

23 December 2009

ASX ANNOUNCEMENT

OUTOTEC INCREASES OFFER TO \$1.35

Ausmelt Limited (ASX:AET) has received the attached letter from Outotec Pty Ltd (**Outotec**) under which Outotec will increase its offer price for Ausmelt shares to \$1.35. All other terms and conditions of the Increased Outotec Takeover Offer announced on 21st December 2009 will remain the same.

For further information please contact:

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Outotec

22 December 2009

BY EMAIL: Paul.Abbott@ausmelt.com.au

The Directors
Ausmelt Limited
12 Kitchen Road
DANDENONG SOUTH VICTORIA 3175

Outotec Pty Ltd ("Outotec") – Takeover bid for all of the ordinary shares on issue in Ausmelt Limited ("Ausmelt") ("Takeover Bid")

In accordance with section 671B of the *Corporations Act 2001* (Cth) (**Corporations Act**), I enclose a Form 604 in respect of a change in the interest of Outotec and its associates (collectively, the **Outotec Group**) in Ausmelt. This change is the result of on-market acquisitions made by Outotec today, pursuant to which Outotec acquired a further 3,102,818 shares in the capital of Ausmelt, thereby **increasing the interest of the Outotec Group in Ausmelt's share capital to approximately 37.4%.**

Similar to the effect of the on-market acquisitions made by Outotec yesterday, following today's purchases of Ausmelt shares on the Australian Securities Exchange (**ASX**), the offer price under the Takeover Bid is now \$1.35 per share (the **Increased Offer Price**).

The Increased Offer Price is 35% higher than Outotec's previous offer price of \$1.00 per share which all of the directors of Ausmelt (collectively, the **Ausmelt Board**) recommended that shareholders accept in the absence of a superior proposal (with the exception of Dr John Floyd, who abstained from making a recommendation). Save for the increase in price, the offer under the Takeover Bid (**Outotec's Offer**) has not changed in any respect.

I also take this opportunity to make a few comments regarding the takeover offer received by Ausmelt from Tenova S.p.A (**Tenova**) (**Tenova's Offer**), which was the subject of an ASX announcement made by Ausmelt today.

Whilst the price being offered to Ausmelt shareholders for their shares under Tenova's Offer is the same as the Increased Offer Price, Tenova's Offer carries a significant point of difference as compared to Outotec's Offer. That is, Tenova's Offer is subject to a 50.1% minimum acceptances condition (the **50.1% condition**), which means that if Tenova's Offer does not receive acceptances resulting in Tenova acquiring no less than 50.1% of the total number of Ausmelt shares on issue, those shareholders in Ausmelt who accept Tenova's Offer will not get paid (unless the 50.1% condition is waived by Tenova).

As noted above, the interest of the Outotec Group in Ausmelt's issued share capital is now approximately 37.4%. It is the current intention of the Outotec Group not to accept Tenova's Offer. Accordingly, unless this intention were to change, Tenova's Offer must receive acceptances in respect of approximately 80% of the outstanding Ausmelt shares (excluding those held by the Outotec Group) in order for the 50.1% condition to be satisfied.

Outotec's Offer is not subject to any minimum acceptances condition similar to the 50.1% condition. In this regard, I note that Outotec's Offer is not conditional on the occurrence of any circumstances

Outotec

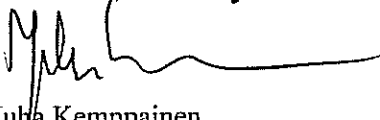
whatsoever, but rather merely on certain events not taking place (the **Prescribed Events**). Tenova's Offer is also conditional on none of the Prescribed Events occurring.

Accordingly, on the basis that:

- the Increased Offer Price matches Tenova's Offer in so far as price is concerned; and
- Outotec's Offer is, unlike Tenova's Offer, not subject to the 50.1% condition (or any similar condition, for that matter) and therefore shareholders in Ausmelt have a greater prospect of realising a cash return for their investment by accepting Outotec's Offer than by accepting Tenova's Offer,

Outotec's Offer is superior to Tenova's Offer. Outotec requests that Ausmelt make an ASX announcement advising shareholders that, notwithstanding Tenova's Offer, the Ausmelt Board continues to recommend that shareholders accept Outotec's Offer in the absence of a superior proposal.

Yours sincerely



Jukka Kemppainen
For and on behalf of Outotec Pty Ltd