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REPLACEMENT PROSPECTUS 2010



This is a **replacement Prospectus** for the issue of 20,000,000 New Shares at 20 cents (\$0.20) each to raise \$4,000,000.

Every New Share subscribed for under this Prospectus will have 1 free attaching New Option with an exercise price of \$0.20 and an expiry date of 31 July 2012.

THIS DOCUMENT IS IMPORTANT AND IT SHOULD BE READ IN ITS ENTIRETY.

You may wish to consult your professional financial adviser about its contents. The securities offered by this Prospectus should be considered speculative.

AusNiCo Limited

Level 5, Santos House,
60 Edward Street, Brisbane QLD 4000

P: 07 3303 0611 **W:** www.ausnico.com.au
F: 07 3303 0681 **E:** info@ausnico.com.au

ASX code: ANW ACN 122 957 322

Underwriter and Lead Manager
Bizzell Capital Partners Pty Ltd
ACN 118 741 012

AUSNICO IS A QUEENSLAND BASED MINERALS EXPLORATION COMPANY FOCUSED ON THE DISCOVERY AND ECONOMIC DEVELOPMENT OF LARGE SCALE NICKEL PROJECTS.

CORPORATE DIRECTORY

Directors

Existing Directors

Brian Moller	(Non-Executive Chairman)
Nicholas Mather	(Non-Executive Director)
Vincent Mascolo	(Non-Executive Director)

Proposed Directors

John Downie	(Managing Director and CEO)
Stephen Roberts	(Non-Executive Director)

Company Secretary

Karl Schlobohm

Registered Office and Principal Place of Business

Level 5, Santos House,
60 Edward Street, Brisbane QLD 4000

P: 07 3303 0611

W: www.ausnico.com.au

F: 07 3303 0681

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ASX code: ANW

Auditor

BDO (Qld)

Level 18, 300 Edward Street, Brisbane QLD 4000

P: 07 3237 5999

W: www.bdo.com.au

F: 07 3221 9227

E: info.brisbane@bdo.com.au

Independent Accountant

BDO Audit (Qld) Pty Limited

Level 18, 300 Edward Street, Brisbane QLD 4000

P: 07 3237 5999

W: www.bdo.com.au

F: 07 3221 9227

E: info.brisbane@bdo.com.au

Independent Geological Consultants

IMC Mining Solutions Pty Limited

Level 40, Riverside Centre, 123 Eagle Street, Brisbane Qld 4000

P: 07 3226 9100

F: 07 3226 9101

Share Registry

Link Market Services Limited

Level 15, 324 Queen Street, Brisbane QLD 4000

P: 1300 554 474

W: www.linkmarketservices.com.au

F: 07 3228 4999

Solicitors to the Issue

Hopgood Ganim Lawyers

Level 8, Waterfront Place, 1 Eagle Street Brisbane QLD 4000

P: 07 3024 0000

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Underwriter and Lead Manager to the Issue

Bizzell Capital Partners Pty Ltd

Level 19, AM-60, 42-60 Albert Street, Brisbane QLD 4000

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AusNiCo PROSPECTUS 2010

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KEY DATES

Date of this Prospectus	4 August 2010
Record Date for Priority Offer	5 August 2010
Applications Open – Priority & Public Offers	9 August 2010
Applications Close – Priority Offer	27 September 2010
Applications Close – Public Offer	1 October 2010
Allotment of Shares Under this Prospectus	15 October 2010
Anticipated Date of Trading of Shares Listed for Quotation on ASX	21 October 2010
Dispatch of Holding Statements	19 October 2010

KEY TERMS

Offer Price	\$0.20
Number of Shares to be offered under this Prospectus (New Shares)	20,000,000
Shares on issue prior to this Offer (Existing Shares)	90,160,000
Total issued Shares to be listed on ASX	110,160,000
Market capitalisation of Shares at Offer Price	\$22,032,000

Note: All dollars are in Australian dollars unless otherwise stated.

HOW TO INVEST

Applications for New Shares under the **Public Offer** can be made by completing the Application Form accompanying this Prospectus. Instructions on how to apply are set out in Section 11 of this Prospectus and on the back of the Application Form.

Applications for New Shares under the **Priority Offer** can be made on the personalised Priority Offer Application Form available on the Company's website at www.ausnico.com.au (after entering your details as a D'Aguilar Shareholder). Those investors eligible to participate in the Priority Offer will be sent a letter outlining all of the relevant details.

INVESTMENT HIGHLIGHTS

FIRST MOVER ADVANTAGE – NEW NICKEL

There have been two discoveries of ore-grade nickel sulphide mineralisation in Eastern Australia in the last 55 years. The first was the Avebury Nickel Mine in western Tasmania discovered by Allegiance Mining NL in January 1998, which was taken over by Zinifex Limited (now OZ Minerals Limited) for more than \$840 million in mid 2008. AusNiCo's discovery of the Pembroke nickel sulphides in mid 2008 is the second such nickel sulphide discovery in Australia. A third discovery of ore-grade nickel sulphide mineralisation of similar geological age was made in Spain, and was successfully developed into the Aguablanca nickel mine near Seville.

These types of deposits are newly recognised, hard to discover and highly valuable.

ACCUMULATED KNOWLEDGE AND EXPERTISE

AusNiCo has a highly experienced Board and senior management team that possess the proven expertise to exploit the discovery of this newly recognised style of nickel mineralisation and other commodities.

SUBSTANTIAL TENEMENT POSITION

AusNiCo holds 100% of over 700km² of exploration tenements in a historic mining province in South East Queensland, Australia that is heavily mineralised in base metals, nickel and gold. Furthermore, the tenements are located in well known historic mining areas in South East Queensland – an area of substantial industrial growth potential and excellent infrastructure.

EXPOSURE TO MULTIPLE COMMODITIES

From the commencement of exploration by the Company in 2007 to date, AusNiCo has discovered potentially economic mineralised zones with drill intercept widths and grades of:

1. **Nickel-cobalt sulphides** at least 50 metres thick at the Pembroke prospect (including 4.2 m at 1.1% Ni and 0.05% Co).
2. **Copper-gold** up to 20 metres thick also at the Pembroke prospect (average of 0.5% Cu and 1.5g/t Au).
3. **Copper-silver** up to 14 metres thick at Silver Valley prospect (including 8m at 1.5% Cu and 107g/t Ag).
4. **Nickel-cobalt mineralisation** up to 96 metres thick at Mt Cobalt and drill holes stopping in mineralisation at the Ridley prospect (including 18m at 0.37% Co and 0.5% Ni).
5. **High grade cobalt lode** at Mt Cobalt mine (selected grab samples up to 2% Co with historic grades up to 6% Co).
6. **Platinum Group Metals (PGM) geochemical anomalies** at Boyne and Kandanga. At Boyne North a Pt anomalous area of 450m by 200m has been delineated with soils averaging over 10 ppb (coincident with Au and Cu in soil anomalies). At Boyne South elevated Cr, Ni and Pt are associated with multi-phased basic and ultrabasic intrusives in the vicinity of the Mimosa Chromite deposit (historic samples to 36% Cr). At Kandanga historic soil samples report >1ppm Pt.

ADVANCED TARGETS AND IMMEDIATE DRILLING

1. The Pembroke nickel sulphide discovery will be immediately drill-tested along strike to identify the controls on the mineralisation.
2. Several copper-silver mineralisation targets at Silver Valley will be drilled in early to mid 2011.
3. Sections of the Ridley nickel belt have only been drilled to shallow depths and nickel oxide occurrences have been discovered in two short sections of the nickel belt. Many holes bottomed in ore grade mineralisation.
4. Sections of the Mt Cobalt nickel oxide mineralisation have been drilled to 120 metres depth and a large thickness lode has been identified. This lode is now ready for resource drilling and economic evaluation.
5. Magnetic patterns and other exploration information indicate a zone of sulphides at depth and beneath the historic Mt Clara Copper Mine within AusNiCo's tenements.

IPO

- \$4,000,000 IPO.
- \$600,000 Priority Entitlement for D'Aguilar Shareholders (holding shares on the Record Date).
- IPO issue opens on 9th of August 2010.

IMPORTANT INFORMATION

This is a replacement Prospectus seeks to raise \$4,000,000 by offering for subscription 20,000,000 New Shares at an issue price of 20 cents (\$0.20) each, payable in full on application.

This Prospectus is dated 4 August 2010, and was lodged with ASIC on that date. This replacement Prospect replaces the Prospectus that was lodged with ASIC on 15 July 2010. Neither the ASIC nor ASX takes any responsibility for the contents of this Prospectus. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applications can only be made by completing the Application Form in full, in accordance with instructions contained on the reverse of the form.

GLOSSARY

Certain words and terms used in this Prospectus have defined meanings, which appear in Section 10. A glossary of technical terms used in this Prospectus also appears in Section 4.



Figure A: AusNiCo tenement locations and the main infrastructure throughout Central and South East Queensland

EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of seven days from the date of lodgement of the original Prospectus with the ASIC on 15 July 2010. The seven day Exposure Period may be extended by the ASIC by a further period of up to seven days.

The purpose of providing an Exposure Period is to enable examination of this Prospectus by market participants prior to the raising of funds. Applications received during the Exposure Period will receive no priority and will not be processed until after the Exposure Period, when they will be treated as having been received simultaneously on the Opening Date.

A paper copy of this Prospectus will be made available upon request during the Exposure Period. The Prospectus (without the Application Form) may also be viewed online at www.ausnico.com.au during the Exposure Period.

After the Exposure Period, the Prospectus with an accompanying Application Form may be viewed online. Investors who wish to apply for New Shares using the electronic version of the Application Form must download and read the entire Prospectus. The Offer is only available to persons receiving an electronic version of this Prospectus in Australia. Persons who receive a copy of this Prospectus in electronic form are entitled to obtain a paper copy of the Prospectus which will be provided free of charge upon request by contacting the Company Secretary, Mr Karl Schlobohm, on 07 3303 0611 or by email at info@ausnico.com.au

HOW TO USE THIS PROSPECTUS

This Prospectus provides information for investors who wish to invest in AusNiCo. It should be read in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of AusNiCo and the rights and liabilities attaching to the New Shares. The Company is at an early stage of its development, accordingly there are significant risks associated with investing in the Company. Potential investors should take these factors into account and consider whether this is an appropriate investment in view of their personal circumstances. If in doubt investors should seek advice from their professional adviser before deciding whether to invest. There is no guarantee that the New Shares offered under this Prospectus will make a return on capital investment, that dividends will be paid on the New Shares, or that there will be any increase in the value of the New Shares in the future.

Investors who wish to subscribe for New Shares should complete the Application Form included in Section 11 of this Prospectus.

The New Shares offered under this Prospectus should be considered speculative.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute forward-looking statements. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results,

implied values, performance or achievements expressed, projected or implied in the statements. These risks, variables and factors include, but are not limited to, the matters described in Section 7. AusNiCo gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

DISCLAIMER

The Offer does not take into account the investment objectives, financial situation and particular needs of investors. It is important that investors read this Prospectus in its entirety before deciding to invest in the Company and, in particular, in considering the prospects for the Company, that they consider the risk factors that could affect the performance of the Company. Investors should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional guidance from their professional financial adviser before deciding whether to invest. Some risk factors that investors should consider are outlined in Section 7.

No person is authorised to give any information or to make any representation in connection with the Offer and issue of the New Shares described in this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with the Offer.

Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantee that any specific objective of the Company will be achieved or that any particular performance of the Company or of its Shares, including those offered by this Prospectus, will be achieved.

PRIVACY

The privacy obligations and policy relating to this Prospectus are contained in the privacy disclosure statement in Section 9.

THIRD PARTY PROJECTS

References to third party projects have been included in this Prospectus. AusNiCo does not own these projects.

COMPETENT PERSON STATEMENT

The information in this Prospectus that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Nicholas Mather B.Sc (Hons) Geol., who is a Member of The Australian Institute of Mining and Metallurgy. Mr Mather is employed by Samuel Capital Pty Limited, which provides certain consultancy services including the provision of Mr Mather as the Managing Director of D'Aguiar Gold Limited and a Director of AusNiCo.

Mr Mather has more than five years experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the JORC Code). This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.

CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Directors, it is my pleasure to invite you to become a Shareholder in AusNiCo.

The company name "AusNiCo" is an abbreviation of Australian Nickel and Cobalt. AusNiCo has discovered completely new occurrences of nickel sulphide mineralisation in Eastern Mainland Australia at grades and widths that have been profitably mined in similar geological settings at the Avebury nickel mine near Zeehan, Tasmania and at the Aguablanca mine near Seville, Spain. The companies that discovered these two nickel mines have been taken over by major mining companies which resulted in substantial returns to the original shareholders.

AusNiCo is seeking to raise \$4,000,000 through an issue of 20 million New Shares at a price of \$0.20 per New Share. Investors subscribing for New Shares will also receive a free attaching \$0.20 Option for each New Share acquired. The Offer will be open to the public with a priority allocation to existing D'Aguilar shareholders. D'Aguilar will retain an investment stake of approximately 53% in AusNiCo following the IPO.

The Company has secured a strong ground position, with over 700km² of 100%-owned exploration tenements in a historic mining province in South East Queensland, Australia that is heavily mineralised in base metals, nickel and gold.

Nickel is an important modern metal because it is a critical ingredient in stainless steel, batteries and electronics – all with strongly increasing demand, especially in modern industrialising countries like China and India. Consumption of nickel metal remains strong, particularly in the stainless steel sector but discovery of low-cost sources of nickel, namely, nickel sulphides has not nearly kept pace with the growing nickel demand. As a result, industry is turning to nickel oxide occurrences for its raw material. AusNiCo is fortunate to have known occurrences of extensive, thick, low grade nickel oxide occurrences within its tenements – possibly with nickel sulphides at depth beneath them.

AusNiCo tenements are located in well known historic mining areas in South East Queensland – an area of substantial industrial growth potential and excellent infrastructure.

This advantage, combined with the skills and experience of the management team and the Board provides investors with a unique opportunity to invest in a new nickel business right at the discovery stage which is in progress now.

Before making your decision to invest, I ask that you carefully read this Prospectus and seek professional advice if required.

On behalf of the Board, I commend the Offer to you and look forward to welcoming you as a Shareholder.

Yours sincerely



Brian Moller

Chairman

This advantage, combined with the skills and experience of the management team and the Board provides investors with a unique opportunity to invest in a new nickel business right at the discovery stage which is in progress now.

SECTION 1

DETAILS OF THE OFFER

This section is intended as an introduction and not as a summary of this Prospectus. It should be read in conjunction with the remainder of this Prospectus.

1.1 THE OFFER

The Offer consists of a Priority Offer and a Public Offer.

PRIORITY OFFER

AusNiCo is inviting D'Aguilar Shareholders to become Shareholders of AusNiCo, and have set aside 15% of the Offer (3,000,000 New Shares or \$600,000) for D'Aguilar shareholders. D'Aguilar Shareholders, who hold shares in D'Aguilar on the Record Date, may apply for as many New Shares as they wish, but must apply for a minimum of 10,000 New Shares (\$2,000).

New Shares available for D'Aguilar Shareholders are limited and allocation of those New Shares will be at the Board's discretion. Investors eligible to apply for New Shares under the Priority Offer should apply on-line at www.ausnico.com.au (after entering your details as a D'Aguilar Shareholder), or by using the personalised Priority Offer Application Form which can be requested at the same site.

Payment will be accepted by BPay, cheque or money order. If paying by cheque or money order, application monies should be sent, together with the completed Priority Application Form, to:

AusNiCo Limited IPO
C/- Link Market Services
Locked Bag 3415
Brisbane Qld 4001

Those investors eligible to participate in the Priority Offer will be sent a letter outlining all of the relevant details. Queries should be directed to Mr Karl Schlobohm, AusNiCo Company Secretary, on 07 3303 0611.

The Board retains absolute discretion when deciding whether or not to accept any particular application in part or in full and will not be liable to any D'Aguilar Shareholder who is not allocated New Shares (or their full Application for New Shares).

If any of the Priority Offer Shares available for D'Aguilar Shareholders are not applied for by 5.00pm (AEST) on 27 September 2010, those New Shares will be made available to other Applicants pursuant to the Public Offer.

D'Aguilar Shareholders who receive this Prospectus outside Australia may be unable to participate in the Priority Offer as described in Section 1.12.

PUBLIC OFFER

The Public Offer is comprised of the Offer less any New Shares taken up under the Priority Offer. Members of the public may apply for New Shares under the Public Offer by completing the Public Offer Application Form.

The Directors may reject any Application made under the Public Offer or allocate fewer New Shares than the Applicant has applied for.

The New Shares offered by this Prospectus will be issued as fully paid Shares and, when issued, will rank equally in all respects with the Existing Shares.

1.2 KEY TERMS

Offer Price	\$0.20
Number of Shares to be offered under this Prospectus	20,000,000
Shares on issue prior to this Offer	90,160,000
Total issued Shares to be listed on ASX	110,160,000
Market capitalisation of Shares at Offer Price	\$22,032,000

Notes:

1. Some of the existing Shares may be classified as restricted securities (see Section 1.14 and Section 9).
2. The Company also has Options on issue (see Section 1.6)

1.3 KEY DATES

Date of this Prospectus	4 August 2010
Record Date for Priority Offer	5 August 2010
Applications Open – Priority & Public Offers	9 August 2010
Applications Close – Priority Offer	27 September 2010
Applications Close – Public Offer	1 October 2010
Allotment of Shares Under this Prospectus	15 October 2010
Anticipated Date of Trading of Shares Listed for Quotation on ASX	21 October 2010
Dispatch of Holding Statements	19 October 2010

These dates are indicative only. The Company reserves the right to vary the Closing Date of the Issue, which may have a consequential effect on other dates. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

1.4 APPLICATION AND PAYMENT FOR SHARES

PUBLIC OFFER

An Application constitutes an offer by you to subscribe for New Shares on the terms and conditions as contained in the Offer. An Application to subscribe for Shares can only be made on the Application Form contained in this Prospectus. Applications must be for a minimum of 10,000 New Shares representing a minimum investment of \$2,000 and thereafter in multiples of 5,000 Shares (\$1,000).

If you decide to apply for New Shares, you must:

1. complete the enclosed Application Form; and
2. pay the application money by cheque drawn on and payable at any Australian bank in Australian dollars.

An Application for New Shares can only be made by completing and lodging the Application Form for New Shares contained at the end of this Prospectus – see Section 11; or completing a paper copy of the relevant Application Form which accompanies the electronic version of this Prospectus, which can be downloaded from the Company's website at www.ausnico.com.au

The Application Form contains detailed instructions on how it is to be completed. Payments by cheque must be in Australian dollars, crossed "not negotiable" and made payable to "AusNiCo Limited". Payment for the New Shares must be made in full at the issue price of 20 cents for each New Share subscribed. Applications for New Shares must be for a minimum of 10,000 New Shares and then in multiples of 5,000 New Shares (\$1,000). Applications received by the Company that do not meet these requirements may be refused at the discretion of the Directors.

Subject to the minimum subscription of the Issue being achieved for the New Shares as well as permission of the ASX for the Shares to be listed for Official Quotation, the Directors will allot the New Shares as soon as possible after the Closing Date of the Issue.

An Application for New Shares may be accepted in full, for any lesser number or rejected by the Company. If any Application is rejected, in whole or in part, the relevant Application money will be repaid without interest.

Completed Application Forms and accompanying cheques should be lodged with the Share Registry, at the following address:

AusNiCo Limited IPO
Link Market Services
Locked Bag A14
Sydney South NSW 1235

Completed Application Forms and cheque(s) must be received at the above address before 5.00pm (AEST) on the Closing Date of the Issue.

Completed Application Forms and cheque(s) should be sent to the required address as soon as possible after the Issue opens as the Directors may elect to close the Issue early.

PRIORITY OFFER

Investors eligible to apply for New Shares under the Priority Offer should apply by using the personalised Priority Offer Application Form available on the Company's website at www.ausnico.com.au (after entering your details as a D'Aguilar Shareholder).

Payment will be accepted by BPay, cheque or money order. If paying by cheque or money order, application monies should be sent, together with the completed Application Form, to:

AusNiCo Limited IPO
C/- Link Market Services
Locked Bag 3415
Brisbane Qld 4001

Those investors eligible to participate in the Priority Offer will be sent a letter outlining all of the relevant details.

Queries should be directed to Mr Karl Schlobohm, AusNiCo Company Secretary, on 07 3303 0611.

1.5 CAPITAL STRUCTURE POST ISSUE

Upon completion of the Issue and allotment of New Shares pursuant to this Prospectus, the Company's capital will be as follows:

SHARES IN THE COMPANY

Shareholder	Number of Shares	%
Existing Shareholders ¹	90,160,000	81.8%
New Shareholders	20,000,000	18.2%
Total	110,160,000	100.0%

Note:

1. These securities may be subject to ASX escrow conditions.

OPTIONS

As part of the IPO raising, all investors for New Shares will be granted 1 New Option for every 1 New Share subscribed under this Prospectus. The New Options will be exercisable at 20 cents following the IPO through to 31 July 2012. The New Options will not be listed on the ASX.

Prior to this Prospectus, the Company has also issued the following Options:

- 22,000,000 Options exercisable at 30 cents, expiring on 19 November 2013.

Upon completion of the Issue and allotment of New Shares pursuant to this Prospectus and prior to the Company's securities being quoted on the ASX, the following New Options will be issued:

- 20,000,000 New Options exercisable at 20 cents, expiring 31 July 2012 to Shareholders subscribing for New Shares pursuant to this Prospectus.
- 2,500,000 New Options exercisable at 20 cents, expiring 31 July 2012 to the Managing Director, pursuant to an Executive Services Agreement.
- 400,000 New Options exercisable at 20 cents, expiring 31 July 2012 to the Company Secretary, pursuant to a Services Agreement.
- 200,000 New Options exercisable at 20 cents, expiring 31 July 2012 to the Exploration Manager, pursuant to his terms of employment.

All of the Options noted above will be unquoted Options following the Company's listing on the ASX.

OPTIONS IN THE COMPANY

Optionholder	Number of Options	%
Existing Optionholders	22,000,000	48.8%
Managing Director	2,500,000	5.5%
Company Secretary / CFO	400,000	0.9%
Exploration Manager	200,000	0.5%
New Shareholders	20,000,000	44.3%
Total	45,100,000	100.0%

Notes:

1. Some of these securities may be classified as restricted securities (see Section 1.14 and Section 9).
2. The figures provided in the above table assume that no Options have been exercised prior to Listing.

DIRECTORS' INTERESTS IN AUSNICO

The interests of Directors and of any associates of them in the securities of the Company at the date of this Prospectus are as follows:

Name	Number of Shares ⁴	Number of Director Options ⁴
Existing Directors		
Brian Moller ¹	Nil	500,000 ³
Nicholas Mather ^{1,5}	1,850,000	500,000 ³
Vincent Mascolo ¹	300,000	500,000 ³
Proposed Directors		
John Downie	Nil	2,500,000 ²
Stephen Roberts	Nil	500,000 ³

Notes:

1. Messrs Moller, Mather and Mascolo are Directors of D'Aguilar, which holds 58,850,000 Existing Shares in AusNiCo.
2. Options exercisable at 20 cents, expiring on 31 July 2012.
3. Options exercisable at 30 cents, expiring on 19 November 2013.
4. Some of these securities may be classified as restricted securities (see Section 1.14 and Section 9).
5. Samuel Holdings Pty Ltd (an entity associated with Nicholas Mather) has entered into a Sub-Underwriting Agreement with the Underwriter which may result in Nicholas Mather and entities associated with him having an interest in an additional 4,500,000 Shares and 4,500,000 New Options upon completion of the Offer (see sections 1.17 and 8 for further details on the Sub-Underwriting Agreement). In addition, Bizzell Capital Partners Pty Ltd transferred 1,500,000 Shares to Samuel on 4 August 2010 in account of the provision of corporate advisory services and fees.

1.6 PURPOSE OF THE OFFER AND PLANNED EXPENDITURE

PURPOSE OF THE OFFER

The purpose of the Offer is to raise funds to:

- Explore the Company's mineral interests as described in this Prospectus.
- Assess new projects and opportunities.
- Pay the expenses of the Issue.
- Partially reimburse D'Aguilar for its exploration and administration funding (the balance will be absorbed by D'Aguilar).
- Meet the ongoing administrative costs of the Company.
- Provide additional working capital.

The Directors are satisfied that upon successful completion of the Offer, AusNiCo will have sufficient funds to meet its stated objectives.

PLANNED EXPENDITURE

The Company is seeking to raise \$4,000,000 pursuant to this Offer. These funds are intended to be applied as follows:

Exploration and drilling.....	\$2,000,000
Corporate finance and administration.....	\$900,000
Expenses of the Offer.....	\$420,000
Partial reimbursement to D'Aguilar.....	\$550,000
Working capital.....	\$130,000
Total.....	\$4,000,000

1.7 OPENING AND CLOSING DATE OF THE ISSUE

The Opening Date of the Public Offer will be 9 August 2010 at 9.00am (AEST), and the Closing Date of the Public Offer will be 1 October 2010 at 5.00pm (AEST).

New Shares available for D'Aguilar Shareholders are limited, and allocation of those New Shares will be at the Board's discretion. Investors eligible to apply for New Shares under the Priority Offer should apply by using the personalised Priority Offer Application Form available on the Company's website at www.ausnico.com.au (after entering your details as a D'Aguilar Shareholder).

The Directors, subject to the requirements of the Listing Rules and the Corporations Act, reserve the right to:

- Close the Issue early without prior notice; or
- Vary any of the important dates set out in this Prospectus, including by extending the Issue.

1.8 ALLOTMENT

Allotment of the New Shares under this Prospectus will take place as soon as practicable after the Closing Date of the Issue. Application money will be held in a subscription account until allotment.

This account will be established and kept by the Company in trust for each Applicant for New Shares. Any interest earned on the Application money will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place.

Where the number of New Shares allotted is less than the number applied for, the surplus money will be returned by cheque within 30 days of the Closing Date for Applications. Where no allotment is made, the amount tendered on Application will be returned in full by cheque within 30 days of the Closing Date for Applications. Interest will not be paid on money refunded. All of the New Shares will be allotted and New Share entitlement notices dispatched to holders as soon as possible after determination by the Company of entitlements.

1.9 ASX LISTING OF SHARES

Application will be made within seven days of the date of this Prospectus to the ASX for the New Shares issued pursuant to this Prospectus, as well as the Existing Shares in the Company, to be granted Official Quotation by the ASX.

The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company or of the New Shares now offered for subscription. Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after the issue of holding statements to allottees. The ASX takes no responsibility for the contents of this Prospectus including the experts' reports which it contains.

