 due entirely to write-down of the carrying value of its Whyalla smelter.

The Whyalla write-down will also mean that Ausmelt will declare a loss for the full year to June 30.

The smelter will be written-down to the estimated recoverable amount of about \$2 million. This represents an impairment charge of between \$16 million and \$17 million on a pre-tax basis.

Ausmelt is still actively pursuing a number of opportunities to recover value from the Whyalla smelter.

The Company's pre-tax operating profit for the December half-year – excluding impairment charges relating to the smelter – is expected to fall by about 30%. This reduction in the operating result is due mainly to costs associated with closure of the Whyalla facility and a slow-down in sales of the flotation reagent AM2 because of the sharp decline in copper prices.

Ausmelt Managing Director Mr Paul Abbott said today the global financial crisis had resulted in a reduced flow of new project enquiries for the Company's top submerged lance smelting technology.

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