In the event that the ASX does not grant permission for the Official Quotation of the Shares within three months after the date of issue of this Prospectus, none of the New Shares offered by this Prospectus will be allotted or issued unless the ASIC grants the Company an exemption permitting the allotment or issue.

If no allotment or issue is made, all money paid on Application for the New Shares will be refunded without interest within the time period set out under the Corporations Act.

1.10 DIVIDEND POLICY

The Company is an exploration company and does not currently have any operating mining operations. Accordingly, the ability of the Company to generate dividends will be dependent upon the level of success achieved in its exploration pursuits.

If the Company is able to commence mining operations at some future time, it is the present intention of the Directors to apply surplus cash flow to fund the ongoing exploration of the Company's project portfolio and any resultant development or production and generate new opportunities, rather than distributing this money in the form of dividends.

It is the Directors' intention to review this policy from time to time and commence the payment of a regular dividend once the Company is able to generate a substantial and sustainable level of cash flow, after allowing for capital expenditure and other commitments.

The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Company. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Company.

1.11 CHESS AND ISSUER SPONSORED REGISTER

The Company will apply to be admitted to participate in CHESS, in accordance with the ASX Listing Rules and the ASTC Settlement Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub registers together will make up the Company's principal register of Shares.

The Company will not issue certificates to Shareholders. Shareholders who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement), which sets out the number of New Shares allotted to the Shareholder under this Prospectus. For Shareholders who elect to hold the Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of New Shares allotted to the Shareholder under this Prospectus. At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide Shareholders with a holding statement that confirms the number of Shares held.

A holding statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number in the case of a holding on the CHESS sub-register or Shareholder Reference Number in the case of a holding in the issuer-sponsored sub-register.

Following distribution of these initial holding statements to all Shareholders, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of Shares changes.

1.12 RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Prospectus is not intended to, and does not, constitute an offer of securities in any place which, or to any person to whom, the making of such offer would not be lawful under the laws of any jurisdiction outside Australia.

Applicants resident in countries outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to apply for New Shares. The failure to comply with any applicable restrictions may constitute a violation of securities law in those jurisdictions.

1.13 ELECTRONIC PROSPECTUS

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus within Australia.

Persons who receive a copy of this Prospectus in electronic form at: www.ausnico.com.au are entitled to obtain a paper copy of the Prospectus (including any relevant accompanying Application Form) free of charge, during the Offer period, by contacting the Company on +61 7 3303 0611 or by email at info@ausnico.com.au.

1.14 RESTRICTED SECURITIES

The ASX may, as a condition of granting the Company's application for Official Quotation of its Shares, classify certain Shares of the Company as restricted securities. If so, prior to Official Quotation of the Company's Shares, the holders of the Shares that are to be classified as restricted securities will be required to enter into appropriate restriction agreements with the Company.

1.15 SUMMARY OF INVESTMENT RISKS

Prior to making an investment decision with regard to the resource, mining and exploration industry, investors should carefully consider the risk factors, all of which may affect the Company and the industry in which it operates.

The business and exploration activities of the Company are subject to normal business risks and uncertainties and there may be many factors that could affect the future performance of the Company. Some of these risks and uncertainties may be mitigated by the use of safeguards, appropriate systems and contingencies. However, some risks may be outside the control of the Company and not able to be mitigated. Additionally, there are also a number of risk factors that are specific to the Company.

Details of the risk factors of which investors should be aware are described in more detail in Section 7 of this Prospectus.

This section is intended as an introduction and not as a summary of this Prospectus. It should be read in conjunction with the remainder of this Prospectus.

1.16 UNDERWRITING ARRANGEMENTS

The Offer is fully underwritten by Bizzell Capital Partners Pty Ltd. The Company will pay the Underwriter a cash fee equal to 6% of the Underwritten Amount. The Underwriter may pay out of their fees, sub-underwriters, brokers or other financial professionals at their discretion. Details of the Underwriting Agreement are set out Section 8.

1.17 SUB-UNDERWRITING ARRANGEMENTS

The Underwriter has entered into a Sub-Underwriting Agreement with Samuel Holdings Pty Limited (Samuel), an entity associated with Nicholas Mather, a Director of the Company. Pursuant to the Sub-Underwriting Agreement, the Underwriter may pay a cash fee equivalent to 4% of the Sub-Underwritten Amount.

As noted previously, Nicholas Mather and his associates have an interest in 1,850,000 Shares and 500,000 options exercisable at 30 cents each expiring on 19 November 2010 as at the date of this Prospectus. Accordingly, if Samuel was required to subscribe for all the New Shares as agreed, upon completion of the Offer Nicholas Mather and his associates would have an interest in 6,350,000 Shares representing 5.76% of the Shares on issue in the Company after completion of the Offer. In addition, Nicholas Mather and his associates have an interest in 500,000 options (further details of which are set out in Sections 1.6 and 9.4) and should Samuel be required to fully subscribe for the total Sub-Underwritten Amount Samuel may be issued with a further 4,500,000 New Options.

Further details of the Sub-Underwriting Agreement are set out in Section 8.

For personal use only





2.1 COMPANY PROFILE

AusNiCo is an Australian-based exploration company focused on the discovery and development of nickel-cobalt mineral deposits in South East Queensland.

AusNiCo was incorporated on 1 December 2006 as a wholly owned subsidiary of ASX-listed D'Aguilar. In line with D'Aguilar's stated objective to foster growth within its subsidiaries and in order to provide working capital, \$2,270,000 of seed capital was raised by AusNiCo from May 2007 to December 2008, thereby reducing D'Aguilar's interest in AusNiCo to approximately 80%.

D'Aguilar has continued to fund the continuing exploration and administrative expenses of AusNiCo from December 2008.

DISCOVERIES AND INITIAL EXPLORATION RESULTS

AusNiCo holds a 100% interest in twelve (12) mineral tenements in South East Queensland representing over 700km² of terrane with strong Nickel Cobalt potential, as well as applications for two further mineral tenements, upon which AusNiCo proposes to further explore and, subject to receipt of successful exploration results and economic conditions, develop towards production.

From the commencement of exploration by the Company in 2007 to date, AusNiCo has discovered potentially economic widths and grades of:

1. **Nickel-cobalt sulphides** at least 50 metres thick at the Pembroke prospect (including 4.2 m at 1.1% Ni and 0.05% Co).
2. **Copper-gold** up to 20 metres thick also at the Pembroke prospect (average of 0.5% Cu and 1.5g/t Au).
3. **Copper-silver** up to 14 metres thick at Silver Valley prospect (including 8m at 1.5% Cu and 107g/t Ag).
4. **Nickel-cobalt mineralisation** up to 96 metres thick at Mt Cobalt and drill holes stopping in mineralisation at the Ridley prospect (including 18m at 0.37% Co and 0.5% Ni).
5. **High grade cobalt lode** at Mt Cobalt mine (selected grab samples up to 2% Co with historic grades up to 6% Co).

6. **Platinum Group Metals (PGM) geochemical anomalies** at Boyne and Kandanga. At Boyne North a Pt anomalous area of 450m by 200m has been delineated with soils averaging over 10 ppb (coincident with Au and Cu soil anomalies). At Boyne South elevated Cr, Ni and Pt are associated with multi-phased basic and ultrabasic intrusives in the vicinity of the Mimosa Chromite deposit (historic samples to 36% Cr). At Kandanga historic soil samples report >1ppm Pt.

AusNiCo has discovered completely new occurrences of nickel sulphide mineralisation in eastern mainland Australia at grades and widths that have been profitably mined in similar geological settings at the Avebury nickel mine near Zeehan, Tasmania and at the Aguablanca mine near Seville, Spain.

AusNiCo also has discovered nickel oxide occurrences within its tenements – possibly with nickel sulphide occurrences at depth beneath them. It holds significant tenements with encouraging mineralisation between Brisbane and Gladstone in South East Queensland – an area of substantial industrial growth, especially in mineral processing, and excellent infrastructure facilities.

2.2 CORPORATE OBJECTIVES

The overall objective of the Company is to create Shareholder value through the discovery and development of mineral deposits with a key focus on nickel-cobalt resources and related forms of mineralisation, copper-gold, copper-silver, cobalt, platinum group precious metals and gold.

The following matters are relevant to the achievement of this objective:

- AusNiCo's corporate strategy is to demonstrate the reliability of the new nickel model and secure additional exploration projects by new tenement applications and farm-in arrangements.
- The new nickel model will be pursued using systematic exploration techniques previously tested successfully by AusNiCo – detailed in this Prospectus.
- Management will continually monitor and identify additional target projects with the potential for new nickel sulphide exploration opportunities.
- The exploration and acquisition focus will target the identification of nickel sulphide mineralisation with potential to yield over 10 to 20 million tonnes at a grade in excess of 0.8% to plus 2% nickel and oxide nickel mineralisation with potential to yield over 15 to 30 million tonnes at a grade over 0.5% to plus 2% nickel.
- The Company will continue to maximise the proportion of the total budget that is spent on the exploration and evaluation of its discoveries.
- The Company will continually aim to maximise its "first mover" advantage in the new nickel strategy and continue its project focus on nickel-cobalt opportunities.

2.3 KEY PROJECT ATTRIBUTES

The key technical attributes of the new nickel style of mineralisation, all of which are contained within AusNiCo projects are as follows:

- Disseminated nickel sulphide mineralisation in greenstones and serpentinites marginal and above granite / granodiorite intrusions. The mineralisation may be accompanied by complex nickel, copper, silver, lead and zinc veins and secondary accumulations in shears.
- Strong relationships between nickel minerals and zinc anomalies, magnetite and tourmaline mineralisation also appears to be frequent. These features are related to the fluid flow and nickel remobilisation adjacent to the intrusions.
- High background nickel copper concentrations within the host greenstone. AusNiCo believes this to be indicative of nickel copper rich progenitor ultrabasic source rocks (komatites).
- Presence of major geological structures, which serve as conduits for mineralising fluids from intrusive bodies.

2.4 EXPLORATION STRATEGY

The Company's detailed exploration strategy includes the following elements:

- **Magnetics** - used to identify greenstone belts and intrusives which evidence may vary from existing mapping.
- **Soil geochemistry** – identifies strongly nickeliferous zones in prospective terranes, using stream sediment surveys and soil geochemistry grids.
- **Reconnaissance Drilling Programmes** – identification of zones of greater than 5000ppm (0.5%) nickel.
- **Deeper Core Drilling** - identification of sulphides.

AusNiCo has a proven expertise to discover the newly recognised "Paleozoic-Aged" nickel sulphide mineralisation that has been profitably mined in similar geological settings at the Avebury nickel mine near Zeehan, Tasmania and at the Aguablanca mine near Seville, Spain. The Company will seek to retain this expertise and apply it diligently throughout its tenements and throughout other districts that show potential.

The Company's tenements have been carefully assembled since mid 2007 to cover the prospective geology for these deposit types in South East Queensland. Should a new nickel province exist in this region, AusNiCo Directors believe that it is most likely contained within AusNiCo tenements.

2.5 AUSNICO'S MAIN PROJECTS

AusNiCo is Australia's most recent discoverer of ore grade nickel sulphide mineralisation at its Pembroke Prospect on the Black Snake Plateau, 30km south of Kilkivan in South East Queensland during mid 2008.

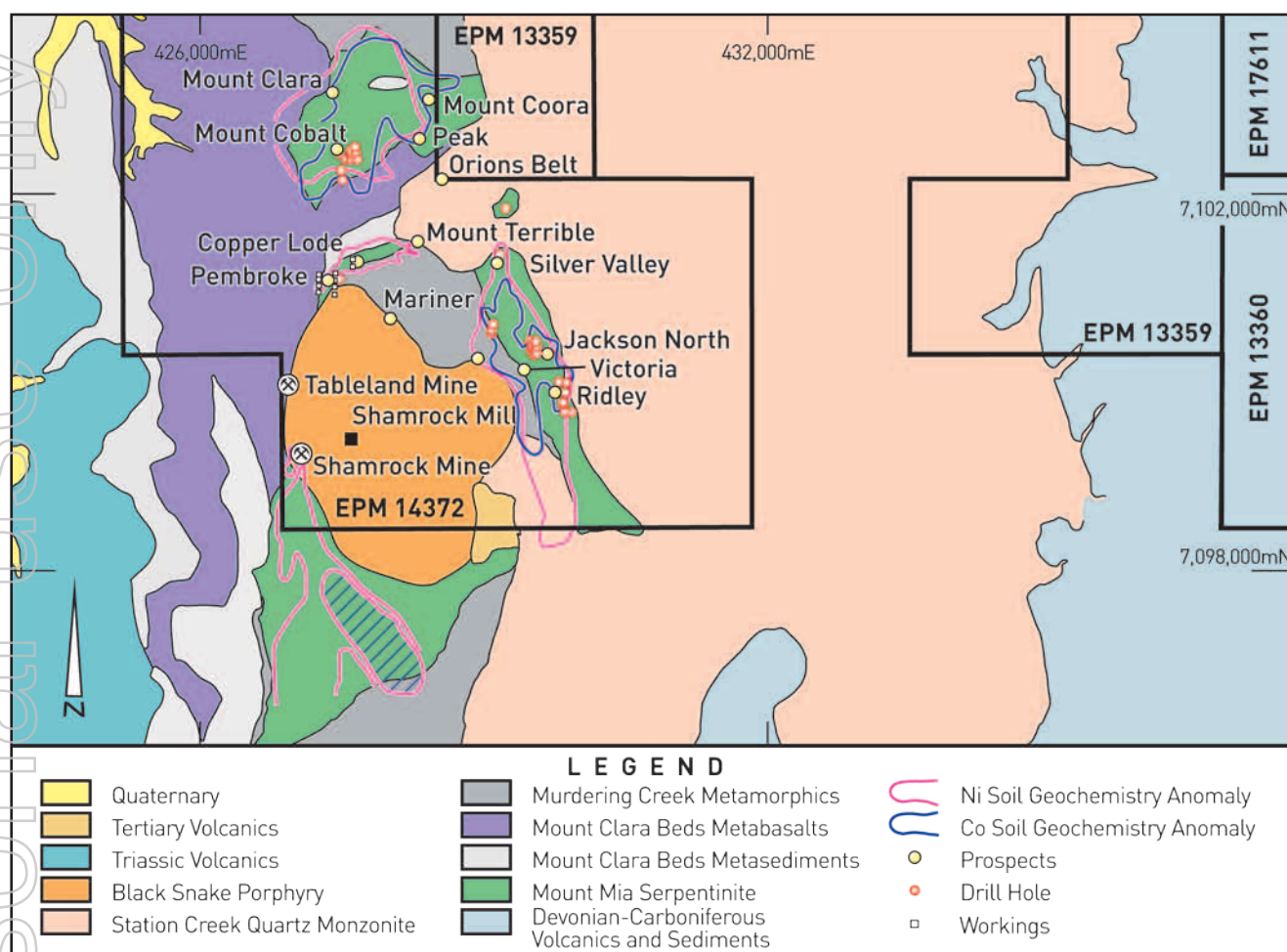


Figure 1: Location of AusNiCo's tenements, Pembroke & Silver Valley discoveries at Black Snake Plateau, 220 km northwest of Brisbane.

COMMERCIAL SIGNIFICANCE

Nickel sulphide deposits are highly prized, rare discoveries.

There have only been two ore-grade nickel sulphide discoveries in Eastern Australia in the last 55 years, namely the Avebury Nickel Mine in western Tasmania discovered by Allegiance Mining NL in January 1998 and now Pembroke, discovered by AusNiCo in 2008.

Jubilee Mines was purchased by Xstrata for more than \$2.2 billion in late 2007 and Allegiance was purchased by Zinifex Limited (now OZ Mining Limited) for more than \$840 million in mid 2008.

The world's largest nickel mine is at Norilsk in north-eastern Siberia and it is arguably one of the most valuable mineral deposits on earth. Norilsk is also a relatively young, Paleozoic aged nickel sulphide deposit, such as is the age of AusNiCo's Pembroke and Mt Cobalt project areas. AusNiCo believes that Norilsk exemplifies the nickel potential of Paleozoic terranes. AusNiCo does not compare its discoveries with Norilsk, which is in a class of its own.

However, the Avebury-style Paleozoic-aged nickel deposits are characterised by large thicknesses of nickel mineralisation at low to moderate grades which are ideally suited to modern, large-scale mechanised mining methods, especially if the deposit is at shallow depths that can be mined by open-pit methods.

AusNiCo's discovery hole PEM2 at the Pembroke Prospect intersected 50 metres of nickel sulphide mineralisation averaging 0.34% nickel, and at the point that the hole was stopped it was still in the nickel sulphide mineralisation. Within that 50 metres of nickel mineralisation was a four (4) metre zone averaging 1.1% Ni which represents an intercept at ore-grades and widths. AusNiCo considers that it has discovered mineralisation that has strong similarities with the Avebury-style of nickel sulphide deposit.

The following table summarises the economic and technical comparisons between the Avebury-style, Paleozoic-age, "bulk sized" type of deposit AusNiCo is targeting and the typical underground Western Australian nickel deposits.

Characteristic	Bulk Sized Low Grade		High Grade, Underground (eg. Western Australian nickel deposits)	
Tonnes	Big	5 to 20Mt	Small	0.5 to 5Mt
Grade	Lo-Mod	0.6% to 2% Ni	High	+2% Ni
Widths	Wide	5 to 40 metres	Narrow	0.5 to 3 metres
Ground stability	Good - continuous		Difficult - disjointed	
Mining costs	Low	A\$30/t 80 men for 10,000 tpa Ni	High	A\$80 to A\$160/t 250 men for 10,000 tpa Ni
Concentrates	+20% Ni = premium price		6 to 16% Ni = lower price	
Infrastructure	Already exists		Rare	
Distances	Short		Long	

These are generalisations, many exceptions exist.

AUSNICO'S TARGETS

AusNiCo's exploration team have developed a sophisticated understanding of the geology of the Black Snake geological province, which is simplistically summarised in Figure 2.

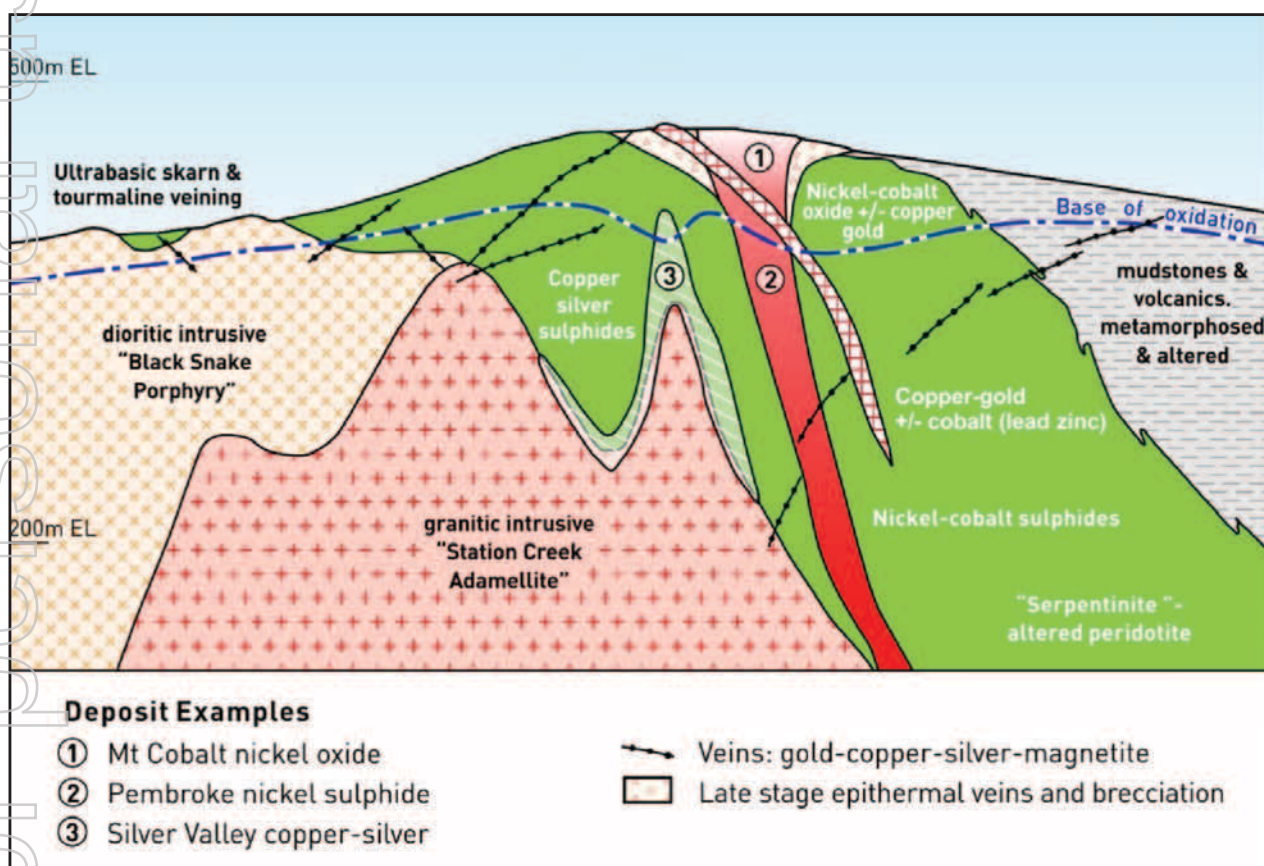


Figure 2: Geological Model of the Black Snake plateau showing the geological setting of the mineralisation discovered by AusNiCo.

PEMBROKE NICKEL SULPHIDE DISCOVERY (DEPOSIT EXAMPLE 2 IN FIGURE 2)

AusNiCo has discovered significant new ore-grade nickel-cobalt sulphides and copper-gold mineralisation zones at the Pembroke prospect on the Black Snake Plateau, 30km south of Kilkivan in South East Queensland. Drillhole PEM 2 at Pembroke has intersected 4 metres of fresh nickel sulphides grading 1.1% nickel and 525 ppm (0.05%) cobalt within a large 50 metre-wide zone of significant nickel

sulphide mineralisation averaging 0.34% nickel. The bottom of the hole was still in this nickel mineralisation indicating that the mineralised zone may be even thicker than intersected in the drill hole.

The copper-gold zone of 20 metres averaging 0.48% copper, 1.5 g/t gold that occurs above the nickel sulphides in hole PEM 2 is typical of the copper-nickel zonation of the entire Black Snake Plateau district.

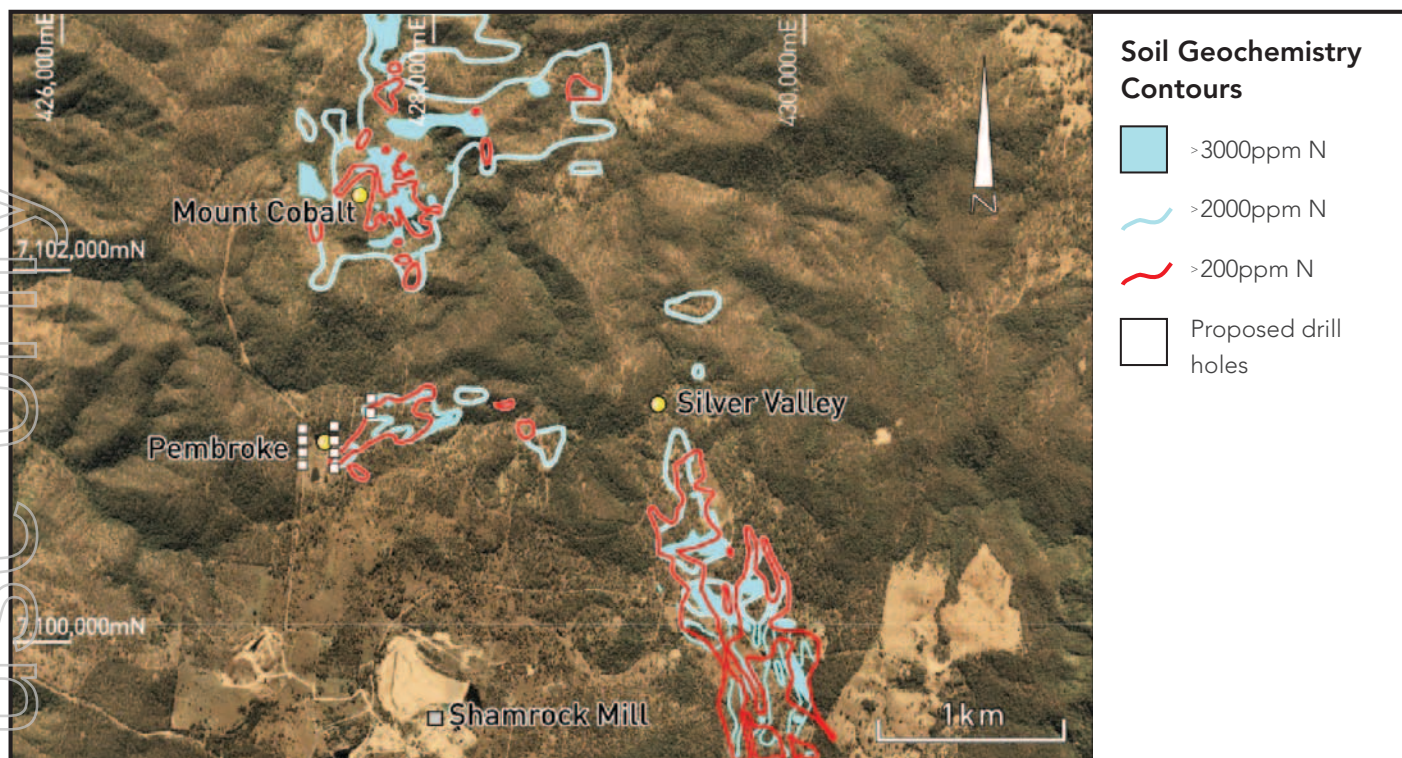


Figure 3: Air photo of the Black Snake plateau showing the location of Pembroke, Silver Valley and Mt Cobalt prospects and Shamrock Minesite.

SILVER VALLEY COPPER-SILVER SULPHIDE DISCOVERY (DEPOSIT EXAMPLE 3 IN FIGURE 2)

AusNiCo has also discovered high-grade copper-silver sulphides at the Silver Valley prospect located two kilometres east of Pembroke as announced by D'Aguilar in its ASX release of 2 June 2008. The first drillhole at Silver Valley, SG1 intersected 14 metres at a grade of 1.2% copper and 87g/t (2.8 ounces per tonne) of silver in primary sulphide mineralisation. The potential for high grade extensions to considerable depths is therefore encouraging. The discontinuous 5km long, 500m wide soil geochemical anomaly at Silver Valley suggests significant potential exists for a major mineralised system (see Figure 3). AusNiCo intends to conduct further detailed exploration at this zone entry to identify a major ore body.

NICKEL PROVINCE

Nickel mineralisation discovered within AusNiCo's extensive tenements in South East Queensland show potential for a new nickel province more than 70 kilometres long.

Figure 4 (opposite page) shows the geology south of Kilkivan. The greenstone is predominantly a "serpentinite" altered peridotite rock, which is a potential host rock for nickel, copper, gold, cobalt and platinum group metals mineralisation.

Only a small part of this greenstone serpentinite belt has been explored in modern times for nickel – see zones marked as dotted black lines between Ridley and Mt Cobalt in Figure 4.

Geologically, such serpentinite or altered peridotite rocks are prospective for nickel, cobalt, copper, gold and platinum group metals. AusNiCo's exploration has identified targets for all these metals within the Company's tenements.

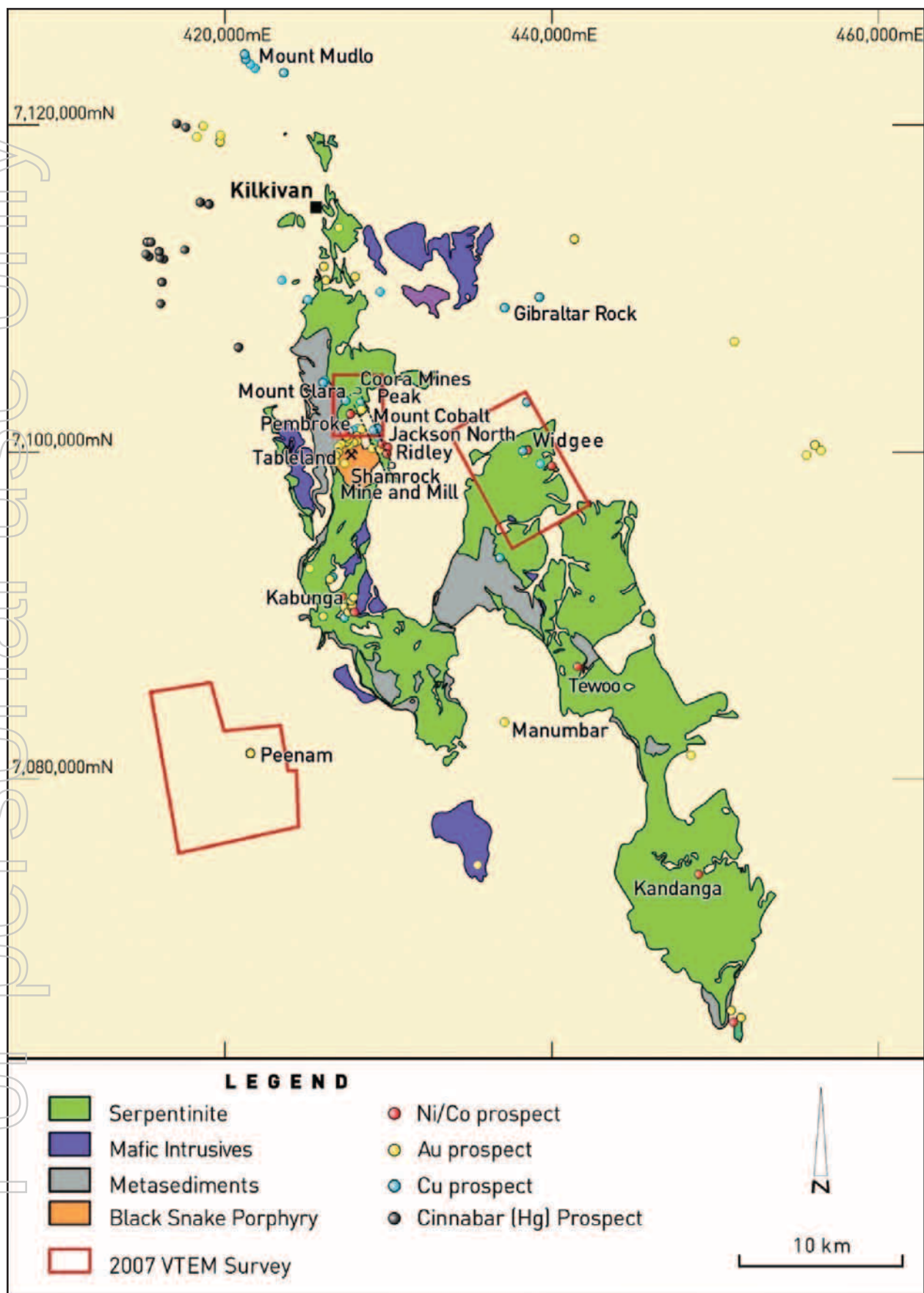


Figure 4: Geology of AusNiCo's exploration area south of Kilkivan and prospect locations. The serpentinite belt is more than 70 kilometres long and up to 8 kilometres wide. The explored nickel belts at Black Snake Plateau are shown in the small red box (top, centre) and represent only approximately 10% of the strike length of the nickeliferous serpentinite rocks that have been explored by AusNiCo and others to date.

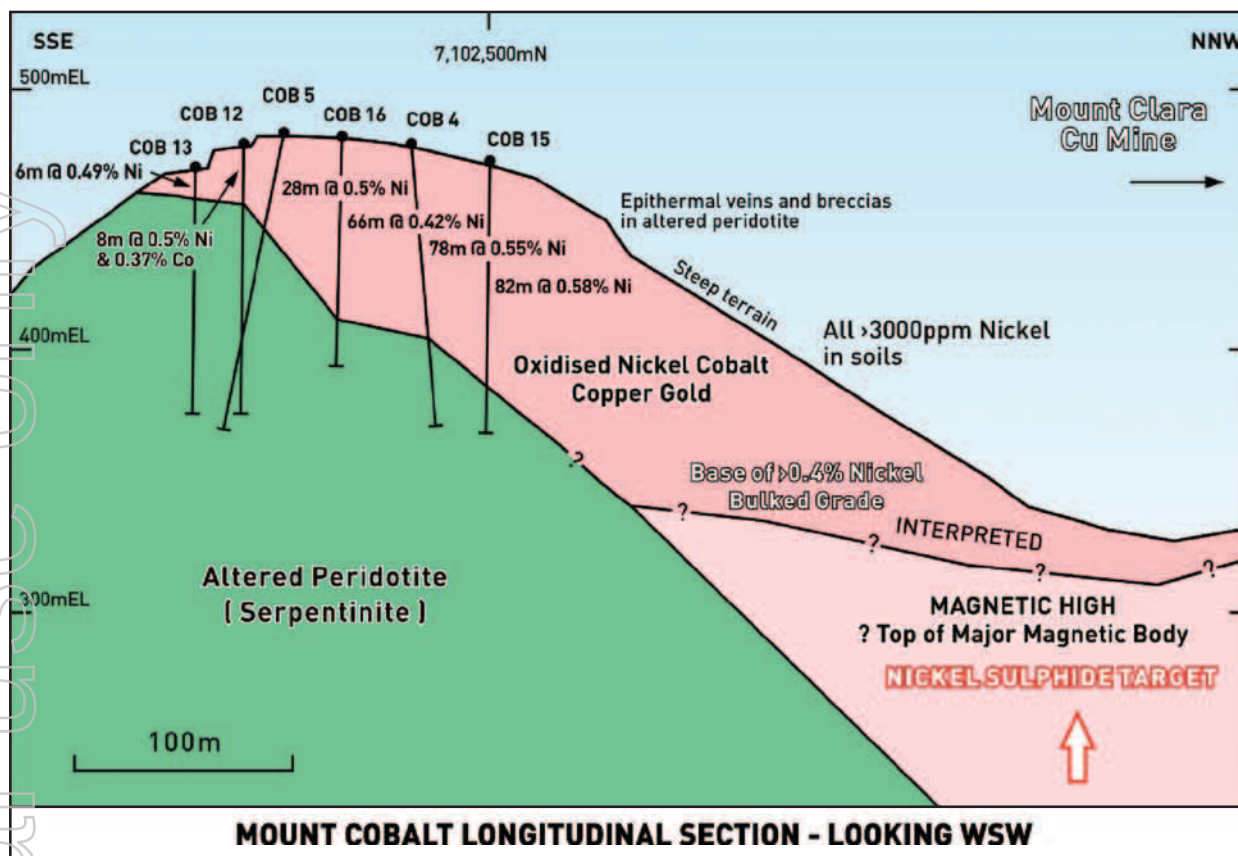


Figure 5: Mt Cobalt long section looking west south west.

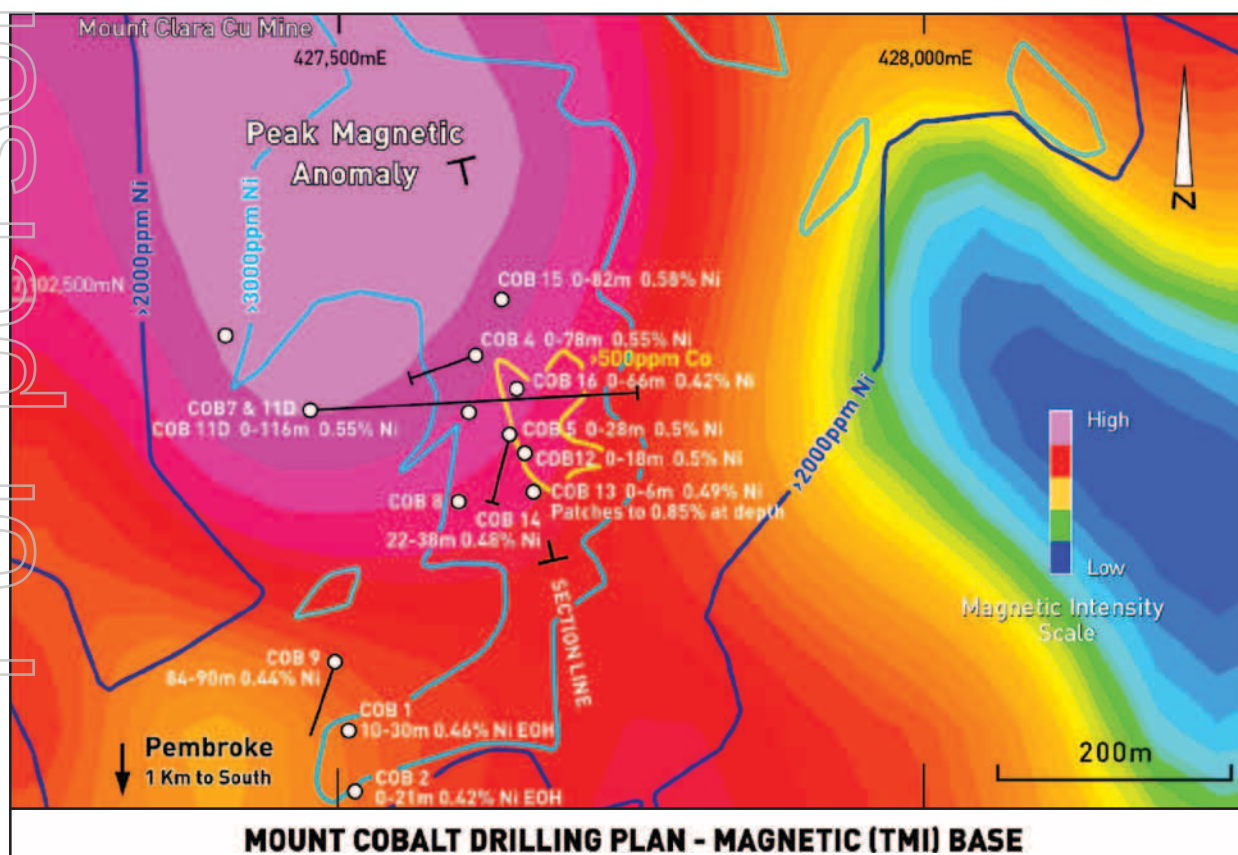


Figure 6: Mt Cobalt drillhole locations and long section line plotted on air magnetics and soil geochemistry contours. The nearest hole to this magnetic high drilled to date is COB 15 which intersected 82 metres averaging 0.58% nickel but failed to reach the magnetic target.

**MT COBALT – MT CLARA NICKEL OXIDE AND
NICKEL-COPPER SULPHIDE PROSPECT
(DEPOSIT EXAMPLE 1 IN FIGURE 2)**

At Mt Cobalt, a broad zone of nickel mineralisation has been identified above 0.3% Ni (open ended) over an area 250m long by 200m wide and more than 115m deep. The most recent drilling at Mt Cobalt targeted significant extensions to the nickel oxide mineralised zone and significant nickel values have been intersected in all drill holes.

The drilling has confirmed that the Mt Cobalt nickel and cobalt deposit remains open to the north at hole COB 15 which intersected 82m @ 0.58% Ni and 0.015% Co from surface and dips northwards towards a magnetic high anomaly which is interpreted by geologists to be a nickel sulphide target. This magnetic feature appears to underlie the historic Mt Clara copper mines.

This mineralised prospect is in rugged terrain and requires construction of drill access roads. This prospect is scheduled to be drilled after the successful completion of the Offer and Listing of AusNiCo on the ASX in October 2010.

Project upsides include:

1. The strong magnetic target at 350m depth.
2. Highly encouraging metallurgy – 75% nickel recovery in 90 day acid leach test of the nickel oxide.
3. The identification of further occurrences of the new style of nickel mineralisation and the advent of advanced beneficiation techniques and low pressure and temperature leaching offering the opportunity for economic extraction.

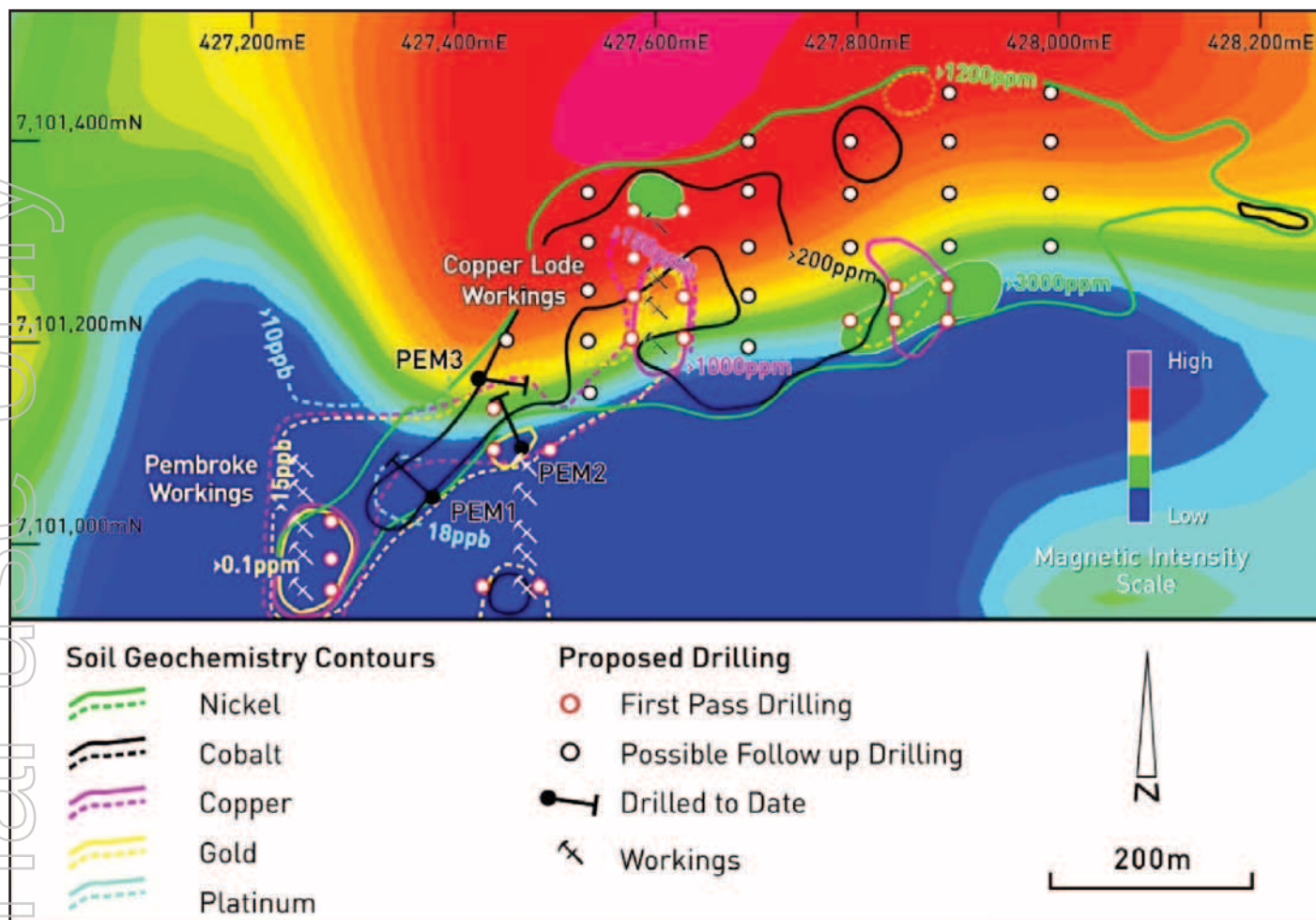


Figure 7: Pembroke drilling plan.

2.6 AUSNICO PROPOSED EXPLORATION PROGRAMME

The exploration team will focus on the identification and evaluation of nickel mineralisation with similarities to Mt Cobalt and Pembroke prospects throughout the Company's tenements in South East and Central Queensland.

AusNiCo's relationship with D'Aguilar means that they have access to well appointed offices, storage sheds, workshops and exploration equipment and staff. Budgets take these issues into consideration.

DRILLING PROGRAM

DRILLING - PEMBROKE

An initial programme will consist of two diamond core holes each of about 300m. In addition a staged program of percussion drilling has been planned as shown in Figure 7. Initially the drilling will define the trends and depths of the mineralization, so that the later drilling will be optimally located.

DRILLING - MT CLARA - MT COBALT

Two vertical coreholes are proposed to be drilled at Mt Clara and Mt Cobalt (see Figure 8 which is a map of the area and Figure 9, which displays a section through the zones to be drilled).

Site A (427460E 7102900N) has a planned depth of 300m and is situated where the >3000 ppm nickel body (evident at surface in soil samples) is interpreted to pass below surface 200m east south east of the Mt Clara copper mine. It is close to the peak of the magnetic anomaly.

Site B (427480E 7103170N) has been planned to 250m and is situated 250m north east of the Mt Clara mine and is topographically above a zone of >3000 ppm nickel that lies lower down in the main creek to the east. It is also close to a subsidiary peak magnetic anomaly.

The area to be drilled is steep country and exact coordinates of the collars will depend upon access negotiations as well as safety and environmental factors.

DRILLING - ELSEWHERE

Other drilling programs have been planned, notably at Widgee and Kandanga, but the exact locations are dependent upon the results of a minor amount of geological work in those locations together with any targeting features that come to light from the drilling at Pembroke and Mt Cobalt.

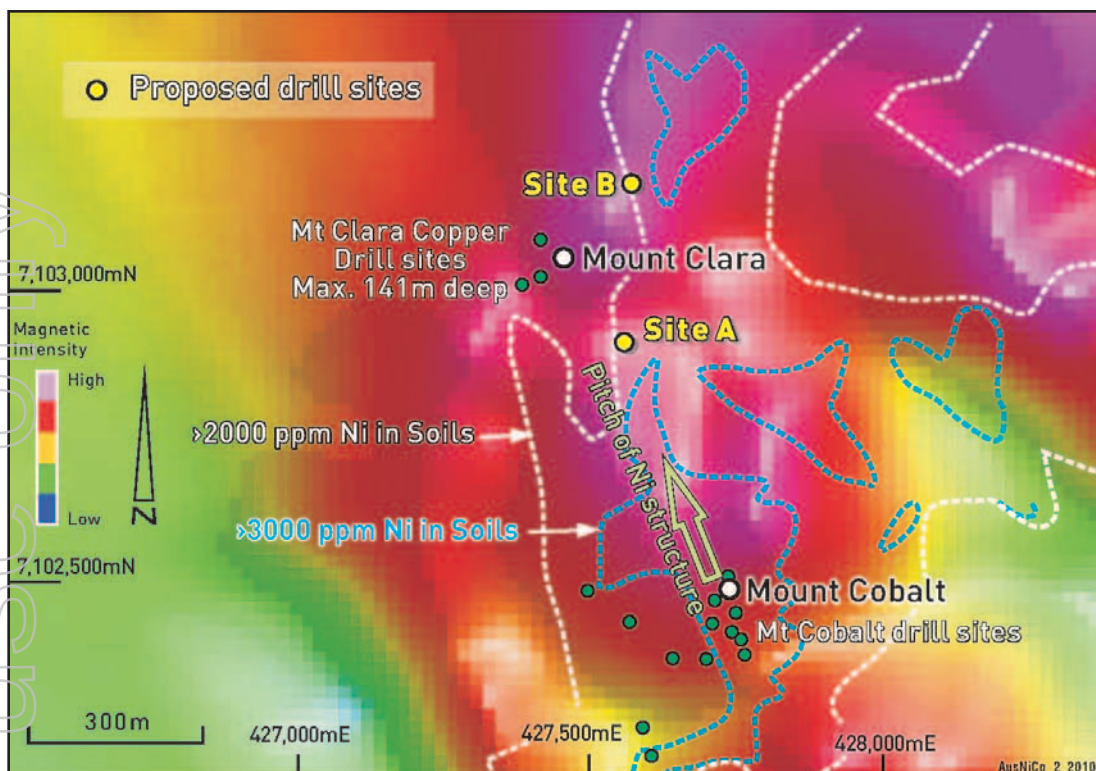


Figure 8: Plan of proposed drilling at Mt Cobalt and Mt Clara (over magnetics).

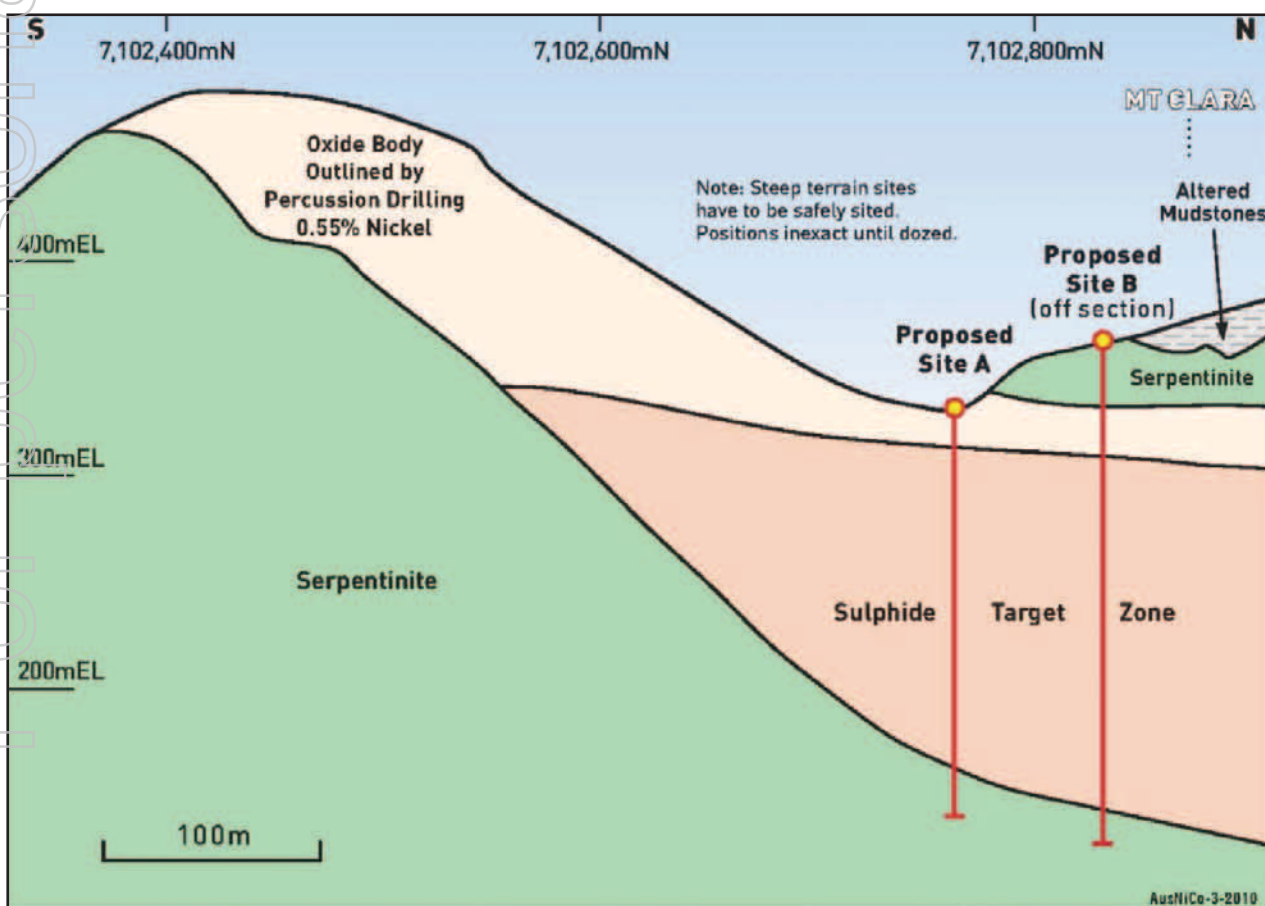


Figure 9: Sections of proposed holes through expanded target envelope.

2.7 AUSNICO PROPOSED EXPLORATION BUDGET

A budget guideline is to spend approximately \$2,000,000 on direct exploration costs over the first two years, during which time, most, if not all of the important known prospects will be tested and other interesting areas will have first-pass exploration completed on them.

Minimum expenditure commitments on the exploration tenements held or applied for by AusNiCo are shown in the following Figure 10.

Granted tenements (EPM)	Granted	FY10	FY11	FY12	FY13	FY14	No. Sub-blocks	Are K ²	Note
1 13359	4-Jan-02	\$7,500	\$112,000				17	51	
2 13360	6-Feb-02	\$8,500	\$116,000				6	18	
3 14372	5-Jan-05	\$13,350	\$187,000	\$100,000			8	2	
4 14560	14-Sep-05	\$20,000	\$100,000				10	3	
5 15457	13-Jul-06	\$12,000	\$158,000				10	3	
6 16077	12-Mar-08	\$50,000	\$50,000	\$75,000	\$75,000		4	138	
7 16985	13-Mar-09	\$70,000	\$70,000				4	135	Initial tenure - 2 yrs
8 17611	8-Jan-09	\$6,500	\$100,000	\$147,000	\$175,000	\$100,000	18	5	
9 17721	7-Apr-09	\$10,000	\$40,000				10	3	Initial tenure - 2 yrs
10 17722	8-Apr-09	\$10,000	\$40,000				15	4	Initial tenure - 2 yrs
11 17818	11-Nov-09	\$25,000	\$55,000	\$25,000			4	126	Initial tenure - 2 yrs
12 18107	9-Dec-09	\$12,000	\$37,000	\$50,000	\$25,000		7	21	Initial tenure - 3 yrs
		\$244,850	\$1,065,000	\$407,000	\$275,000	\$100,000	234	702	
Applications		FY10	FY11	FY12	FY13	FY14	No. Sub-blocks		Note
1 17768				\$1,245,000	\$1,620,000	\$2,820,000	50	150	Competing Appn
2 17817		\$0	\$26,000	\$30,000			23	69	Initial tenure - 2 yrs
			\$26,000	\$1,275,000	\$1,620,000	\$2,820,000	73	219	
Total		\$244,850	\$1,091,000	\$1,682,000	\$1,895,000	\$2,920,000			

Figure 10: AusNiCo tenement status and expenditure commitments.

Activity	Year 1 after Listing FY 2011				Year 2 after Listing FY 2012				Total Y1-Y2
	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	
Tenement Management									\$80
Target Definition									\$280
Exploration Drilling									\$1,180
Resource Drilling									\$270
Drill Access and Land Acquisition									\$270
Initial Metallurgical Test									\$50
Commercial Assesments									\$150
Metres of Drilling	1,200	1,500	800	1,700	1,700	1,400	1,000	1,500	10,800
Field Budget (\$000)	230	290	150	330	300	210	200	290	\$2,000
Annualised (\$000)				1,000				1,000	\$2,000

Figure 11: Tasks and work schedule by quarter for initial two years.

Granted Tenements	EPM	Rank	Area km ²	Budget (Min)		Totals 2 yrs to Jun-12	Notes
				FY11 \$,000	FY12 \$,000		
North Kilkivan	13359		51	112	55	167	
East Kilkivan	13360		18	116	57	173	
Tableland	14372	1	24	187	190	377	Renewal Appln lodged
Mount Kandanga	14560		30	100	60	160	
Popperima Creek	15457		30	158	20	178	
Boyne River	16077		138	50	75	125	
Widgee South	16985		135	70	50	120	
Green Rock	17611		54	100	147	247	
Marlborough North	17721		30	40	50	90	
Prin Chester	17722		45	40	50	90	
Messmate Mountain	17818		126	55	25	80	
Kandanga Gap	18107		21	37	50	87	
Sub Total			702	1065	829	1894	
Applications				FY11 \$,000	FY12 \$,000		Notes
Marlborough South	17768		150		50	50	Assuming grant
St Slopea	17817		69	26	30	56	NT Agreement reached
Sub Total			219	26	80	106	

Figure 12: Summary budgets – exploration tenements.

It should be noted that allowable expenditure towards commitments on exploration permits includes some company administrative costs as well as direct exploration costs incurred. The proposed exploration program outlined below will meet the Queensland Government Department of Mines and Energy's minimum expenditure requirements for granted tenements during this period.

Exploration results can be entirely unpredictable and as such only the next phase of work can be planned and costed in detail. The budgets display detail for the next year but only estimated totals for each tenement area beyond this first year.

Figure 11 shows the exploration schedule and Figure 12 displays the costs allocated across all the exploration permits. This table includes some expenditure on the two tenement applications, but which are anticipated to be granted sometime during the next 2 year period.

The priorities applied are as determined at August 2010. Changes are to be expected as prospectivity of each EPM is re-evaluated as fresh information is provided by ongoing exploration activities. It will be noted that direct exploration costs for this work schedule for the first 2 years to 30 June 2012 total \$2,000,000.

IN SUMMARY AUSNICO OFFERS INVESTORS:

1. Stewardship by an experienced Board and management team, with expertise in base and precious metal commodities, and a track record of success.
2. Potential exposure to multiple commodities including nickel, gold, silver, copper, cobalt and platinum group metals.
3. A substantial package of Tenements with encouraging mineralisation and a history of discoveries and drilling results in an area of continuing industrial growth and established infrastructure.
4. Advanced targets and the prospect of immediate drilling results.

EXISTING DIRECTORS

BRIAN MOLLER **NON-EXECUTIVE CHAIRMAN**

LLB (HONS)

Brian Moller is a corporate partner in the Brisbane based law firm HopgoodGanim. He was admitted as a solicitor in 1981 and has been a partner since 1983. He practices almost exclusively in the corporate area with an emphasis on capital raising, mergers and acquisitions.

He holds an LLB Hons from the University of Queensland and is a member of the Australian Mining and Petroleum Law Association.

Mr Moller acts for many public listed resource and industrial companies and brings a wealth of experience and expertise to the board particularly in the corporate regulatory and governance areas.

Mr Moller is currently a Non-Executive Director of ASX listed D'Aguilar Gold Limited and Platina Resources Limited and Solomon Gold plc, which is listed on the London Stock Exchange (AIM).

NICHOLAS MATHER **NON-EXECUTIVE DIRECTOR**

BSC (HONS, GEOL), MAUSIMM

Nick Mather's special area of experience and expertise is the generation of and entry into undervalued or unrecognised resource exploration opportunities. He has been involved in the junior resource sector at all levels for more than 25 years. In that time he has been instrumental in the delivery of major resource projects that have delivered significant gains to shareholders. As an investor, securing projects and financiers, leading exploration campaigns and managing emerging resource companies Mr Mather brings a wealth of valuable experience.

Mr Mather is currently CEO (and co-founder) of Solomon Gold plc (AIM), Managing Director and co-founder of D'Aguilar Gold Limited (ASX), Non-Executive Director of Bow Energy Limited

(ASX) and was Non-Executive Chairman and founder of Waratah Coal Inc (TSX-V) prior to its take-over in late 2008 by Clive Palmer's Mineralogy Pty Limited group.

As an Executive Director (and co-founder) of Arrow Energy NL until 2004, Mr Mather was responsible for the generation of its Surat Basin Coal Bed Methane project. Arrow Energy now has a market capitalisation of over \$3.5 billion.

Previously as CEO of BeMax Resources NL, Mr Mather was instrumental in the discovery of the company's Pooncarie mineral sands project in 1998. BeMax Resources now has a market capitalisation of over \$275 million.

Mr Mather has also been a Non-Executive Director of Ballarat Goldfields NL, having assisted with the recapitalisation of the company in 2002. Ballarat Goldfields was recently taken over by Lihir Gold Limited at a value in excess of \$300 million.

VINCENT MASCOLO **NON-EXECUTIVE DIRECTOR**

BENG MINING, MAUSIMM, MEI AUST

Mr Mascolo is a qualified mining engineer with extensive experience in a variety of fields including, gold and coal mining, quarrying, civil-works, bridge-works, water and sewage treatment and estimating.

Mr Mascolo has completed assignments in the Civil and Construction Industry, including construction and project management, engineering, quality control and environment and safety management.

Mr Mascolo is a member of both the Australian Institute of Mining and Metallurgy and the Institute of Engineers of Australia.

Mr Mascolo will be stepping down as a Director of the Company immediately following the Company's IPO.

PROPOSED DIRECTORS

JOHN DOWNIE **CEO & MANAGING DIRECTOR**

BE(MECHANICAL), AICD

John Downie has agreed to join AusNiCo on listing of the Company on the ASX. Mr Downie was previously the CEO of Gladstone Pacific Nickel Limited, which was dual-listed on the London and Toronto Stock Exchanges, following a USD40 million raising in 2007. During his time with Gladstone Pacific Nickel, Mr Downie was instrumental in obtaining a project funding proposal for USD2.85 billion, and overseeing the completion of the Final Feasibility Studies and Environmental Impact Statement approval for the company's projects. Furthermore, he developed relationships with a number of Chinese government owned companies and Chinese Design Institutes involved in commodity development in Australia. His ability to successfully negotiate with traditional landowners at Marlborough and the local Gladstone Community, State and Federal Government for EIS approval for the Gladstone Project is well regarded.

Mr Downie has extensive international corporate and project experience, having held the roles of Director of Mines, General Manager, Operations Manager, Managing Director, President and CEO for various resource companies including Barrack Mines NL, Alcoa of Australia Limited, Boral Resources Limited and Austpac Resources NL in a career spanning 30 years. As mines director at the Vale Goro Mine in New Caledonia he developed an in depth understanding of both the nickel laterite and nickel sulphide technology and markets.

Mr Downie is currently the Chairman of Goldminex Limited, which holds extensive exploration tenements in Papua New Guinea.

STEPHEN ROBERTS **NON-EXECUTIVE DIRECTOR**

FPNA, MAICD

Stephen Roberts has agreed to join the Board of Directors on listing of the Company on the ASX. Mr Roberts has a finance, accounting and business development background with over 25 years experience in the resources industry. Mr Roberts worked for the BHP Billiton group of companies for 17 years before leaving at the end of 2005, having spent the last 4 years as Chief Development Officer (CDO) in charge of exploration, technology, business development and M&A for their world wide nickel business. As CDO, he led BHP Billiton's nickel evaluation and due diligence team in the US\$9.2 billion acquisition of WMC Resources Limited.

Mr Roberts is a past Non-Executive Director of European Nickel Plc and is currently Chair and Non-Executive Director of LinkWater and LinkWater Projects, two of the entities involved in the creation of the South East Queensland Water Grid. He also consults to a number of resource companies, with a particular focus on strategy, M&A and commercial negotiations.

OTHER EXECUTIVES

KARL SCHLOBOHM **COMPANY SECRETARY, CFO**

B.COMM, B.ECON, M.TAX, CA, AICD

Karl Schlobohm is a Chartered Accountant with over 20 years experience across a wide range of industries and businesses. He has extensive experience with financial accounting, corporate governance, company secretarial duties and board reporting. Over the past 5 years, Mr Schlobohm has acted as CFO and/or Company Secretary for a number of ASX-listed resource companies including Linc Energy Limited, Discovery Metals Limited and Meridian Minerals Limited.

JOHN ROIKO **EXPLORATION MANAGER**

BAPPSC(GEOL), FAUSIMM

Mr Roiko is a Senior Geologist with a wide and varied experience base incorporating accountability for design, implementation and technical supervision of grass roots through to mine-phase exploration and development programs in a spectrum of geologic terranes. He has more than 28 years experience as an exploration geologist including 15 years with CRA Limited. Mr Roiko's recent roles have included the design and implementation of approximately 9,000m of resource identification drilling at the Anduramba Porphyry Molybdenum Project in South East Queensland resulting in JORC compliant indicated and inferred resource of 32Mt @ 0.06% Mo. Significant geotechnical input was provided by Mr Roiko into mine planning, resource estimation and environmental studies.

The Company will supplement the management team with appropriate personnel as exploration progresses, as and when required.

SECTION 4 INDEPENDENT GEOLOGIST'S REPORT



INDEPENDENT EXPERT REPORT TO AusNiCo Limited On The Queensland Ni Co Projects

Date: 28 July 2010
Project No: 00987
Report No: IMC01304
Author: Alistair Barton

IMC Mining Solutions Pty Limited

Level 40, Riverside Centre,
123 Eagle Street
GPO Box 2579
Brisbane QLD 4000

P: 07 3226 9100
F: 07 3226 9101



28 July 2010

The Directors,
AusNiCo Limited,
Level 5,
60 Edward Street.
Brisbane, QLD, 4000

Dear Sirs,

Re: Independent Expert's Report on AusNiCo Limited's Queensland Ni-Co Projects.

Please find attached the Independent Expert's Report ("IER") which will be prepared for inclusion in the AusNiCo Limited Prospectus.

The following statements are made that are relevant to the IER:

I, Alistair Heatley Barton, FAusIMM, CP Geo., do hereby certify that:

1. I am Principal Geologist at:
IMC Mining Solutions Pty Limited
Level 40, Riverside Centre,
123 Eagle Street,
Brisbane, Queensland, AUSTRALIA.
2. I graduated with an Associate Diploma and Fellowship Diploma in Geology from the Royal Melbourne Institute of Technology in 1973 and 1974 respectively.
3. I am a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and I am an accredited Chartered Professional (Geology).
4. I have worked as a geologist for a total of 37 years since graduation and have experience in gold, base metals, coal and industrial minerals industries including exploration, project development, mining operations, contract mining and engineering services, consulting, capital fund raising and public company management. Commodity experience includes copper, lead, zinc, gold, silver, tin, tungsten, molybdenum, nickel, cobalt, tantalite, uranium, indium, heavy mineral sands, coal, iron ore, blue metal quarry products, some clays, silicon, silica sand, semi-precious gem stones (aquamarine, topaz), limestone and dolomite. I have operated throughout Australia and also have overseas experience in Canada, China, Mongolia, Mozambique, Mexico, Fiji, the Philippines, Solomon Islands and New Zealand. I have also attended many technical and commercial conferences and seminars and have completed a number of training courses.

5. I am responsible for the preparation of the Independent Expert's report titled "Independent Expert's Report to AusNiCo Limited on the Queensland Ni Co Projects" and dated 28 July, 2010 relating to the Project areas. I visited the main Project areas for a total of one day in September 2009.
6. I have had an involvement in the Project areas since September 2009. The nature of this involvement includes the technical report write up and reviews of the proposed exploration programme and budgets.
7. As of the date of this certificate, to the best of my knowledge, information and belief, the IER contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
8. I am independent of the issuer and remuneration is by way of payment of consulting fees and expenses incurred.
9. I have more than five years experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the JORC Code). This public report is issued with the prior written consent of the Competent Person as to the form and context in which it appears.

Disclaimer

This report is intended to be used by AusNiCo subject to the terms and conditions of its contract with IMC. IMC have not studied or provided advice on the validity or legality of the tenement status of this report, political issues, financial issues or other issues outside the scope of the contract. That contract permits AusNiCo to use this report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including written disclosure and electronic publication in the public company files on their websites accessible by the public. Any other use of this report by any third party is at that party's sole risk.

The quality of information and conclusions contained herein, are consistent with the level of effort involved in Mr Barton's services, based on:

- information available at the time of preparation;
- data supplied by outside sources; and
- the assumptions, conditions and qualifications set forth in this report.

To the extent permitted by law, Alistair Barton and IMC disclaims all liability for loss or damage (whether foreseeable or not and whether indirect or not) suffered by any person acting on the report. The IER is to be read as a whole, and sections or parts thereof should therefore not be read or relied upon out of context.

This disclaimer must accompany every copy of the IER, which is an integral document and must be read in its entirety.



Alistair Heatley Barton
Principal Geologist
IMC Mining Solutions Pty Limited

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1 INTRODUCTION

AusNiCo Limited ACN 122 957 322 ("AusNiCo") appointed IMC Mining Solutions Pty Limited ("IMC") to conduct a review of the AusNiCo nickel-cobalt Project in Queensland and write an independent expert's report ("Report or IER").

IMC understands that the directors of AusNiCo wish to list the company on the Australian Securities Exchange during mid 2010. This Report has been prepared for use by AusNiCo in connection with the proposed listing.

AusNiCo was formed to manage and control tenements owned and identified by D'Aguilar Gold Limited ("D'Aguilar") as having mainly potential for sulphide nickel, copper and cobalt deposits and oxide nickel-cobalt deposits as well as secondary gold and copper deposits. The tenements represent work completed by D'Aguilar (and its associated companies) and AusNiCo. A reference to AusNiCo is a reference to both D'Aguilar and AusNiCo in this report unless the report indicates otherwise. D'Aguilar is currently the major shareholder in AusNiCo.

1.1 SOURCES OF INFORMATION

The AusNiCo nickel-cobalt projects consist of a number of granted Exploration Permits for Minerals ("EPM") and applications for EPMs. These are detailed in Section 4 below. The author visited the main Project areas of interest at Kilkivan over a one day period during late September 2009 and spent time at the D'Aguilar office in Gympie reviewing reports and other information. Site visits were not made to the tenements in the Monto-Mundubbera area or the Marlborough-Rockhampton area because these have only been recently granted or are still under application. Minor field work has been carried out on these tenements and therefore there is little to review on ground.

AusNiCo have provided copies of all the relevant reports and other relevant maps, photographs and documents relating to the project areas, reports on AusNiCo's strategies and plans for exploration and development budgets.

The author and IMC have also relied on their own libraries, other libraries, public information documents and web sites for general publications on geology of the project area, financial and commercial details regarding commodities all which have an impact on the reporting process. References to the various reports and records are presented throughout the report.

AusNiCo commissioned an Independent Experts Report on the project areas and prospects by Mr Leslie William Davis of Veronica Webster Pty Limited during 2008, (the Davis report). Mr Davis was not available to be considered for the production of this Report. In order to save time and costs, the Davis report has been presented to IMC and use will be made of sections of this report with Mr Davis's approval. The author has carried out detailed checks to ensure that the matters presented in the Davis report are correct.

The author has not carried out any check sampling to confirm analyses or assays in known mineralised zones at the various prospects on the AusNiCo's project areas but has satisfied himself that the information provided is of the necessary standards.

1.2 SCOPE OF THE REPORT

This report details the findings of the due diligence study on the nickel-cobalt projects. This independent expert's report is based on reviews of the following:

- The geology and mineralisation styles manifest on the tenements;
- The geological model styles that relate to the project areas;
- The historical exploration carried out on the project areas and the results from this exploration including identification of future exploration target areas;
- The work carried out by AusNiCo to date;
- The proposed exploration work to be carried out by AusNiCo, and
- A review of the company management and technical capabilities, strategies and plans relating to the exploration projects.

The study has not included due diligence on the following:

- Tenements – both AusNiCo's or other person's or group's tenements including mining leases and mineral development licences;
- National Parks, nature reserves, and other reserves that may or may not cover tenements;
- Environmental rehabilitation of past and present exploration areas where ground disturbing activities have occurred; and
- Native Title issues and clearances if they exist.

The author has been informed by AusNiCo that such due diligence studies have been undertaken by the Company's lawyers, HopgoodGanim Lawyers ("HopgoodGanim").

2 PROPERTY DESCRIPTION AND LOCATION

AusNiCo has a total of 14 EPMs and Exploration Permit for Mineral Applications ("EPMA"), 12 of which have been granted and 2 which are still under application. The current boundaries of the EPMs are highlighted in Figure 3-1 below. The total area granted is currently 702 km² with another 219 km² under application.

The tenements can be divided into three distinct areas:

- The Marlborough Tenements – EPMs 17721 and 17722 and EPMA 17768;
- The Mundubbera – Monto – Theodore Tenements - EPMs 15457, 16077 and 17818 and EPMA 17817, and
- The Kilkivan Tenements – EPMs 13359, 13360, 14372, 14560, 16985, 17611 and 18107.

A few existing MLs that do not belong to AusNiCo are located in the AusNiCo tenements. These are:

- A very small mining lease in the southern area of EPM 17722;
- A minor encroachment of a mining lease in the southern section of EPMA 17768. This lease is part of a large block of leases held by Gladstone Pacific Nickel Limited ("Gladstone Pacific"), and
- The Shamrock mine leases, which are located in EPM 14372.

IMC have relied on the "Independent report on tenements" completed by AusNiCo's solicitors – HopgoodGanim.

2.1 ENVIRONMENTAL LIABILITIES

AusNiCo is the holder of a number of granted exploration permits issued under the Mineral Resources Act as well as the holder of various EAs issued under the EP Act. The holder of a tenement is under an obligation to rehabilitate a tenement to the condition stated in the EA or pursuant to the EP Act irrespective of who undertook the work on that tenement.

The author has been informed by AusNiCo that apart from the usual statutory rehabilitation obligations, it is not aware of any other rehabilitation or environmental liabilities affecting any of the explorations permits held by AusNiCo.

This does not preclude further disturbance in the future as a result of further exploration or mining activities.

2.2 ACCESSABILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The project tenements are all located within mostly well developed rural and pastoral regions (with some areas of eucalyptus bush in higher terrain) of South Eastern and central Queensland. The various regions are covered by major tar-sealed highways and are criss-crossed by numerous tar-sealed and gravel roads which provide access for local farmers and graziers. The access to the projects is considered to be excellent in comparison to most Australian mining and exploration localities.

The projects are also well serviced by major regional cities such as Gympie, Maryborough, Bundaberg, Gladstone and Rockhampton. These cities are well serviced by rail and air links to Brisbane. Inland towns include Monto, Mundubbera, Marlborough and Kilkivan.

Major Ports which currently export mineral products are well established at Brisbane and Gladstone. Figure 3-1 displays the regional infrastructure surrounding the tenements.

The climate is sub-tropical to Savannah grasslands in type with some areas covered by open eucalypt forest. The terrain varies from undulating plateau topography to low mountainous topography. The relief ranges from about 30 m to 600 m above sea level.

Rainfall ranges between 30 to 40 inches per annum (760 mm to 1000 mm) with most of the rainfall occurring during the summer tropical wet-period (December to March). Water is generally abundant for Australian standards and the local rivers and creeks have the potential to be dammed for long term reliable water supplies.

3 HISTORY

3.1 GENERAL REVIEW

Much of the recorded mineralisation has been prospected at some stage with mostly old mining producing minor short term pits and shafts on base and precious metals. Many of the reported mines lie both within and outside the AusNiCo tenements.

3.2 HISTORY OF MINING

3.2.1 KILKIVAN TENEMENT AREAS

GOLD

Gold was first discovered in 1852 at Black Snake and was followed by an alluvial gold discovery at West Coast Creek, South East of Kilkivan in 1867. The most important discovery period was between 1867 and 1874 when the main gold, copper, mercury and cobalt deposits were found (J H Brooks et al, 1974), on the Black Snake Plateau, only 3 km south of the Mt Cobalt Prospect.

With the decline in alluvial gold mining, prospecting and mining moved to the Black Snake and Kilkivan areas during the 1860s and 1870s. The most important gold mine was the Shamrock on the Black Snake Plateau, which commenced operations in the mid 1860s and continued sporadically to 1907 and was reopened between 1943 and 1948.

Other gold mines in the area include the Rise and Shine, Long Tunnel Mountain, Yorkey's Surprise and the Gold Top.

Brooks et al record a total of 20,534 ounces gold and 17,102 ounces silver production from the Kilkivan and surrounding areas up to 1972.

At the Shamrock Mine, between 1990 and 1993, United Reefs NL ("United Reefs"), extracted another 9408 ounces gold in three open pit campaigns: approximately 97,000 tonnes at a grade of 3.0 g/t gold.



Figure 3-1: Displays the locations of the EPM and the main infrastructure throughout Central and South Eastern Queensland.

The Tableland Gold Mine, just north of Shamrock was a small open pit which between early 1999 and April 2000 produced 5016 ounces of gold at a grade of 4.2 g/t gold.

At the Manumbar Gold Mine (which is 32 km south of the Shamrock mine), between 1994 and 1999, 293,400 tonnes of ore were mined from three pits and trucked to the Shamrock treatment plant. Approximately 49,000 ounces of gold were recovered at a grade of 5.2 g/t gold. The previous miner reported that an Indicated Resource of 39,400 tonnes grading 7 g/t gold remains immediately below the floor of the East Pit. (Davis, L, 2008).

COPPER

Copper mining commenced seven to eight miles South East of Kilkivan at the Mt Coora, Mt Clara and Peak Copper Mines during 1872 but closed a few years later. Other copper mines in the region include the Mudlo, Lug-e-nor and Knight of Gwyn mines. Most mines closed due to the complexities of the ore and unsustainable costs but some were re-opened and mined sporadically in later years.

Brooks (1974) records a total of 819.4 tons copper to 1972.

MERCURY

Following the discovery of mercury in 1872, some 35 deposits were located in a belt extending south South East from the Coast Range, northwest of Kilkivan to the western margins of the Black Snake Plateau. Mining was mostly sporadic from 1886 and the last reported mining was in 1945. Approximately 33,600 pounds of mercury was produced from the area (Brooks et al, 1974).

COBALT

The Mt Cobalt Lode was discovered in the early 1870s and is located eight miles south South East of Kilkivan. Production is thought to have commenced in 1886 and further production recorded during 1903 although the size of the mine development indicates a much greater tonnage than the four tons at 4% cobalt recorded (Brooks et al, 1972).

OTHER MINERALS

Minor tonnages of manganese ore, talc and magnesite have also been recorded from the Kilkivan area as have construction stone, gravel and sands.

3.2.2 THE MUNDUBBERA – MONTA – THEODORE TENEMENTS

The tenements held by AusNiCo lie just to the South East of Mundubbera (part of EPM 16077) and also an area 35 km to the south of Mundubbera (EPM 16077 and 17088). The only metal which is known to have been mined historically within these areas is chromium at the Mimosa chromite deposit which is located 2 km east of the Mimosa homestead. The deposit occurs as small lenses in serpentinite with associated basic rocks and gabbro. The chromite occurs in black, sub-metallic, rather platy granular masses of chromite together with some chalcedony and magnesite (Whitaker et al, 1974).

These tenements are surrounded by a number of gold fields including the Coonambula Goldfield (30 kms to the southwest of Mundubbera) and the Eidsvold Gold Field (25 km to the northwest of Mundubbera). Minor copper and silver, lead and

zinc are also recorded from the area.

Minor gold diggings are recorded around the boundaries of EPM 15457.

There are no recorded workings within EPM 17817.

Coal from the Bowen Basin is a major export commodity and is produced at a large number of world-class coal mines in the region.

3.2.3 THE MARLBOROUGH TENEMENTS

Coal mining is carried out in the Styx Basin 30 km northwest of Marlborough.

Large scale magnesite mining is carried out 20 km South East of Marlborough at the QMag Limited operations. Minor magnesite mining (Frazer's Workings) also occurs 6 km to the southeast of Marlborough.

Small deposits of chromite have been mined at several places in the serpentinite. About 600 tonnes were produced in the mid 1960s.

Chrysoprase occurs as veins in the siliceous zone of a laterite profile developed on serpentinite. Gem quality material has been mined from 1964 to 1967. Mining has also recently been carried out during the late 1990s and early 2000s within the area of Gladstone Pacific Nickel mining leases west and southwest of Marlborough.

3.3 HISTORY OF EXPLORATION

3.3.1 KILKIVAN TENEMENT AREAS

Since the 1960s, both large and small exploration companies have held ground over the tenement areas searching for a number of commodities.

There have been a large number of tenements covering the region and exploration programs have historically targeted several commodities at the same time. The tenement-by-tenement exploration details are too complex to cover in this report and only general trends and significant prospects will be discussed. Details of exploration reports are listed by company number in section 9 (References) of this report. The large number of reports and full reference listings are not required. Company reports are numbered and can easily be referenced at the Queensland Department of Mines Library in Brisbane or on QDEX, a web site used to retrieve and review company mines department reports.

The exploration by AusNiCo's parent, D'Aguilar and its former associated companies will only be included for gold. The nickel exploration will be discussed under AusNiCo exploration in section 9 to section 14 of this report.

The following trends in exploration have occurred and a summary of the exploration is as follows:

NICKEL EXPLORATION (LATE 1960s – EARLY 1970s)

Nickel, cobalt and copper exploration was carried out by Planet Metals Limited ("Planet Metals"). Planet Metals were exploring mainly for laterite nickel-cobalt prospects. Planet used magnetism surveys to define ultrabasic rocks and serpentinite zones, stream and soil geochemistry surveys, and gridding. Over a period of years a number of anomalies were followed up

but Planet Metals concluded that there was little potential for laterite nickel deposits.

Nickel Mines Limited ("Nickel Mines") also carried out laterite nickel and sulphide nickel exploration in the Kandanga area. The sulphide nickel exploration was based on Western Australian nickel mine types. AusNiCo does not consider this model to be relevant to the nickel and cobalt mineralisation evident at the Mt Cobalt, Pembroke and Ridley's deposits on the Black Snake Plateau. The Nickel Mines exploration program resulted in the relinquishment of the ground because of perceived lack of commercial interest.

PORPHYRY COPPER EXPLORATION (1970s – 1980s)

A phase of exploration for porphyry copper deposits was carried out by Amoco Minerals (Pvt) Limited, RGC Exploration Limited ("RGC Exploration") and CSR Limited ("CSR")/Pacminex Pty Limited ("Pacminex") during the 1970s and 1980s. The best prospect discovered was the Gibraltar Rock prospect which was too low grade for economic interest. Exploration work was based on stream-sediment sampling, soil sampling on advanced anomalies and rock chip sampling. Drilling was carried out on anomalous soil and geophysical anomalies.

EPITHERMAL GOLD EXPLORATION (1980s – 1990s)

Widespread epithermal gold deposit exploration was carried out by a large number of companies including Peko Wallsend Limited, CRA Exploration Pty Limited ("CRAE"), Pacminex, Otter Exploration Limited ("Otter Exploration"), D'Aguilar (while it was a subsidiary of Waraluck Pty Limited ("Waraluck")) and Valdora Minerals Limited ("Valdora"). Valdora also claimed that they were exploring for gold in addition to platinum group metals ("PGMs") Companies were attracted to the region by the signs of mineralisation usually associated with epithermal and Carlin- and McLaughlin- style bulk-tonnage, disseminated gold deposits – namely the presence of antimony as stibnite, mercury, (as cinnabar) together with gold and silver mineralisation.

Areas covered included the Black Snake area, the Kandanga area and other ultrabasic/serpentinite areas.

Much of the exploration work was carried out using bulk-leach-extractable gold sampling and assaying (using bottle rolls testwork) stream sediment sampling programmes which was an advancement on previous geochemistry surveys which concentrated more on base metal minus 80-mesh base metals analyses. Airborne geophysical surveys using magnetic and radiometrics were also commonly used.

Anomalies were followed up using a combination of gridding, soil sampling, surface geophysics and then drilling.

Very little success was recorded from years of exploration for this style of mineralisation.

In 1991, CRAE re-defined the Elginvale Prospect as a north-trending zone some 2.5 km long and 400 m wide that was strongly anomalous in copper and gold. This

prospect is located 40 km southwest of Kilkivan but is a well known alluvial/eluvial gold field mined from the 1860s. Elginvale was subsequently closely explored by D'Aguilar and found to be an intrusive related gold deposit of low grade.

Companies such as United Reefs and Waraluck persisted with old gold mines and had success in delineating new reserves, particularly near the Shamrock Mine. These were mined as indicated in the historical mining section above. There was also exploration success in delineating new gold ore reserves.

3.3.2 THE MUNDUBBERA – MONTO – THEODORE TENEMENTS

Within the EPM areas there is no mining history or production apart from diggings for gold and possibly copper. AusNiCo is only focusing on the nickel-cobalt-PGM exploration prospectivity on the northern tenements.

There has been little previous exploration for nickel-cobalt-PGM within the belt, which tends to be poorly outcropping as it is partly concealed by Tertiary laterite and gravel development and Quaternary gravel sheets.

Several companies have searched for gold and copper mineralisation using the available regional airborne magnetic surveys and geological mapping, but mainly stream-sediment sampling surveys. These include BHP Minerals Pty Limited, CRAE, Australasian Exploration Company Limited, Amoco Minerals Australia Pty Limited (Cyprus Gold Australia Corporation), Astrick Resources NL, Amoco Minerals Corporation ("Amoco"), Strike Mining Limited ("Strike"), Noble Minerals NL ("Noble") and Costain Australia Limited ("Costain"). In the Mundubbera area, previous work by CRAE was limited to stream sediment surveys and did not include any nickel or platinum geochemistry. The CRAE work recognised that the streams draining the ultrabasics were generally anomalous in gold and zinc. Additionally in one locality, gold and copper were identified, but not drilled (Davis L., 2008).

3.3.3 THE MARLBOROUGH TENEMENTS

The main exploration conducted around and over the ultrabasics and serpentinites in the area has been for laterite nickel and cobalt.

International Nickel Australia Limited identified a coincident nickel-zinc anomaly associated with ultrabasics during their laterite nickel exploration programme during the 1960s.

Malone, E.J. (1970) indicates that Broken Hill Pty Co. Limited ("BHP") started exploration for nickel and laterite along a northwest-southeast trending belt centred approximately 70 km northwest of Rockhampton. BHP drilled many holes and have outlined some potentially economic nickel deposits (Malone E.J., 1970).

Preston Resources later gained control over most of the nickel-cobalt laterites during the early 1990s and

conducted further drilling campaigns. Gladstone Pacific Nickel gained control of the project areas in the early 1990's and proceeded to expand and upgrade the resource base through further drilling campaigns and acquisition of other laterite nickel tenements. A current JORC-compliant resource of 70.9 million dry tonnes at 0.91% nickel and 0.06% cobalt (cut-off of 0.70% nickel) have been estimated (GPNL Annual Report, 2008).

No known exploration for sulphide nickel-cobalt-PGM has been carried out in the area.

Exploration for coal has been ongoing over decades but has no significance for AusNiCo's work. Magnesite (as indicated above) is being mined southeast of Marlborough and considerable exploration has been carried out in the past for magnesite during the 1980s and 1990s.

3.4 D'AGUILAR GOLD LIMITED INVESTIGATIONS AT BLACK SNAKE PLATEAU AND KILKIVAN DISTRICTS 2003 TO 2008

3.4.1 COPPER – GOLD EXPLORATION

This section has been mostly extracted from the draft report by L. Davis, (2008).

D'Aguilar intended to explore for "intrusive-related gold dominant mineralisation" rather than traditional base- and precious-metal porphyry style mineralisation. This broadens the area of search but exploration techniques remain similar to previous workers. Many intrusion related gold system deposits contain greater than three million ounces of gold and the author believes that intrusion-related style mineralisation is a valid economic target in the D'Aguilar Block.

D'Aguilar inferred the gold and base metal sulphide veins in the D'Aguilar Block to be a direct guide to concealed targets of disseminated mineralisation, capable of yielding economically attractive bulk-minable deposits. The veins themselves are secondary targets and thought to be part of intrusive-related alteration/mineralisation systems.

In 2003 and 2004, D'Aguilar commenced a review of regional geochemical and aeromagnetic data in order to define and bring to drill maturity the bulk mineable disseminated prospects. Within the 3000 km² project area at that time, D'Aguilar identified 18 project areas and 6 key prospects for follow up. These included - Gibraltar Rock, Long Tunnel/One Mile, Mt Mudlo, Cinnabar, Mt Clara, Sawpit Creek, Peenam, German Gully, Elginvale, Manumbar and King Creek. In 2004, an intense exploration program was conducted on D'Aguilar's tenements south of Kilkivan at the Manumbar epithermal gold and Elginvale bulk tonnage gold prospects.

Technical success was achieved at Manumbar and Elginvale prospects. At Elginvale, during 2004 D'Aguilar drilling outlined a zone of gold mineralisation associated with a diagnostic potassic alteration zone at least 80 m wide. A broad correlation between enhanced gold grades and potassic alteration styles was interpreted as evidence for a porphyry body at depth.

Results included narrow zones up to 18 grams g/t gold in potassic altered quartz and sulphide veins showing free gold within wide, low grade zones. Broad low grade gold zones up to 68 m grading 0.21 g/t gold were intersected at Elginvale in 2006. D'Aguilar concluded that the geological environment was established but grades were clearly insufficient.

Additional drilling was conducted at the Shamrock, Mt Clara and Tablelands prospects for a total of 3038 m without exploration success.

Kenex Knowledge Systems Limited ("Kenex") was contracted in July 2006 to undertake a study on prospectivity of all D'Aguilar controlled tenements (Partington Dr G, 2006). A spatial related database incorporating geological, geochemical, geophysical, topographic and cadastral information ("GIS") has been compiled from all relevant historical exploration data.

Kenex defined the accepted exploration models for epithermal gold mineralisation, porphyry gold-copper mineralisation and mesothermal gold mineralisation in order to constrain the prospectivity models. The modelling and exploration review has not assessed the prospectivity for ultrabasic skarn base-metal or lateritic nickel mineralisation. Kenex concluded that only 50% of the prospective areas from each of the prospectivity models have been soil sampled. Fifteen of the gold soil anomalies and sixteen of the copper soil anomalies appear to have not been drill tested and provide immediate drill targets.

In 2006, a number of defined gold targets were drilled. Gold was found over wide intervals in many of the boreholes, but unfortunately, not in economic quantities. As a consequence, the EPM holding was reduced, retaining the considered favourable prospects for epithermal and porphyry mineralisation, particularly associated with rhyolite rocks. During 2006 D'Aguilar carried out 3,233 m of drilling with some encouraging results at Sawpit Creek and Peenam prospects but although the program confirmed the porphyry copper gold model in the D'Aguilar Block, the mineralisation encountered was not ore grade.

3.4.2 NICKEL-COBALT-PGM EXPLORATION

In 2005 D'Aguilar assessed a 30 km long belt of nickel bearing ultrabasic rocks between Mt Mia on the Black Snake Plateau and Mt Mudlo area north of Kilkivan. A new mineral emplacement model for nickel and cobalt was proposed.

D'Aguilar observed that in addition to the classically ironrich surficial lateritic occurrences for nickel mineralisation, exemplified by the deposit at Riddleys and the garnieritic saprolite profile underneath the laterite, the nickel mineralisation also occurs in a hydrothermally altered zone underneath the laterite. Drilling later confirmed this zone to be some 115 m thick at the key Mt Cobalt prospect and unclosed on any of the three spatial axes. D'Aguilar drew conclusion that the trace occurrences of gold and PGMs and low copper grades, silica veining, brecciation and general texture of the rock was a result of a hydrothermal event. This had probably been superimposed on a serpentinite progenitor host which hosted low grade disseminations of nickel sulphides. D'Aguilar also concluded that the nickel sulphide precipitation in the serpentinite "skarn" (which had developed marginal to the intrusions introducing sulphur along with copper, gold and silver), predated the regional lateritisation which commenced in this area in the late Tertiary period.

This new mineralisation model and the exploration strategy adopted to recognise it is based on the premise that the serpentinites, which commonly lateritise, may be hosts to nickel sulphide mineralisation underneath the laterite, rather than simply assuming that the laterites are derived from sulphide free serpentinites.

Following the exploration assessment and construction of a mine on the 160,000 tonne nickel Avebury Deposit in Tasmania by Allegiance Mining, from 2004 to 2007, D'Aguilar further developed the mineralisation model. This model invoked the nearby Permo-Triassic intrusive bodies of the Station Creek Adamellite, Black Snake Porphyry and Claddagh granodiorite as a source of sulphur to scavenge nickel from the crystal lattices of the component minerals, prior to precipitating it as sulphide minerals in the serpentinite.

In 2006, specks of nickel sulphide minerals, millerite, violarite and pentlandite (plus the iron sulphide, pyrrhotite) were found in outcrops of serpentinite trending from the edge of the Shamrock mine towards the dam spillway to the south. This confirmed the hypothesis that these serpentinite rocks of this region were potential hosts of nickel sulphide orebodies. Surface chip sampling in the area returned values often exceeding 0.5% nickel. Laboratory leach testing of material from Mt Cobalt was carried out and up to 75 per cent nickel was returned in leach tests.

Work continued on laboratory leach testing of material from Mt Cobalt at the HRL Testing Laboratories in Brisbane, examining chloride leach techniques (section 6.4). Other existing leaching technologies that may be applicable to the AusNiCo mineralisation at Kilivan were briefly investigated.

In April 2007 a helicopter borne geophysical survey (known as VTEM), an electromagnetic ("EM") and magnetic survey was flown over the Mt Cobalt and Mt Widgee project areas by Geotech Airborne Limited. Table 3-1 highlights the line spacing and area covered.

The nominal EM sensor terrain clearance was 28 m (EM transmitter and receiver height above ground, i.e. helicopter is maintained 80 m above ground). This is a highly detailed survey producing superior magnetic data to previous surveys and new EM results.

Extensive rock, soil and stream sediment sampling east northeast and south of Mt Cobalt in the Mt Terrible area revealed previously unknown mineralised porphyry intrusions with nickel anomalism at the porphyry serpentinite contacts.

A 200 m vertical diamond core hole COB 11 was drilled at Mt Cobalt to provide material for metallurgical testing, with the top 96 m assaying 0.58% nickel. These results were followed with the intersection of 4 m grading 1.1% nickel within a broad zone at the Pembroke Prospect, south of Mt Cobalt, in 2008.

Prospect	Line spacing (m)	Area (km ²)
Mount Cobalt	200	11.47
Widgee	200	41.28
Elginvale	200	57.49

Table 3-1: VTEM survey details.

The presence of nickel sulphides and recoverable nickel oxides in several prospects with considerable tonnage potential has encouraged a systematic search for disseminated nickel sulphide orebodies and oxide capping systems created by hydrothermal alteration rather than just weathering processes.

3.4.3 THE FORMATION OF AUSNICO

In 2006, D'Aguilar formed the subsidiary AusNiCo to focus on the development of the nickel-cobalt exploration assets. Following very encouraging assay results from a drilling program at Black Snake and Mt Cobalt early in the year and the transportability of the model to other areas, applications for further exploration permits over geologically similar ground at Poperima, west of Bundaberg and areas around Marlborough, were lodged. The combined tenement holding is now seen as a 500 km-long nickel province in South East and eastern Queensland that is under-explored. Subsequently, the nickel-cobalt exploration areas were transferred to AusNiCo during 2007 and 2008 and \$2.27 million in seed capital was raised for 20% of AusNiCo shares.

4 GEOLOGICAL SETTING AND MINERALISATION

4.1 REGIONAL GEOLOGICAL SETTING AND MINERALISATION STYLES

The AusNiCo tenements lie within the Tasman Fold Belt System, a composite orogen of Palaeozoic age forming most of eastern Australia, which during its development formed the eastern margin of Gondwanaland. Two fold belts, the Lachlan Fold Belt running through Tasmania, Victoria and southern New South Wales, and the New England Fold Belt of northern New South Wales and eastern Queensland form the eastern portion of the Tasman Fold Belt system. These two fold belts are separated by the Middle to Late Palaeozoic Sydney-Bowen Basin.

The New England Fold Belt in southern and central Queensland comprises a number of fault bounded blocks with distinct tectonostratigraphic sequences – the Gympie, Wandilla and Yarrol terranes. The Marlborough serpentinites and ultrabasics span the boundary between the Yarrol and Wandilla terranes formed by the Yarrol Fault Zone, a continental scale suture marked by major alpine-type ultramafic and ophiolite belts, considered to be colinear with the Peel Fault which extends southward into South East Queensland and northern New South Wales. These rocks and the structures in them are prospective for nickel, cobalt, copper, and gold/silver.

The evolution of the area commenced with deposition of early Palaeozoic shelf facies, now forming the Yarrol terrane, and oceanic sediments to the east, now included in the Wandilla and Gympie terranes. The Gympie Terrane consists of a number of blocks - the Gympie Block, the Yarraman Block and the South and North D'Aguilar Blocks. (Figure 4-1 highlights these blocks.)

Slices of early Palaeozoic fore-arc and accretionary prism complexes have been mapped along the Yarrol Fault Zone, in association with ultramafic rocks (Leitch and Cawood, 1980). Intense orogenic deformation commenced during the Middle Devonian and continued through to the Late Carboniferous or Early Permian, with the focus of deformation, metamorphism and associated igneous activity migrating eastward during this period.

Extensive ultramafic intrusives have been mapped around Rockhampton and Marlborough and are shown to intrude rocks of Lower Devonian to Permian age. Their contacts are frequently fault-bounded or block-faulted and in some areas they may be intruded or stoped out by Upper Permian granodiorite and adamellite and, less commonly, by gabbroic plugs of a similar age.

Major northeast cross-cutting faulting – the Darling Lineament – may have displaced this belt from the Kilkivan area to the south (Figure 4-2). Note the grey scale first vertical derivative magnetic providing the background to the structures.

Further to the south in the North D'Aguilar Block the deformed basement of Paleozoic sedimentary rocks contains several serpentinite bodies intruded by Permo-Triassic granitoid plutons.

This terrane forms part of the ground in AusNiCo's tenements and is also prospective for copper gold porphyries.

Early Permian marine fault-bounded basins containing rift-fill sediments and volcanics unconformably overlie the Paleozoic to the west but outliers of the Neara Volcanics occur south of Kilkivan.

Ultramafic rocks associated with the Yarrol Fault Zone locally give rise to deposits of nickel, cobalt minerals. Elevated concentrations of these elements are common in ultramafic rocks, and weathering has caused enrichment of the nickel and cobalt elements and so formed the nickel-laterite deposits.

The groups of tenements fall within the New England Fold Belt, which consists mostly of a complex volcanic arc - continental margin succession, related to a Carboniferous subduction complex. The subduction complex underwent extension with a period of compressive easterly-directed thrusting in the Late Permian. Granitoid emplacement accompanied the extensional events as well as extensive Triassic volcanism.

4.2 REGIONAL MINERALISATION OVERVIEW

AusNiCo is exploring for sulphide nickel, copper and PGM minerals. Although historical exploration has discovered a variety of mineralising styles including minor laterite Nickel-cobalt mineralisation, and copper, gold, silver mineralisation in shears, this section will concentrate on the main target mineralisation types which are relevant to future exploration.

4.3 NORTH D'AGUILAR BLOCK - SOUTHERN TENEMENTS

Twenty-two named intrusions have been mapped in the North D'Aguilar Block and the Queensland Geological Survey and various explorers have mapped numerous unnamed plutons, all ranging from Carboniferous to Triassic in age. Where they intrude the ultramafics, they are considered by AusNiCo to be a source of sulphur required to scavenge nickel and cobalt from ultramafic crystal mineral lattices. Older Carboniferous granites are foliated but younger Permo-Triassic bodies are undeformed. The granites spatially associated with mineralisation at Kilkivan and Black Snake areas are: the Boonara Granodiorite (early-middle Triassic) to the north and east, the Station Creek Adamellite (Quartz Monzonite), (early-middle Triassic) to the South East and the Claddagh Granodiorite (Carboniferous) to the west and south of Kilkivan.

Crustal faulting in a north to northwest direction has been the primary weakness along which younger faulting has been transmitted. Dilatant northeast trending fractures and lineaments are seen in the geology and geophysical imagery. Both sets of fractures are interpreted to partly control the location of late intrusions and mineralisation of Triassic age.

Gold and base metal mineralisation of the D'Aguilar Block features dominantly polymetallic mesothermal veins in a variety of simple to composite systems, breccia zones and alteration zones. There are some epithermal vein characteristics. Within the ultrabasic rocks at Kilkivan, Black Snake and Widgee there is evidence for anomalous nickel and cobalt mineralisation in both primary and secondary deposits. Platinum has been recorded at Kandanga Creek. Mercury deposits have been mined at Cinnabar west of Kilkivan; these are spatially associated with the Darling Lineament, which is interpreted as a probable deep penetrating structure and is a possible cause of the introduction of mineralising fluids.

4.4 THE KILKIVAN AREA MINERALISATION

The prospects in this area are the most advanced in the AusNiCo portfolio and there are several prospects where drilling is planned for the Pembroke and Mt. Cobalt prospects where the principal targets are sulphide nickel mineralisation and hydrothermally altered nickel mineralised zones. A large area of continuous outcrop of Palaeozoic rocks is located from Kilkivan to about 60 km South East of Kilkivan. Rocks in this area include phyllites, schist, greenstone, amphibolite, serpentinite, minor limestone and marble, slate, mudstone, chert, and jasper. Palaeozoic rocks have been folded along north to northwest axes and dips are mainly to the west.

Ultrabasic rocks are the most extensive rocks in the area with outcrop extending over approximately 400 km² (see Figure 6-1). They are mostly comprised of variably serpentinised peridotite, probably hartzburgite. The most common lithology is melange, consisting of a variably foliated framework of pebble to cobblesized, subangular to subrounded fragments of serpentinite and lesser mafic greenschist, in a fine-grained serpentinite matrix. Official mapping shows these ultrabasics as being emplaced along a thrust fault, however the outcrop patterns and associated skarns suggest that they are intrusives of Permian to early Triassic age, and are coeval with layered

gabbros and olivine-rich volcanics mapped elsewhere in southern Queensland.

The peridotites intrude a weakly calcareous mudstone-volcanic sequence, and have garnet-pyroxene skarns and jasperoid alteration zones about their contacts.

Gold and base metal mineralisation of the D'Aguilar Block features dominantly polymetallic mesothermal veins in a variety of simple to composite systems, breccia zones and alteration zones. There are some epithermal vein characteristics. Within the ultrabasic rocks at Kilkivan-Black Snake and Widgee there is evidence for anomalous nickel and cobalt mineralisation in both primary and secondary deposits. Platinum has been recorded at Kandanga Creek. Mercury deposits have been mined at Cinnabar west of Kilkivan; these are spatially associated with the Darling Lineament, which is interpreted as a probable deep penetrating structure.

AusNiCo considers the clay silica hydrothermal alteration is part of the same system which produced the earlier, higher temperature alteration zones but is probably later and only well developed higher up in the system. Clay/silica alteration is noted in the nearby gold mines in the Black Snake Plateau area and could be related. The clay silica hydrothermal alteration is considered to be the last stage of retrograde alteration (pers. comm. N. Wilkins, Nov 09).

4.5 THE MUNDUBBERA-MONTO-THEODORE AREA GEOLOGY

In the northern tenements covering parts of the Monto-Mundubbera belt, north northwest shear systems, such as the Perry Fault and Yarrol Fault and northeast trending cross-cutting faults, dominate the structural framework. Overprinting this regional fabric are north trending faults, which exhibit a strong spatial relationship with Permian to Triassic mineralisation. A north-trending belt of basic and ultrabasic rocks is centred over the Poperima Creek EPM 15457 (see Figure 4-2). Major northeast cross-cutting faulting – the Darling Lineament – may have displaced this belt from the Kilkivan area. The Darling Lineament is one of three marked transverse structures in Queensland that is spatially associated with mineralisation (Horton, D. 1982). The Monto-Mundubbera belt appears to be the same age as the Kilkivan belt, containing Permian to Triassic olivine and pyroxene-rich intrusives with associated ultrabasic skarns. Also, petrological studies of olivines and pyroxenes from the gold mineralised Yarrol intrusives on the western boundary of the Poperima Creek EPM confirm similarity of the two belts.

There is evidence for anomalous nickel and cobalt mineralisation in the northern tenements. The Queensland Department of Mines drilled magnetite seams in the Hawkwood Gabbro which is located 40 km southwest of Mundubbera in the 1960s. In one of three holes 3.12 m grading 508 ppm nickel and 450 ppm copper was intersected. The magnetites contained ~25% iron and ~2% titanium oxide (Brooks, 1968).

Several late Permian to Cretaceous age mineralised porphyries occur in relatively narrow zones roughly parallel to the Perry Fault. Host intrusives range from quartz diorite, granodiorite to granite/rhyolite composition. Mineralisation varies from copper, copper/gold to gold. Alteration is typically quartz-pyrite-sericite assemblages, which grade outward to chlorite-clay zones. Potassic (biotite) cores are present sometimes. The largest copper porphyry in the region is Coalstoun (85 million tonnes grading 0.3% copper). Mt Rawdon, a large breccia pipe, (2006 Proved and Probable reserves of 38.4 million tonnes grading 1.0 g/t gold and 2.9 g/t silver) is currently being mined. Other near economic resources occur at Yarrol and at the Mt Cannindah porphyry/skarn/breccia system (Davis, 2008).

The major Yarrol Fault occurs along the eastern margin of the Yarrol Basin and it is considered to be a thrust along which serpentinites have been emplaced. Large silica-pyrite bodies also lie along this fault. AusNiCo believes these bodies to be prospective for nickel, cobalt and gold.

EPM 17817 Application covers a small Tertiary gabbro intrusive into the Lower Jurassic Evergreen Formation and the Lower to Middle Jurassic Hutton Sandstone. Nickel mineralisation has been recorded in this intrusive. This occurrence lies on the east margin of the Surat Basin.

4.6 THE MUNDUBBERA-MONTO-THEODORE AREA MINERALISATION

EPM 15457

Although there are minor diggings for gold and possibly for copper, there is no reported or known nickel, cobalt and PGM mineralisation in the tenement areas. There has been exploration in the area, mainly for gold.

EPM 17817

Application for the EPM 17817 was made to cover a small gabbro intrusive which has recorded nickel mineralisation. Forbes (1968), records that nickel staining has been noted on the gabbro. The staining was most common in weathered gabbro exposed in a spring-fed gully on the northern side of the mountain. The highest nickel content of the gabbro was found to be 0.025%.



Figure 4-1: Geology of the Central Coast and South East Queensland geology.



Figure 4-2: Map displaying the known ultrabasic rocks and the displacement caused by the Darling River structure.

4.7 THE MARLBOROUGH AREA GEOLOGY

The Marlborough nickel-cobalt deposits are associated with one of the larger ultramafic complexes along the northern section of the Yarrol Fault Zone. The complex has been mapped over an area of 50 km by 20 km. It is fault bounded by moderate to steeply dipping sediments, most of which are schistose metamorphic derivatives of quartz-rich clastic and calcareous varieties. These constitute the oldest known rocks in the region (Malone, 1970).

The main constituent of the ultramafic is harzburgite. The smaller lenses and the margins of the larger lenses of the harzburgite are usually serpentinitised. The morphology of the ultramafic has been moulded by a combination of structural events involving block and strike-slip faulting, intrusion of granitic domes and basin-scale flexing. Two predominantly northwest striking bodies occur, with the western intrusive being the larger of the two. It is separated from the eastern body by a fault-bounded corridor of metasediments several kilometers wide. The southern boundary of the ultramafic is extensively stoped by granite and block-faulted, with east-trending structures down-throwing younger acid intrusives against older clastic metasediments. The general body of evidence suggests that the southern limit of the Marlborough ultramafic lies along a broad east-trending zone of structural and igneous activity.

The laterite-hosted nickel deposits mainly occur as positive topographic features. They are believed to be the remnants of a once much more extensive weathering blanket. The deposits cover only a relatively small percentage of the ultramafic bodies and are oriented principally on a northwest trend along the western margin of the western ultramafic body.

4.8 THE MARLBOROUGH AREA MINERALISATION

Previous exploration defined large strong nickel-zinc anomalies. Previous exploration for nickel laterites by International Nickel Australia Limited during the 1960s and 1970s identified a 100 km² area of greater than 3000 ppm nickel in stream sediments (Old Exploration Geochemistry Database, 2008). A strong northeasterly trend of zinc anomalism was superimposed over this nickel anomalism, suggesting the presence of multi element hydrothermal sulphide mineralisation in the unweathered bedrock. The zinc-nickel trend is parallel to the trends of Cretaceous age intrusives that have affected the ultrabasics.

All future exploration will be dedicated to sulphide nickel, cobalt, copper and PGM deposits.

The well known Marlborough laterite nickel-cobalt deposits in the region indicate the potential of the natural high background nickel values associated with ultrabasics and serpentinites in the region. Therefore the applicability of the AusNiCo model to the area in the vicinity of PermoTriassic and Cretaceous granitic and intermediate intrusions which are present in the area is valid.

5 DEPOSIT TYPES

5.1 GENERAL DISCUSSION

AusNiCo's main focus is primarily on the discovery of nickel-cobalt (plus platinum group metals) deposits in younger geological terranes in Eastern Australia. The discovery of the Avebury deposit near Zeehan in western Tasmania provides a similar aged deposit to the mineralisation encountered on the AusNiCo tenements in similar geological settings.

Avebury and other deposits such as the Aguablanca deposit in Spain; are mineralogically unlike the other primary nickel mineralisation currently mined in Australia, which is the Western Australian, Kambalda-styles of massive and disseminated sulphide mineralisation. Past exploration in Australia has been dominated by Western Australian nickel experience and hence the potential for different geological models has probably been overlooked.

In June 2008, AusNiCo announced that drillhole PEM 2 at Pembroke intersected a copper-gold zone of 20 m averaging 0.48% copper, 1.5 g/t gold at 8 m down-hole. At 32 m down-hole, a large 50 m-wide zone of low-grade nickel sulphide mineralisation was intersected, within which 4.2 m of fresh primary nickel sulphides grading 1.1% nickel and 525 ppm (0.05%) cobalt was intersected from 58 m down hole. The true thickness of mineralisation is unknown and further drilling is required to assess the dimensions of the mineralised bodies.

The results of nickel-cobalt mineralisation associated with hydrothermally altered (oxidized) zones as discovered at their Mt Cobalt prospect provided the impetus to concentrate on exploration for nickel sulphide targets and related hydrothermally altered targets. As part of the process, AusNiCo have been basing their exploration on the geological models representing the Avebury nickel mine and the Aguablanca nickel-copper mine in Spain. These deposits are distinctly different with regards to mineralisation styles and both these deposit types could provide models for AusNiCo exploration on their project areas.

Figure 5-1 displays typical oxidized (hydrothermally altered) zone material (brown coloured core) overlying unaltered, fresh serpentinites (green coloured core).

There is no known mine equivalent deposit associated with the nickel and cobalt mineralised hydrothermally altered serpentinites.



Figure 5 1: Mt. Cobalt drill core displaying oxidised serpentinites (hydrothermally altered) overlying fresh serpentinite.

The following section 5 describes the geology of the Aguablanca mine and the Avebury mine and the geological models associated with these deposits.

5.2 AQUABLANCA DEPOSIT

5.2.1 AGUABLANCA GEOLOGY AND MINERALISATION

The Aguablanca nickel-(copper) sulphide deposit is hosted by a breccia pipe within a gabbro-diorite pluton. Age dating indicates an age between 350-330 Ma. The Aguablanca orebody is located in the northeastern zone of the Santa Ollala Plutonic Complex, within the southern most part of the Ossa Morena Zone of the Variscan Belt of Iberia.

The geology of the mine site is represented in Figure 5-2 (Tornos et al, 2006). The nickel-(copper) Aguablanca deposit consists of two east-west steeply northward dipping ellipsoidal orebodies hosted by the Gabbronorite Unit. Four types of ore have been distinguished: ore breccia, massive sulphides, disseminated ore and patchy ore. Most of the ore (50-60%) occurs as disseminations in rocks belonging to the Gabbronorite Unit. Sulphides (5-20% of the rock volume; 0.1-10 mm in size) are interstitial to plagioclase and pyroxene and intergrown with phlogopite and amphibole. The grades are up to 1% nickel plus copper and the nickel/(nickel plus copper) ratio is close to 0.3 to 0.5. Patchy ore is similar to disseminated ore. Patchy ore makes up 20 to 35% of the total ore volume (Tornos et al, 2006).

Ore breccias and massive sulphides comprise 15 to 20% of the total orebody volume. Copper grades are equivalent to those of disseminated and patchy ore but there is up to a five fold enrichment in nickel, which is usually higher than 1% (Tornos et al, 2006). The ore breccia and the massive sulphides form the bulk of the ore grade material at the mine. A cross section of the mine (see Figure 5-3) displays the distribution of the mineralisation (from Tornos et al, 2006).

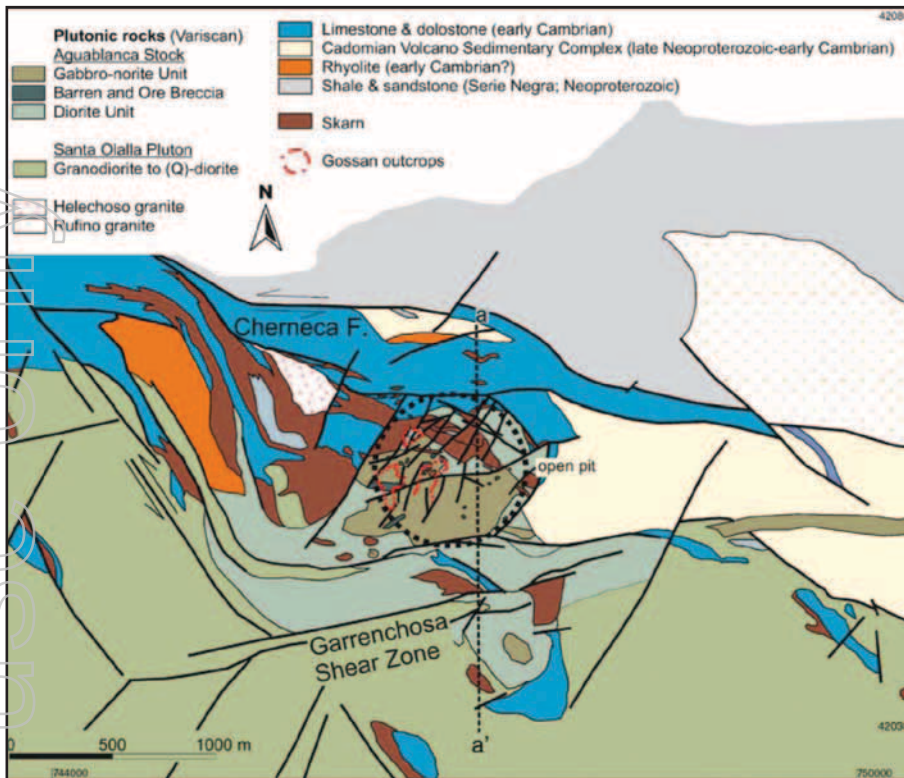


Figure 5-2: Geology of the Aguablanca Mine area (Tornos et al, 2006).

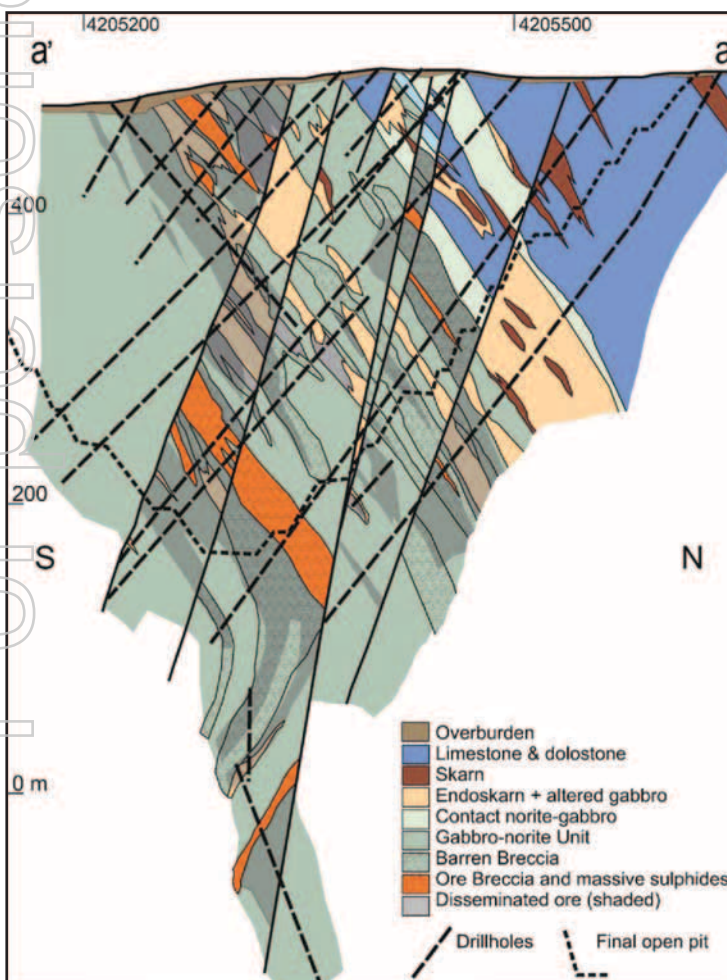


Figure 5-3: Cross section of the Aguablanca Mine displaying the mineralisation styles (Tornos et al, 2006).

The magmatic sulphide mineralisation consists of pyrrhotite, pentlandite and chalcopyrite with variable, magnetite and pyrite. The scarcity of cobalt bearing minerals suggests that most of the cobalt is in the pentlandite lattice.

The Aguablanca Stock underwent a pervasive polyphase, hydrothermal alteration event whereby there is an irregular replacement of primary mafic minerals by phlogopite and plagioclase by sericite calcite and chlorite. The proportion of hydrothermal sulphides is quite variable, ranging from semi-massive to disseminations or veinlets in altered gabbro. The sulphide assemblage is dominated by coarse grained chalcopyrite and pyrite with only random inclusions of pyrrhotite and sphalerite. Bravoite and mackinawite are present as small grains, the latter replacing pentlandite. There is a characteristic late stage assemblage of magnetite–pyrite–graphite in the hydrothermal alteration stage. (Tornos et al, 2006).

5.2.2 AGUABLANCA RESOURCES

Spain's Aguablanca nickel mine was reported in July, 2004 as having mining reserves of 15.7 million tonnes grading 0.66% nickel, 0.46% copper, 0.017% cobalt, and 0.47 g/t PGM. Production was expected to commence in August 2004 with an expected mine life of 10 years treating 1.5 million tonnes ore per annum (Mining Engineering July1, 2004). These reserves are used to highlight the potential size of deposit that can be discovered using the Aguablanca deposit as a model. AusNiCo have no association or interest in the Aguablanca mine.

5.3 AVEBURY DEPOSIT

5.3.1 AVEBURY GEOLOGY

The geology of the Avebury deposit has been adequately described by Keays et al, 2009 and the following description is taken from their paper.

The Avebury nickel deposit is located in western Tasmania, within the Dundas Trough. The hosting ultramafic body is located in an overturned, consistently south facing sequence of tholeiite derived volcanoclastic turbidites transgressing to a complex volcanosedimentary sequence of polymictic conglomerates and breccias, carbonates, calc-alkaline volcanic and volcanoclastic sediments. The ultramafic body strikes east-west for approximately 2 km and dips steeply to the north. The body shows complex geometry with the host sequence and thickens considerably with depth to a width in excess of 500 m.

Importantly, the Avebury ultramafic body is located within the metamorphic and hydrothermal aureole of the Late Devonian Heemskirk Granite which also has associated tin and lead-zinc deposits. Intense metasomatism and skarnification of the ultramafic body and its host sequence is evident.

Mineralisation is frequently located along the ultramafic-host sequence contact but lenses of mineralisation are also present within the ultramafic body. The mineralisation is associated with two distinct gangue mineralogies, which consist of either serpentinised ultramafics or an intensely, metasomatised skarn-type mineralogy, consisting of tremolite, diopside and magnetite. The mineralisation consists of veins and coarse grained disseminations throughout both gangue types, and is dominantly pentlandite with minor pyrrhotite, and rare millerite, mackinawite, niccolite, gersdorffite and maucherite. An important feature of the mineralisation is that it is magnetite-rich, containing up to 18% magnetite.

The magnetite mineralisation is also a feature of the skarn development at Mt Cobalt and Pembroke on the AusNiCo ground.

Figure 5-4 displays the basic geological outline. This figure is taken from an Allegiance Mining presentation. Figure 5-5 displays a typical section through the Avebury Mine. This figure is taken from the Oz Minerals presentation (2008).

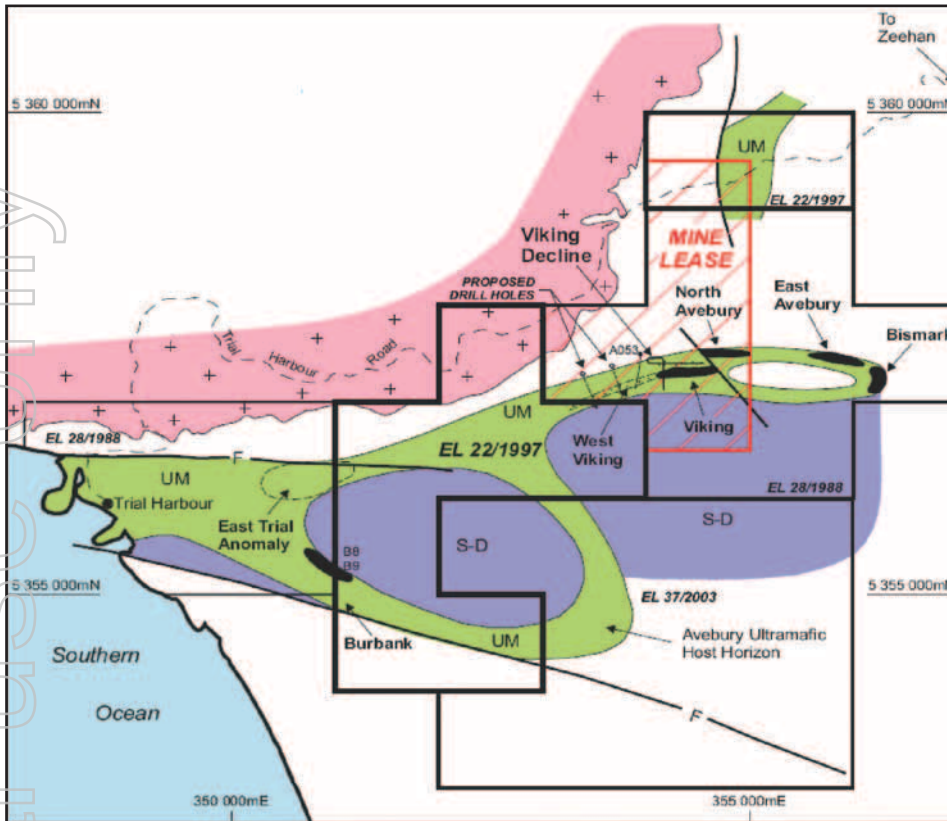


Figure 5-4: Avebury Geology from Allegiance presentations.

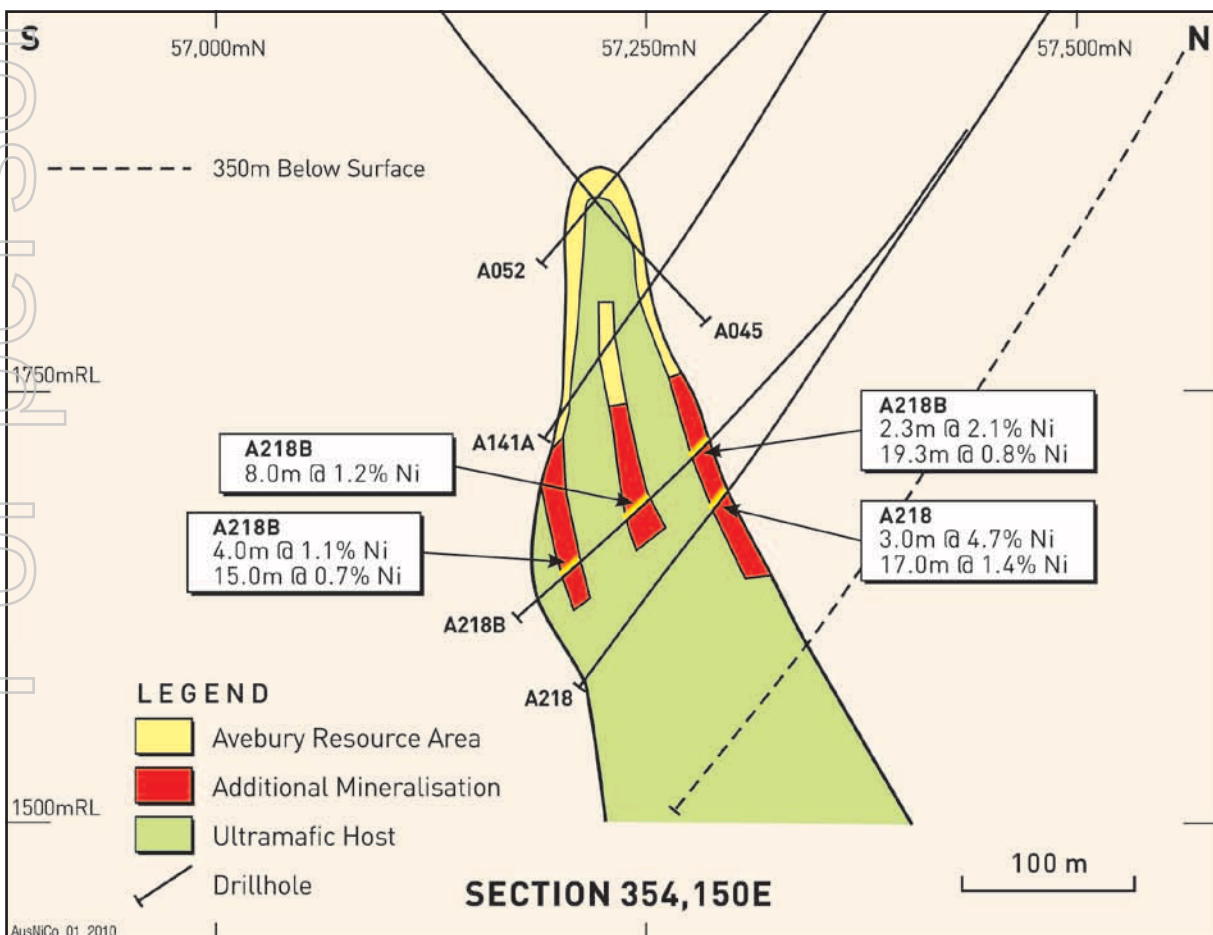


Figure 5-5: Cross section through a section of the Avebury Mine.

5.3.2 GENETIC MODEL OF THE AVEBURY DEPOSIT

Keays et al, 2009, conclude that the Avebury nickel deposit is a hydrothermal nickel deposit in which the nickel was sourced from the ultramafic or mafic rocks at depth below the deposit. However, rather than being liberated from the mafic minerals base and precious metals were instead mobilised from magmatic sulphides by fluids associated with the intrusion of the Heemskirk Granite. Figure 5-6 below displays the proposed model for the genesis of the Avebury nickel deposit.

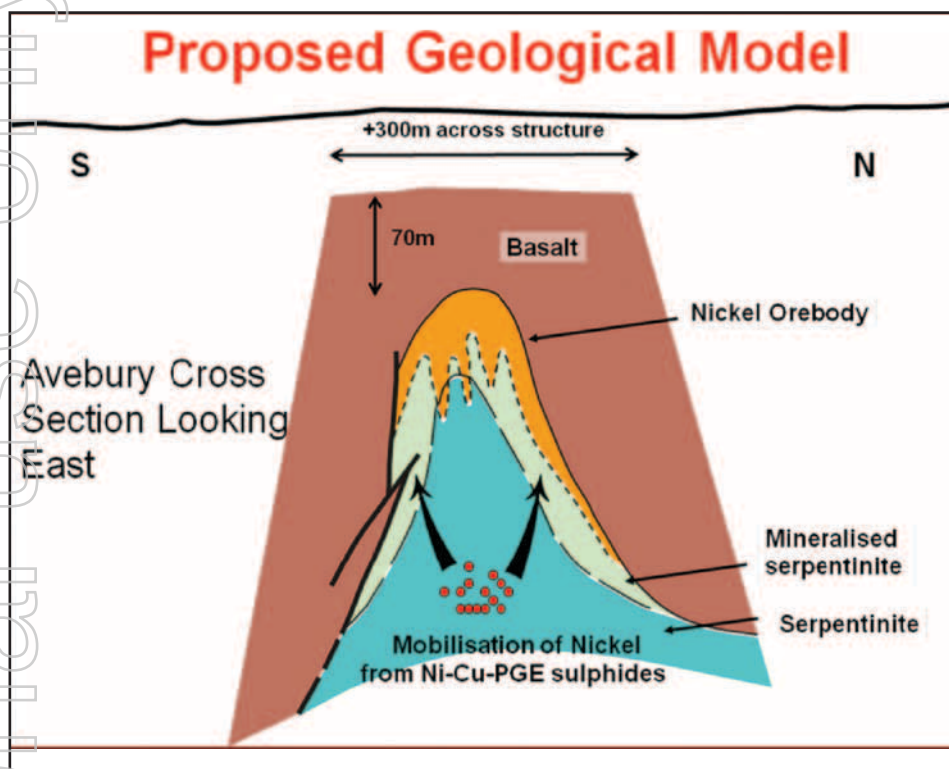


Figure 5-6: The preferred geological model from Keays et al (2009) based on an idealised cross section.

5.3.3 AVEBURY RESOURCES, RESERVES AND MINING

The resource estimate as quoted by Oz Minerals (2008) from their public presentation (www.ozminerals.com.au) is a total of 18.18 million tonnes grading 0.95% nickel.

Note that the resources and reserves are only used to provide an indication of the size and grade which these type deposits can achieve. AusNiCo have no interest in the Avebury deposit.

5.4 AUSNICO CONCEPTUAL MODEL AND ITS APPLICATION TO THE AUSNICO QUEENSLAND TENEMENTS

In the Black Snake district there can be observed a nickel-cobalt association and a gold-copper-silver association. AusNiCo considers the nickel-cobalt association at Pembroke is possibly associated with the more ultramafic rocks and is probably magnesian rich. At Kandanga, tholeiites theoretically can contribute as a source of copper and PGMs making the nickel zone more polymetallic than that at Pembroke where the copper and PGMs are not so elevated. Therefore, the Kandanga area has more potential for Aguablanca-style deposits than the Black Snake area which is more likely to host an Avebury style

deposit, (pers. comm. I. Levy, Oct 2009). However, it is observed that considerable copper mineralisation exists at Pembroke above the nickel-cobalt mineralisation. The association between the nickel-cobalt mineralisation and the copper-gold mineralisation is unknown but may be merely spatial at Pembroke.

The nearby granitoid batholith (Station Creek adamellite) is interpreted to provide mineralising fluids rich in silver, gold and boron, creating a polymetallic mineral system within the adamellite, the serpentinite and surrounding metasediments. AusNiCo's tenure position in the Black Snake district is a favourable situation for the discovery of nickel sulphide deposits and associated higher level oxide nickel and cobalt deposits.

Figure 5-7 below highlights the conceptual model and displays the location of the associated two main types of alteration and the secondary copper-silver deposit type in relation to the conceptual model being considered by AusNiCo:

- Mt Cobalt nickel hydrothermally altered (oxide) deposit;
- The Pembroke nickel-cobalt sulphide deposit; and
- The Silver Valley copper-silver deposit type.

The alteration zoning (clay altered higher level versus sulphide zones) produces two styles, which if proven to be economic, will require two separate metallurgical recovery processes. Any potential sulphide deposit discovered has the advantage of well developed flotation processes whereby the hydrothermally altered oxide deposits will require the development of leaching techniques which are generally much more expensive and require considerably more capital than flotation recovery techniques.

In order to cover the cost of an economic process to treat any hydrothermal oxide clay alteration, a larger, richer deposit will be required compared to a sulphide deposit.

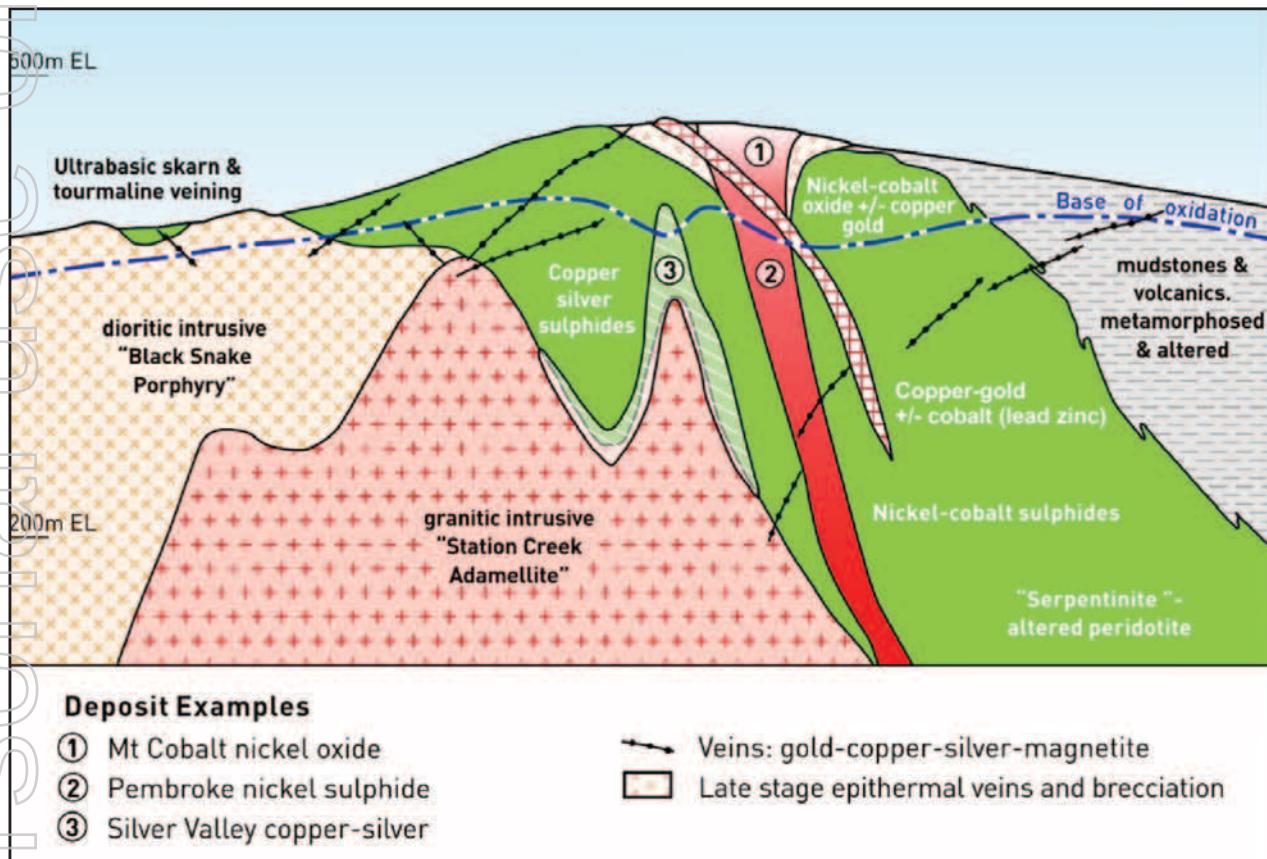


Figure 5-7: Conceptual model geology and the location of the AusNiCo prospects.

There is insufficient data for an adequate resource assessment within the Mount Cobalt and Pembroke mineralised zones. What is known, however, is that the mineralised zones discovered by drilling are of a size which may lead to an economic resource. AusNiCo, not unreasonably, considers that the exploration potential of these prospects and others in the various tenements, have potential to discover deposits which are in the order of 10 to 20 million tonnes at a grade of 0.8% Ni to plus 2% Ni for nickel sulphide deposits and potential to discover deposits which are in the order of 15 to 30 million tonnes at a grade of 0.8% Ni to plus 2% Ni for nickel hydrothermal oxide deposits.

6 THE KILKIVAN AREA PROSPECTS AND PROJECTS

6.1 GENERAL REVIEW AND ADJACENT PROPERTIES

The AusNiCo tenements lie in areas which are generally tightly held by other companies and groups exploring for a range of commodities. There are no tenements which contain adjacent prospects or projects relevant to the work being carried out by AusNiCo.

The exception is in the Marlborough area, where there is significant laterite nickel resources held under adjacent mining leases owned by Marlborough Nickel Limited. These are currently being developed by Gladstone Pacific Nickel for treatment at Gladstone. However, Gladstone Pacific Nickel has not indicated that they will be exploring for sulphide nickel deposits.

6.2 THE KILKIVAN-BLACK SNAKE-WIDGEE-KANDANGA-MOOROORAI BELT

The prospects in this area are the most advanced in the AusNiCo portfolio and there are several prospects where immediate drilling is planned at Pembroke and at Mt Cobalt. Although the main target is sulphide mineralisation and principally nickel and cobalt, there is an opportunity to exploit hydrothermally altered and oxidised deposits. Gold-copper-silver mineralisation remains a valid but secondary target.

A large area of continuous outcrop of Palaeozoic rocks is located from Kilkivan to about 60 km South East of Kilkivan. Rocks in this area include phyllites, schist, greenstone, amphibolite, serpentinite, minor limestone and marble, slate, mudstone, chert, and jasper. Palaeozoic rocks have been folded along north to northwest axes and dips are mainly to the west.

Ultrabasic rocks are the most extensive rocks in the main areas of interest with outcrop extending over approximately 400 km² (see Figure 6-1). They are mostly comprised of variably serpentinised peridotite, probably hartzburgite. Surrounding the ultrabasics common is melange, consisting of a variably foliated framework of pebble to cobble sized, subangular to subrounded fragments of serpentinite and lesser mafic greenschist, in a fine-grained serpentinite matrix. Official mapping shows these ultrabasics as being emplaced along a thrust fault, however the outcrop patterns and associated skarns suggest that they are intrusives of Permian to early Triassic age, and are coeval with layered gabbros and olivine-rich volcanics mapped elsewhere in southern Queensland.

The peridotites intrude or are structurally juxtaposed on a weakly calcareous mudstone-volcanic sequence, and have garnet-pyroxene skarns and jasperoid alteration zones about their contacts.

The Black Snake Porphyry is an intermediate feldspar porphyry stock spatially associated with the base- and precious-metal mineralisation in the Black Snake Mining Field. Numerous high grade copper-silver-gold mines were worked around the beginning of the last century and include Shamrock, Mt Coora, Mt Clara, Peak, Mariners, Copper Lode and Pembroke (see Figure 6-2). Many other porphyritic intrusive bodies crop out in the mining fields of the district. It is probable that many more intrusives of similar composition and mineralised association lie concealed, especially beneath areas that show some form of surface mineralisation. This is supported by the magnetic signatures in the area.

Surface sampling and drilling has established extensive zones of elevated base- and precious metals within the serpentinites of the Black Snake Plateau (see Figure 6-3).

Primary mineralisation occurs within the serpentinite below a variable oxidation profile. This has been well established at the Tablelands Mine and in excavations south of the Shamrock Mine where cobalt minerals are found.

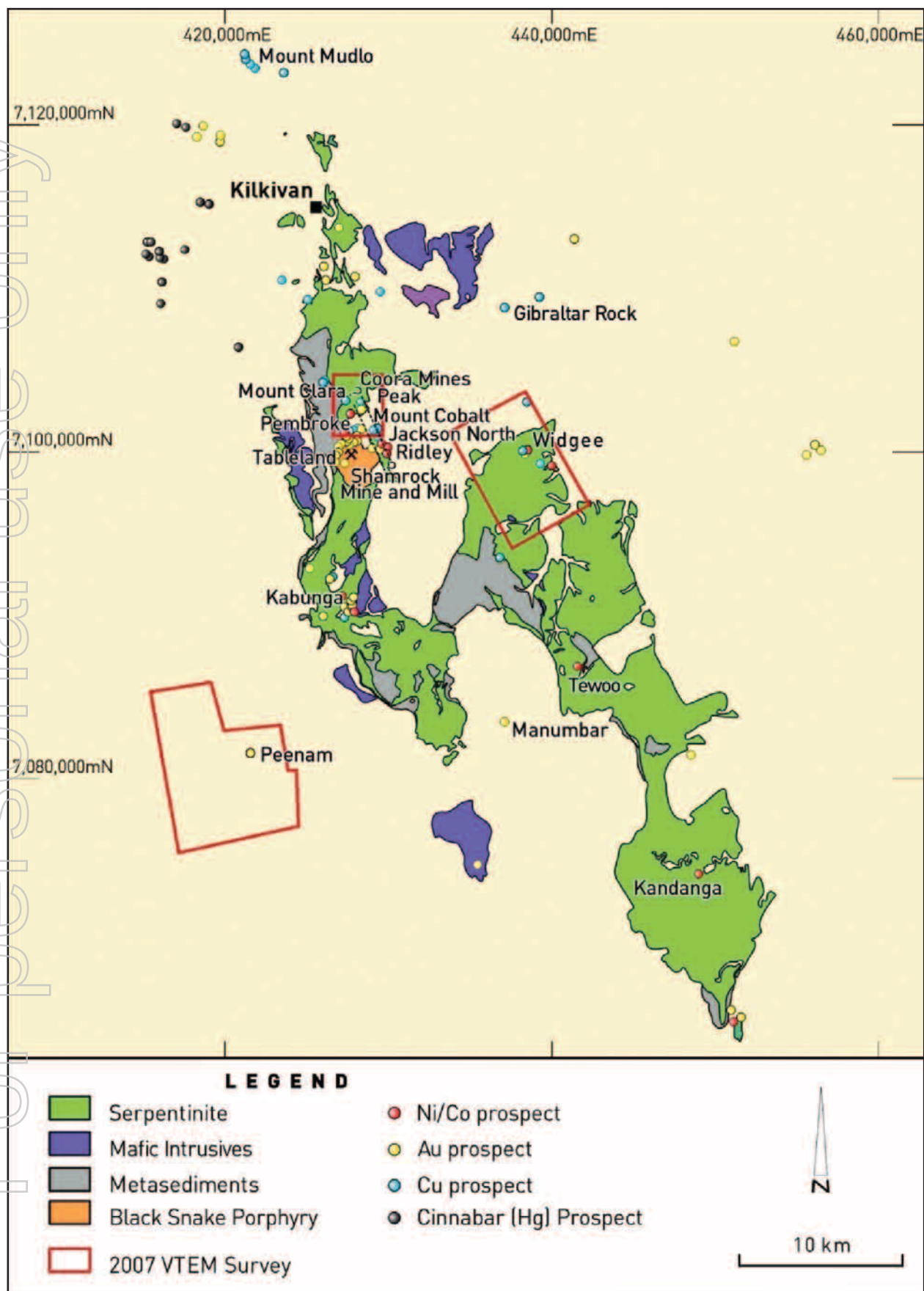


Figure 6-1: Serpentinite distribution and prospects in the Kilkivan – Black Snake – Widgee – Kandanga belt.

Mineralisation within and adjacent to the serpentinite areas is best defined by soil anomalous nickel and cobalt (copper, chrome and PGM) with nickel being the most definitive. Soil sample assays containing greater than 3000 ppm nickel pin-point the deposits of Mt Cobalt, Pembroke, and Jackson North and Ridley lateritic

prospects. The 2000 ppm nickel contour identifies Mt Mia, Mt Coora, Silver Valley and Peak Mine (see Figure 6-3). Gold and silver (lead and zinc) anomalous zones overlap the nickel and cobalt anomalies.

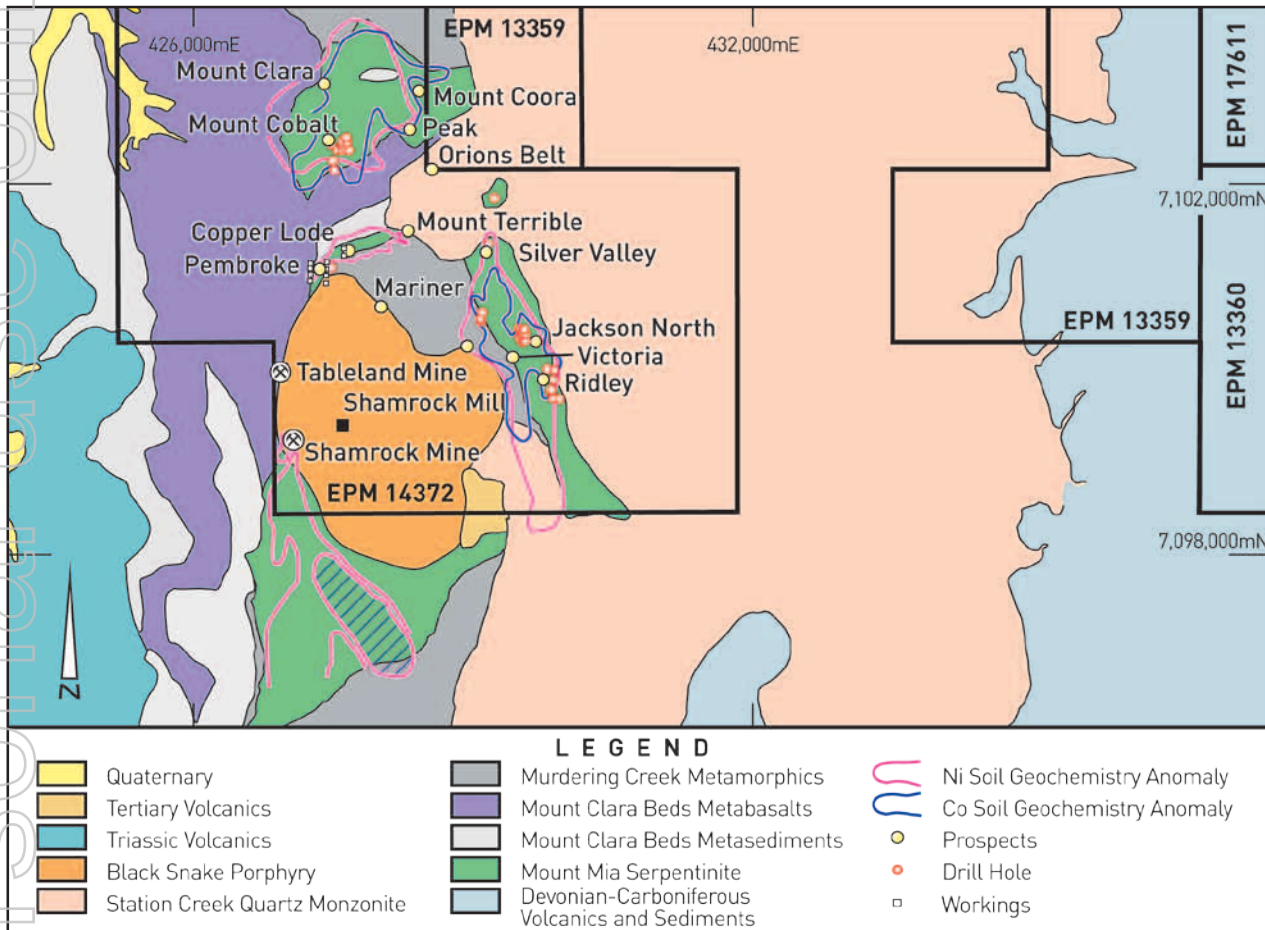


Figure 6-2: Black Snake prospects – mineralisation associated with the Black Snake porphyry.

Intruding Triassic porphyries, of which the Black Snake Porphyry is the most prominent, are interpreted to have remobilised metals and generated zoned nickel-copper-cobalt/gold-lead-zinc-silver mineralisation within and around the ultrabasics. The ultrabasics are probably the source for the nickel-copper-cobalt mineralisation and the gold-lead-zinc-silver mineralisation probably has a granitic source. The mineralisation includes epithermal, mesothermal styles and disseminated and ultrabasic skarn styles. Nickel and cobalt might also be derived from the weathering of gently dipping sulphides offset from the oxide laterite areas which indicates a similarity to the Mt Cobalt Project (pers. comm. N. Wilkins, Exploration Manager, AusNiCo). Historic mining for gold and copper, but which locally contain rich grades of nickel, cobalt or silver and in one locality, molybdenum, shows the close association of the two hydrothermal associations.

The strongest geochemical trend is in a north northwest direction but on a more local scale the trend east northeast (~045°) is also very important, see Pembroke Prospect for example. Local northerly trends (~010°) are seen at prospects. These trends are also partly observed in topography and magnetic surveys (see Figure 6-3).

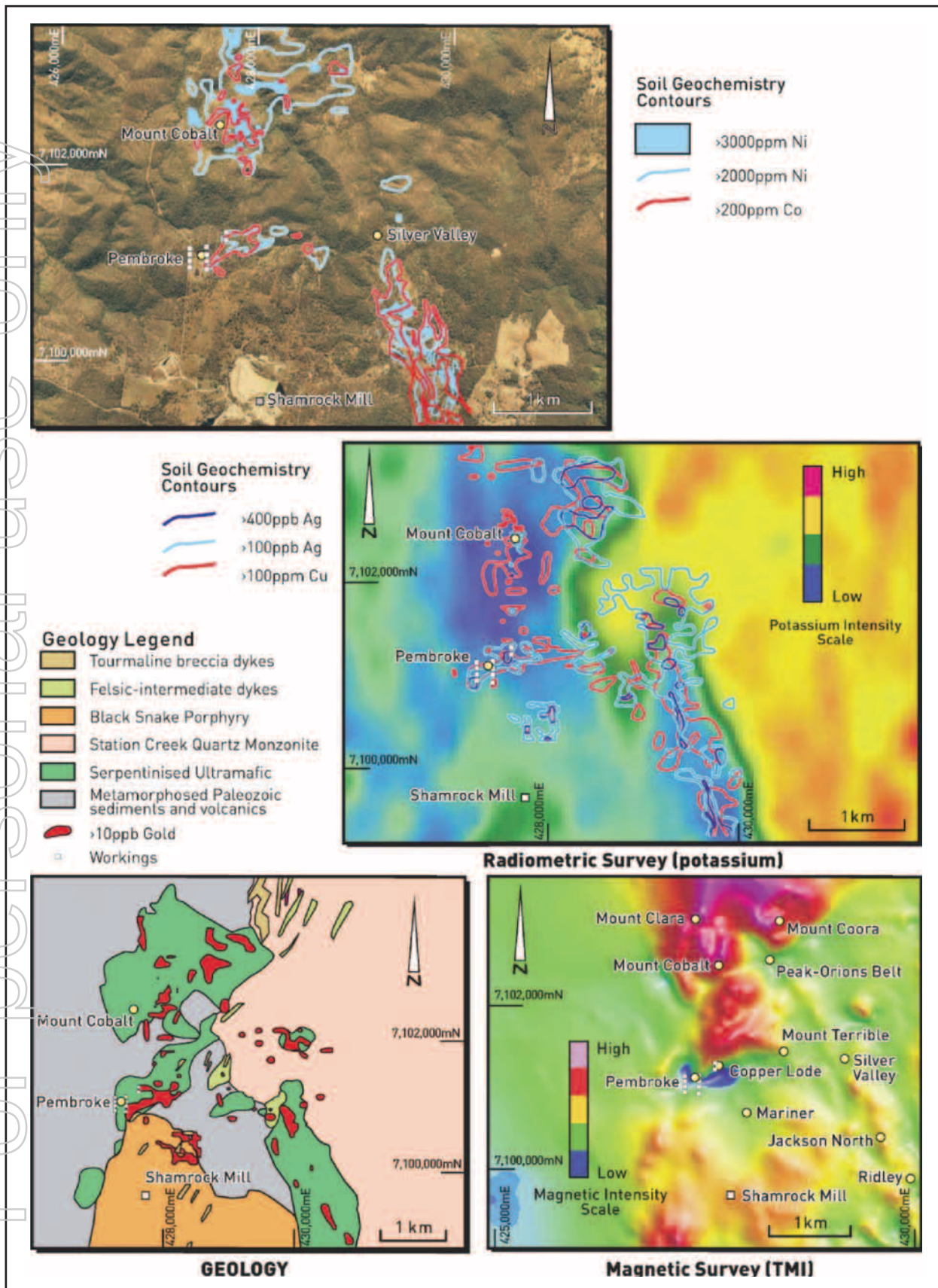


Figure 6-3: Black Snake prospects – soil anomalies and mineralisation trends overlying aerial photograph of the area, geology, radiometrics and magnetic survey results.



Figure 6-4: View looking north over Mt Cobalt.

6.3 MOUNT COBALT RESULTS

6.3.1 MOUNT COBALT PROSPECT EXPLORATION

A view (Figure 6-4) looking north over the Mt Cobalt prospect area displays the drill tracks and drill pads.

Mapping and sampling on the historic Mt Cobalt mine confirmed a zone of cobalt enrichment within a small shear zone described in old reports with values of up to 6% cobalt and generally over 1% cobalt in an oxidised and weathered serpentinite host. Open spaced chalcedonic epithermal style veining is present. Elevated nickel results are widespread in the serpentinite.

Petrological interpretation of the serpentinite in the Mt Cobalt area suggests a two stage process which has produced a complex mineralogical suite: after the ultrabasic rock was initially serpentinised, it was then metamorphosed (probably by contact metamorphism) to generate antigorite, plus minor tremolitic amphibole. Further deformation produced brecciation, foliation and veining. Late veins contain lizardite and minor chrysotile. The ultramafic precursor rock was probably a harzburgite which is a peridotite composed chiefly of olivine and orthopyroxene. Weathering of the ultrabasic results in the dissolution of almost all carbonate, infill by chalcedonic and crystalline quartz and local deposition, coating and staining by goethite and a little manganese oxide. AusNiCo considers that some of the chalcedonic quartz is the result of hydrothermal activity.

The Mt Cobalt prospect has been drilled and details are recorded in section 11 of the Report.

6.3.2 MOUNT COBALT DRILLING RESULTS

AusNiCo has used surface sampling followed by air core drilling, diamond drilling and percussion drilling to assess the Mt Cobalt Prospect. Drill hole locations are provided in the map view within Figure 6-5.

In 2006, aircore holes COB 1 to COB 4 were drilled to only 40 m depth along the southern margin of the anomalous zone. Initial air core holes COB 1 (30 m grading 0.46% nickel and 0.02% cobalt) and COB 2 (21 m grading 0.42% nickel and 0.02% cobalt) showed that the serpentinite was oxidised to these depths with uniform metal grades. Interestingly these holes were also anomalous in copper (approximately 0.11% copper and up to 0.4g/t gold). This area lies less than 1 km north of the Pembroke prospect and is considered by AusNiCo to have both a genetic and geometric relationship.

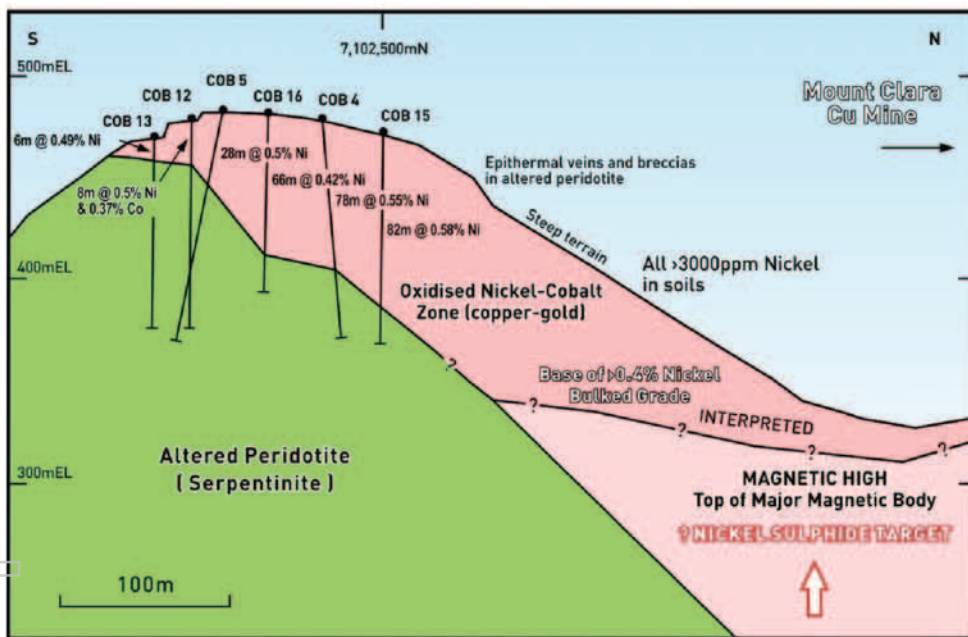
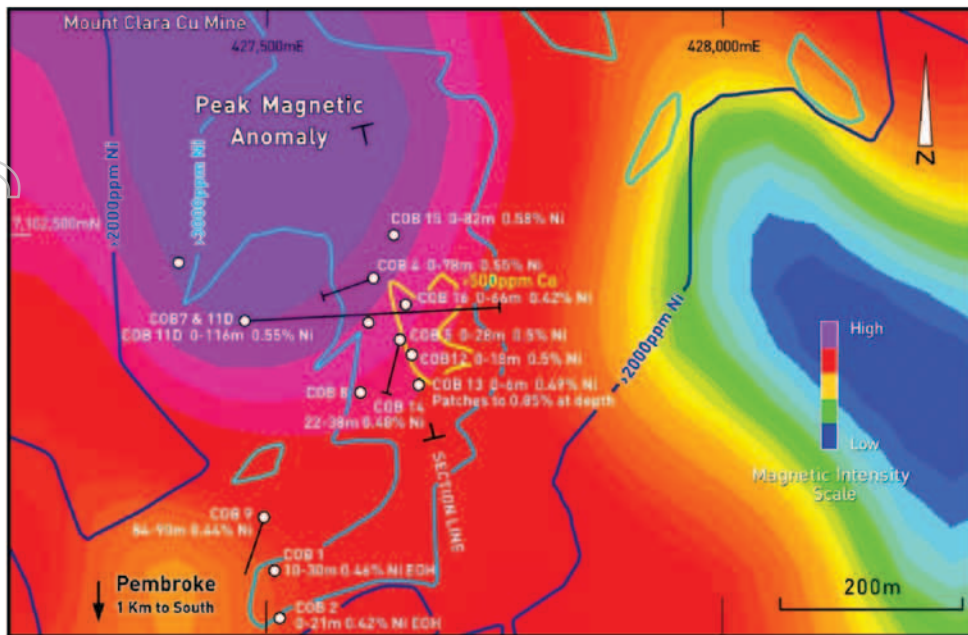


Figure 6-5: Mt Cobalt drill plan and idealised longitudinal section.

The next 6 drill holes COB 5 to COB 10 were reverse circulation drill holes and tested a 400 m square area which had returned rock chip samples above 0.4% nickel. The initial drill results discovered nickel mineralisation at more than 0.5% nickel (plus cobalt) to depths up to at least 115 m. The extent of the mineralisation is unknown and the true width of the mineralisation is unknown. The mineralisation is open in all directions and drilling is required to assess the dimensions of the zone. Phases of diamond (COB 10D and COB 11D) and percussion drilling followed and more are planned.

In 2007, COB 10D was drilled at an angle of 60 degrees beneath wide intercepts of 0.5% nickel which were encountered in the 2006 drilling campaign. Minor sulphides including pyrrhotite, chalcopyrite and pentlandite were visible below 240 m, as far as the end of the hole at 600 m. AusNiCo geologists have interpreted the style of mineralisation in the hole to change with depth – from epithermal breccias to quartz carbonate sulphide, and then to skarn style. This suggests an igneous intrusive is being approached. This alteration style is consistent with the historical reports of mineralised granodiorite being present in basal workings at the Mt Clara copper workings to the north.

COB 11D was drilled vertically to a depth of 188.4 m. Weathered/altered ultramafic was encountered from the surface down to approx 140 m and included clay rich intersections with epithermal quartz veining and chalcedony rich sections. COB 11D intersected 96 m from surface grading 0.59% nickel and 0.03% cobalt.

Conclusions from the deeper drilling are that epithermal alteration and sulphidation have produced a thick oxidised zone beneath which sulphide mineralisation is expected. This is deepening to the north (see Figure 6-5 longitudinal view). Future drilling will systematically follow the trends observed in previous holes and test the magnetic feature to the north which might be caused by magnetite alteration associated with sulphide mineralisation similar to the Avebury style of mineralisation.

Mt Cobalt project comprises over 100 m vertical thickness of nickel oxide mineralisation extending from the surface. It is generally low-iron and exceeds 0.4% nickel and approximately 0.02% cobalt. However, the extent of the nickel mineralisation is unknown and the true width of the mineralisation is unknown. Drilling is required to assess the dimensions of the zone.

It is also noted that there are higher values of copper up to and greater than 1% copper which tend to surround or occur at the margins of the higher grade nickel zones. There is very little silver recorded at Mt Cobalt. Further studies are required to assess if there is association between copper and nickel. Table 6-1 highlights the better analytical results of COB 1 to COB 16 drill holes.

6.4 MINERAL PROCESSING AND METALLURGICAL TESTING

AusNiCo have carried out very limited testwork on four samples from drill core at Mt Cobalt at the HRLtesting Pty Limited laboratory ("HRL") in Brisbane in order to test the leaching characteristics of the altered, nickel mineralised zone. HRL is not a quality accredited organisation but are listed as a research agency for the purposes of government finding/research grants. HRL are a wholly owned subsidiary of Core Resources Pty Limited.

At this stage of the Mt Cobalt exploration programme, there have been no resources delineated. As such, the testwork represents initial findings which may or may not be useful if any resources are finally delineated.

Alistair Barton and IMC are not qualified persons with regards to metallurgical testwork. The comments below (sections 6.4.1, 6.4.2 and 6.4.3) are from Mr Alan Riles report. Mr Riles is a professional metallurgical engineer, with over 30 years international management experience in the resources industry.

6.4.1 OXIDE NICKEL MINERALISATION AND METALLURGY

At Mt Cobalt nickel mineralisation is contained in green and brown nontronite clays. This material is best developed in the clay phase of a well developed trend zone comprising epithermal breccias overlying successive zones of quartz carbonate, sulphides and skarns.

Hole ID	Easting	Northing	Elevation	Azimuth	Angle (degrees)	Depth (m)	From (m)
COB 1	427510	7102199	537	vertical	90	30	0
COB 2	427514	7102157	527	vertical	90	21	0
COB 4	427617	7102461	516	270	60	115	0
COB 5	427646	7102406	511	200	60	115	0
COB 7	427477	7102424	487	76	60	115	4
COB 8	427547	7102362	511	vertical	90	85	0
COB 9	427497	7102247	532	189	60	115	84
COB 10 D	427475	7102423	487	75	60	600	172
COB11 D	427612	7102422	506	vertical	90	189	0
COB 12	427660	7102393	496	vertical	90	95	0
COB 13	427666	7102366	483	vertical	90	100	0
COB 14	427603	7102359	504	vertical	90	100	24
COB 15	427639	7102500	492	vertical	90	100	0
COB 16	427652	7102438	500	vertical	90	71	0

Table 6-1: Mt Cobalt drill intersections above 0.4% cut-off.

Petrological studies and a series of metallurgical tests have been carried out on nickel-cobalt bearing oxide samples from the Mt Cobalt and Black Snake deposits. Head grades of the samples are typically 0.5% to 0.75% nickel and 0.05% cobalt.

Conventional sulphuric acid-leaching tests were performed at HRL in Brisbane with a view to determining potential heap-leachability and acid consumption. In addition some leach tests were carried out using steps in an as yet unproven, proprietary, moderate temperature, atmospheric hydrometallurgical process on both near-surface and deeper material from Mt Cobalt.

The results of the test work were reviewed by Mr Alan Riles of Riles Integrated Resource Management Proprietary Limited.

6.4.2 RESULTS OF PETROLOGICAL STUDIES AND METALLURGICAL TESTS

The key outcome from the petrology studies was that these samples have been subject to hydrothermal alteration and serpentinisation of the host ultramafic rock, followed by varying degrees of weathering, as opposed to the conventional lateritic profile due to weathering alone. Limited information was gleaned on the nickel and cobalt associations.

The conventional HRL work on an early Mt Cobalt grid soil sample and subsequent drill core representing the weathering profile typically yield nickel and cobalt extractions in the 75-80% range in both agitated leach and bottle-roll tests with sulphuric acid and with acid consumptions of around 300-400 kg/tonne. The high acid consumption is largely a function of the significant magnesium dissolution that occurs during leaching. Similar tests on the Black Snake sample (from the Ridley Prospect) gave higher nickel recovery (89%), but lower cobalt recovery (55%), and with a higher acid consumption of 550 kg/tonne.

An alternative ammonium sulphate leach was tried in an attempt to selectively leach nickel over magnesium but very low (approx 10%) nickel and cobalt recoveries were achieved.

A final set of tests on Mt Cobalt and Black Snake samples using a hydrochloric acid leach achieved some variable nickel extractions (70-90% range) but more consistent cobalt extractions (80-90%), and again with acid consumptions of 300-400 kg/tonne.

The proprietary atmospheric hydrometallurgical work (which does not belong to AusNiCo) consisted of an initial water leach to remove any soluble chloride salts, treatment with a reagent followed by a pH adjustment to precipitate iron as a readily filterable haematite.

Nickel and cobalt leach recoveries of 85-90% were obtained and the subsequent iron hydrolysis achieved in excess of 95% iron and chrome removal (plus 50% aluminium rejection) with minimal (1%) nickel and cobalt losses, leaving a filtrate of nickel and cobalt in solution together with substantial amounts of magnesium.

AusNiCo intends to investigate a number of acid recovery processes and the generation in a process pulp of acid from finely ground pyrite and nickel and copper sulphide mineral species. The acid consumption figures are not considered to be prohibitive in this project from the oxide recovery aspect.

To (m)	Width (m)	Ni (%)	Co (%)	Cu (ppm)	Au (ppm)
30	30	0.46	0.02	121	
21	21	0.42	0.02	540	
78	78	0.55	0.017	102	
28	28	0.5	0.019	61	
8	4	0.43		170	
24	24	0.34	0.02	15	
90	6	0.44		65	
188	16	0.43		NA	
96	96	0.59	0.03		
18	18	0.5	0.37	750	0.25
6	6	0.49		900	
38	16	0.48		60	
98	98	0.55		73	
66	66	0.42		106	

6.4.3 CONCLUSIONS

From the HRL work, one can conclude that the oxide samples tested are potentially heap-leachable at acceptable recoveries with sulphuric acid but at a relatively high acid consumption. Further work on column testing is recommended to confirm heap leach variables such as kinetics, agglomeration requirements and heap permeability.

The proprietary hydrometallurgical test work has reported even higher nickel and cobalt extractions than the HRL work.

6.5 PEMBROKE PROSPECT RESULTS

6.5.1 PEMBROKE PROSPECT EXPLORATION

The historic Pembroke mine workings occur at the northern contact of the Black Snake Porphyry and serpentinite and metasediments and are associated with an intense magnetic low. A pebbly fragmental serpentinite zone containing narrow but widespread gold- and copper-bearing quartz veins crops out. Rock chip sampling returned assays up to 13.8 ppm gold and 1.68 % copper and a composite grab sample collected in 2004 assayed 29 ppm gold.

The serpentine at Pembroke prospect is a carbonate-rich, matrix-supported breccia containing amphibole, carbonate, chlorite-sericite-talc and tourmaline-talc-quartz material. It is considered to be an intensely metasomatically altered tectonic breccia, perhaps with some ultramafic components. Minor disseminated sulphides (probably copper-bearing sulphides) have been replaced by goethite in weathering processes. Impregnating masses of malachite and azurite are also a consequence of the weathering of copper-bearing sulphides. This tectonic breccia is considered to be a favourable structure to host mineralisation.

Subsequent soil and rock chip sampling results outlined an arcuate northeast trending copper-gold anomaly coincident with elevated nickel and cobalt soil sample assays and isolated elevated PGM values within serpentinite (see Figure 6-6).

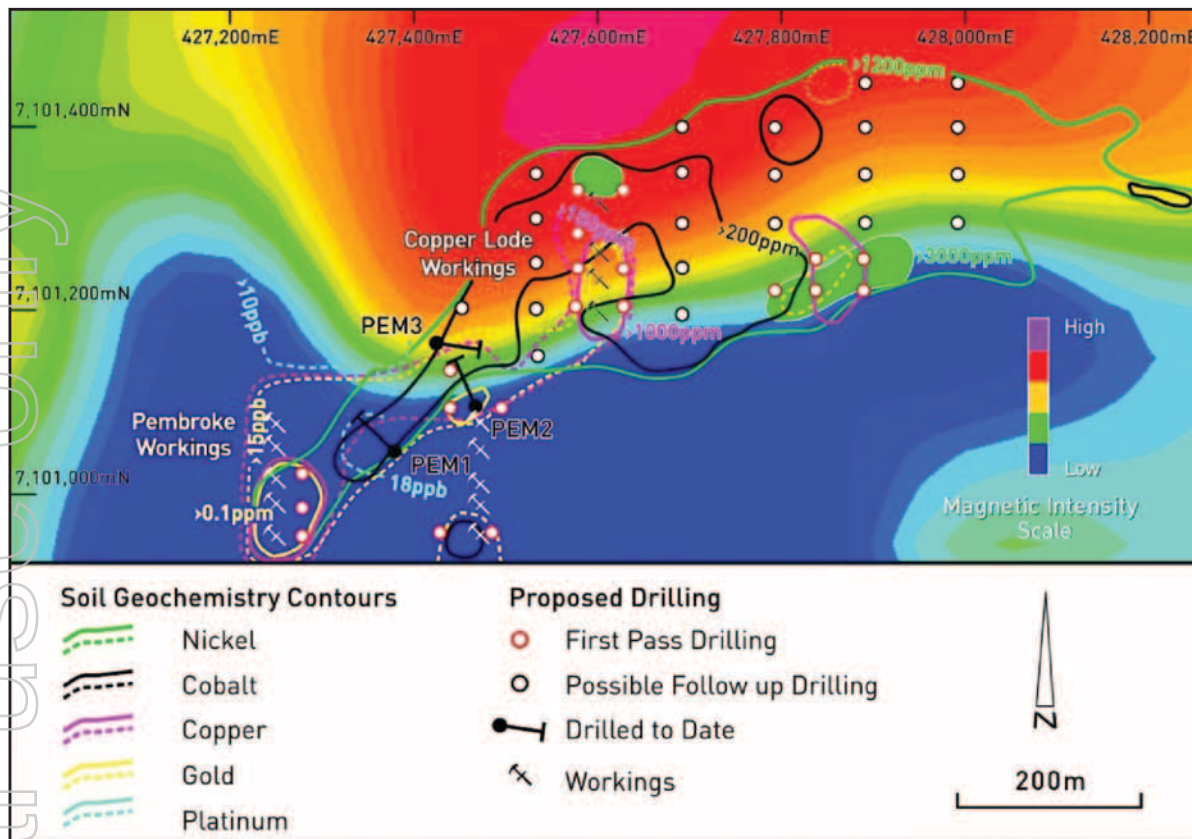


Figure 6-6: Pembroke prospect – soil geochemical (gold-copper-nickel-cobalt-PGE) contours on magnetic imagery.

6.5.3 PEMBROKE PROSPECT DRILLING RESULTS

In June 2008, AusNiCo announced that drillhole PEM 2 at Pembroke intersected a copper-gold zone of 20 m averaging 0.48% copper, 1.5 g/t gold at 8 m down-hole. At 32 m down-hole, a 50 m-wide zone of low-grade nickel sulphide mineralisation was transected, within which 4.2 m of fresh primary nickel sulphides grading 1.1% nickel and 525 ppm (0.05%) cobalt was intersected from 58 m down hole (Table 6-2).

Angled drill holes PEM 1 and PEM 3 were sited ~100 m west and ~50 m north of PEM 2 (see Figure 6-6). PEM 1 was drilled to 96m and intersected sepiotinitic rocks which analysed between 1000 ppm and 2000 ppm throughout. The top 8 m of the hole contained anomalous cobalt and copper. PEM 3, drilled to 79 m, was geologically similar and intersected anomalous copper (to 546 ppm), cobalt (to 180 ppm) and nickel (to 5480 ppm) in the bottom 24 m of the hole.

Follow up drilling is planned immediately. The true width is unknown at this point in time and drilling will assist in defining the extent of the mineralised zone.

Drillhole	Bearing	Dip	From -To	Length	Cu %	Au ppm	Ni %	Co %
PEM2	340	60	8 - 28	20	0.48%	1.5		
			32 - 82	50			0.34	
			58 – 62.2	4.2		0.1	1.1	0.05

Table 6-2: Drill results from pembroke prospect.

6.6 SILVER VALLEY PROSPECT RESULTS

6.6.1 SILVER VALLEY PROSPECT SURFACE EXPLORATION.

A sheared serpentinite outcrop contains a quartz-veined gossanous zone striking 130-145° and dipping to east. It extends for approximately 100 m and varies from 2 to 5 m in width. Small workings, possibly a collapsed shaft, occur at the South East end of the gossan outcrop. Several smaller gossanous outcrops occur within serpentinite to the south of Silver Gully along the same ridge and appear to form an en-echelon structure with the other mineralised shear zones (pers. comm. N Wilkins, Sep 09). Rock chip samples from the gossan assayed up to 5.71 ppm gold, 261 ppm silver and 1.44% lead. Gossans are traceable over 250 m. A typical outcrop of gossan is displayed in Figure 6-7.

6.6.2 SILVER VALLEY PROSPECT DRILLING RESULTS

In May 2008, the first drill hole at Silver Valley Prospect (SG1) intersected 14 m at a grade of 1.2% copper and 87 g/t (2.8 ounces per tonne) silver. This included 8 m grading 1.5% copper and 107 g/t silver. SG1 is an RC drill hole. The true width is unknown.

This intersection is in primary sulphide mineralisation without signs of supergene enrichment (see Figure 6-8).

New prospects identified nearby are Mt Terrible, 500 m west of Silver Valley and Humble Pie, 700 m to the north of Silver Valley.



Figure 6-7: Picture of outcropping gossan on the track to drill hole SG1.



Figure 6-8: Washed chip sample from the richer copper intersection in SG1 at Silver Valley (the larger chips are up 2 cm across).

6.7 THE PEAK, ORIONS BELT AND MOUNT TERRIBLE PROSPECTS

The Mt Terrible workings are briefly described in the GSO Mineral Occurrences data sheets as consisting of underground workings, shafts and adits, pits and trenches. Production figures are unknown. Mineralisation occurs in the form of sulphides, chalcopryrite, native silver, silver oxides and covellite (gold-silver-copper-lead) and is associated with a mineralised feldspar porphyry intrusive along the western contact of the Station Creek Quartz Monzonite and metamorphics. Minor disseminated sulphides occur in the adjacent monzonite, metasediments and hornfels.

The main trend of mineralisation appears to strike 010° to 045°, possibly dipping to the west. This is sympathetic with the strike of surrounding gossanous quartz-tourmaline-pyrite veins.

A large aplite dyke immediately east of the Mt Terrible Creek forms a ridge roughly parallel to the contact that continues east South East for approximately 500 m and is coincident with a north northwest striking magnetic lineament. The top of the ridge contains epithermal quartz veining and brecciation.

Rock chip samples assayed up to 10.25 ppm gold, 242 ppm silver, 1.5% lead and 1.35% copper. A soil sampling grid over the greater Mt Terrible area initially revealed several areas anomalous in gold, silver and base metals, including a nickel zone. RC percussion drill testing has been limited to the copper-gold and silver zones.

At Orions Belt and The Peak, the development of mineralised shears, stockworks, complex vein systems and disseminated mineralisation extends over a 100 m by 800 m zone. AusNiCo is searching for a bulk target, with copper gold and silver the main metals of interest. Geologically this area is similar to the Silver Valley area where the serpentinite is in contact with the Station Creek Quartz Monzonite. Mineralisation of this style is also a valid target over the top of unexposed granitic and porphyritic intrusions in the area such as may be present under Mt Cobalt – Mt Clara.

6.8 LATERITIC NICKEL – COBALT DEPOSITS – RIDLEY AND JACKSON NORTH DEPOSITS

6.8.1 SURFACE

In the 1960s and 1970s, the Queensland Geological Survey investigated a surficial deposit which was given the name Ridley's Prospect. A nickeliferous "red earth residual" (laterite) occupying an area of some 81,022 m² and having a maximum depth of 32.94 m was drilled on a grid with a proline bucket type auger. The red earth was interpreted to be derived from serpentinite intruded by apophyses of adamellite-rocks which by differential weathering are considered to have controlled the sites of nickel enrichment. Nickel values ranging from 1% to 2.9% were encountered in 99.43 m of a total 443.47 m. Mt Cobalt lies approximately 3.6 km northwest of Ridley Prospect. Cobalt content of the parent serpentinite is 160 ppm and of the adamellite 38 ppm. Serpentinite rocks range from 900 ppm to 16,000 ppm (average ~2,900 ppm) nickel and 75 ppm to 400 ppm (average ~130 ppm) cobalt (Davis, 2008).

Another deposit named Jackson North occurs 300 m northwest of Ridley's and possibly the two are connected (see Figure 6-9 below).

An inspection by the author of RC drill hole BLA 2 drilled at Ridley's indicates the weathered nickel-cobalt mineralised weathered material is probably a standard laterite nickel profile rather than a Mt Cobalt style altered zone. The author did not inspect the Jackson North deposit but assumes the deposit material is also a standard nickel laterite. AusNiCo consider that there may be a hydrothermal altered (oxidized) zone which is weathered as part of these deposits. Although the drilled sections of the Jackson North and Ridley prospects are laterites and possibly weathered hydrothermally altered material, the underlying serpentinites have potential for disseminated sulphide nickel-cobalt mineralisation and hydrothermal clay/silica alteration nickel styles of mineralisation.

6.8.2 RIDLEY AND JACKSON NORTH DRILLING

The drilling associated with the resources (Queensland Government) used an auger process. A total of 47 drill holes were drilled for a total of 434.3 m with an average drill depth of 9.2 m and the deepest hole is 33.5 m. 1066 samples were taken (Levy, 2004).

The 2006 drill programme was completed using RC drilling and air core drilling. A total of five holes were drilled by RC (six if a repeat precollar hole is included) for a total of 337 m with an average hole depth of 67 m with all drill holes drilled at 60 degree dips. 166 drill samples were taken and analysed for gold, silver, copper, lead, zinc, nickel, cobalt, chromium, bismuth, arsenic, stibium, and sulphur. The best results included BLA-2 where an intercept of 14 m from 6 m depth recorded 1.87% nickel and 0.08% cobalt and hole BLA-3b where an intercept of 14 m from surface recorded 1.15% nickel and 0.07%

cobalt. Drill hole collars are highlighted in Figure 6-9 but drill hole numbers are not recorded in the figure. The mineralisation intersected is part of a laterite nickel profile and therefore the true widths will be approximately 15% less than the recorded intercepts.

The air core drilling programme totalled 1053 m from 71 drill holes (average 14.8 m).

The highest grade result was from BSN-A3 where a 14 m interval from surface averaged 1.12% nickel and 0.1% cobalt. Most of the holes failed to record reasonable grades of mineralisation. The mineralisation intersected is part of a laterite nickel profile and therefore the vertical hole drill hole intercepts will represent true widths in most instances.

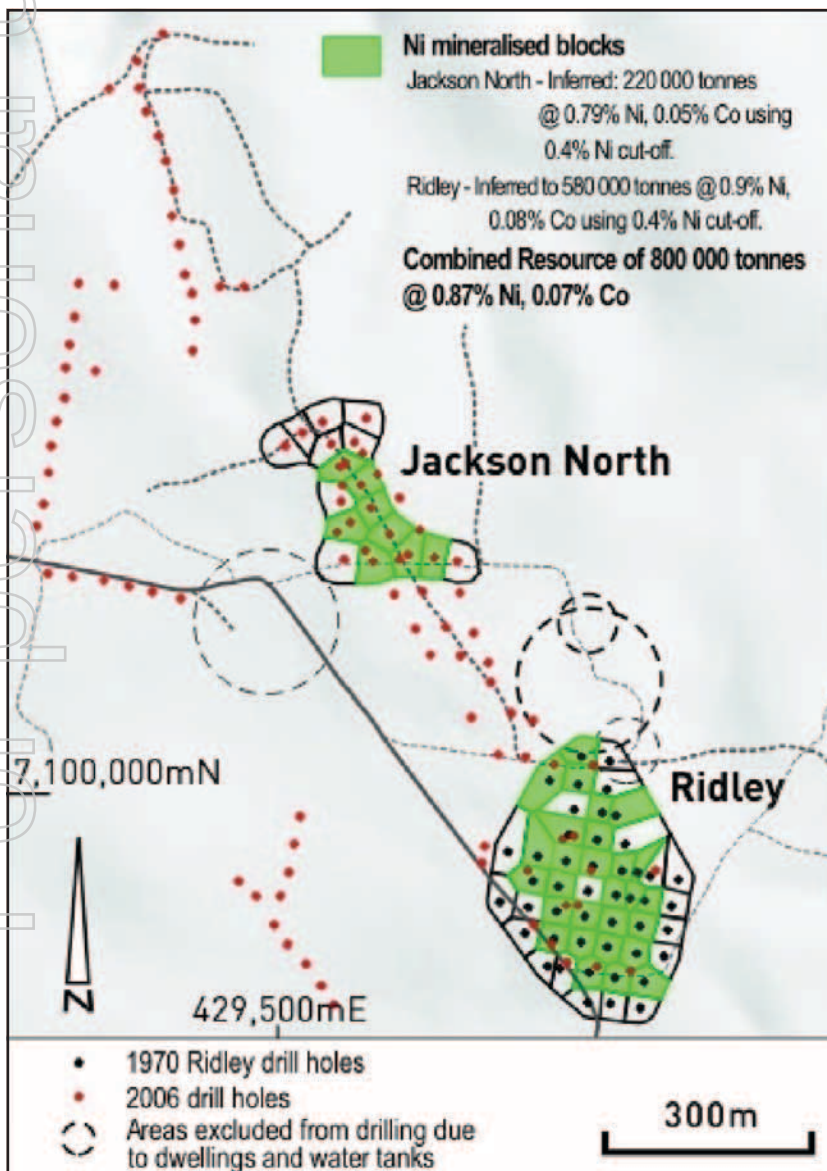


Figure 6-9: Laterite and Oxide historical resources at Ridley and Jackson North prospects.

6.8.3 RIDLEY'S AND NORTH JACKSON HISTORICAL RESOURCE ESTIMATES

The only resource estimates within the project area are on the small laterite nickel deposits of Ridley's prospect and the North Jackson prospect (see Figure 6-9). Many of the 47 government drill holes were still in mineralisation at the end of the hole and the drill coverage did not reach the full east-trending width of the nickel belt.

Levy (2004) initially estimated a JORC compliant resource of 129,000 tonnes grading 0.95% nickel and 0.08% cobalt using the drilling data from Ridley's.

Marinelli (2004) also estimated a JORC compliant Indicated and Inferred Resource over the Ridley's Prospect and arrived at a 129,732 tonnes deposit grading 0.95% nickel, and 0.082% cobalt.

At a later date AusNiCo and Davis (2008) using the 2006 AusNiCo drill results, estimated a JORC compliant Inferred tonnage of 580,000 tonnes grading 0.9% nickel and 0.08% cobalt at Ridleys and an Inferred 220,000 tonnes grading 0.8% nickel and 0.05% cobalt at Jacksons North using a 0.4% nickel cut-off.

During the last few years there has been increasing pressure and awareness to place more emphasis on the definition of resources under the term "reasonable prospects for eventual economic extraction" (Clause 19, JORC Code, 2004).

The resource is a typical laterite nickel resource (not a hydrothermal oxide type) and displays the following size constraints:

- The resource is very small when compared with economic laterite nickel projects;
- Exploration in the region has failed to discover major outcropping areas of laterite nickel resources and because the deposits are visually obvious, there is little potential to discover the necessary resources;
- Although there are other minor laterite nickel occurrences in the region, they are very small and widely scattered, making it impossible to get the required tonnage and logistics dynamics required to make a viable deposit; and also
- Data quality is insufficient for reliable resource estimation: poor survey control, the auger drilling technique and the lack of detail on the sample preparation and analytical techniques.

Therefore IMC considers that the Ridley and Jackson North Resource does not qualify as a JORC Code resource estimate because it does not pass the test of "reasonable prospects for economic extraction". However, the potential to be classed as a future resource remains if further hydrothermal oxide alteration deposits can be discovered.

Potential for disseminated sulphide nickel mineralised zones and hydrothermally altered nickel mineralisation still exists below the laterite mineralisation and in the ultrabasics in the Ridley's and Jackson North area.

6.9 WIDGEE PROSPECT

A few small historic copper, silver, nickel (minor gold) mines are clustered close together in the far northern portion of the EPM on Widgee Mountain; these include Green Rock (silver, lead, zinc, copper and minor gold), Pooleys/McCarthy's Mine (copper, nickel and minor gold), and Millaleys copper prospect (copper).

AusNiCo is investigating large zones of magnetite–chromite–pentlandite disseminations, epithermal breccias, and porphyry related copper–nickel skarns such as at the McCarthy's mine.

Previous explorers have included Planet Metals, Nickel Mines, Otter Exploration/Allstate Exploration Limited, Valdora, RGC Exploration, David Mitchell-Melcan Pty Limited, CSR and CRAE.

AusNiCo exploration activities have included a 100 m spaced helicopter supported EM survey (VTEM) over the Widgee mountain area and its environs, followed by detailed stream sediment and soil geochemical surveys over the EM conductors. Soil grids produced nickel, cobalt and platinum anomalous zones over the EM conductors (see Figure 6-10 below). The > 2000 ppm nickel zones have combined strike lengths of in excess of 3 km and widths of up to 200 m. Anomalous gold values of 163 ppb and 64 ppb occur in stream sediment samples in the southwest of EPM 16985. Slightly elevated platinum values (2.3 – 3 ppb) occur in stream sediment samples in the extreme southwest of EPM 16985 (J Roiko, EPM 16985, Annual Report, 2010).

One of the weaker northern anomalies has been tested by drilling and was found to be caused by a very large volume of weakly mineralised serpentinite assaying about 1800 ppm nickel overall.

6.10 TEWOO PROSPECT

In the south of the Widgee EPM, previous exploration, mainly by CSR and CRAE, outlined a series of gold and nickel anomalous streams in an area of approximately 20 km² at the headwaters of Barambah and Widgee Creeks. The prospect is located in Mt Mia Serpentine and bounded to the west and south by Triassic Neara Volcanics and North Arm Volcanics. The serpentinite has been intruded by a number of diorite stocks. CSR and CRAE demonstrated that the strong gold and nickel anomalism in stream sediment and detailed soil and rock chip sampling was associated with strongly altered lithology.

AusNiCo sees nickel potential within an area of northwest trending magnetic features that are shedding anomalous nickel with stream sediment values up to 1800 ppm nickel.

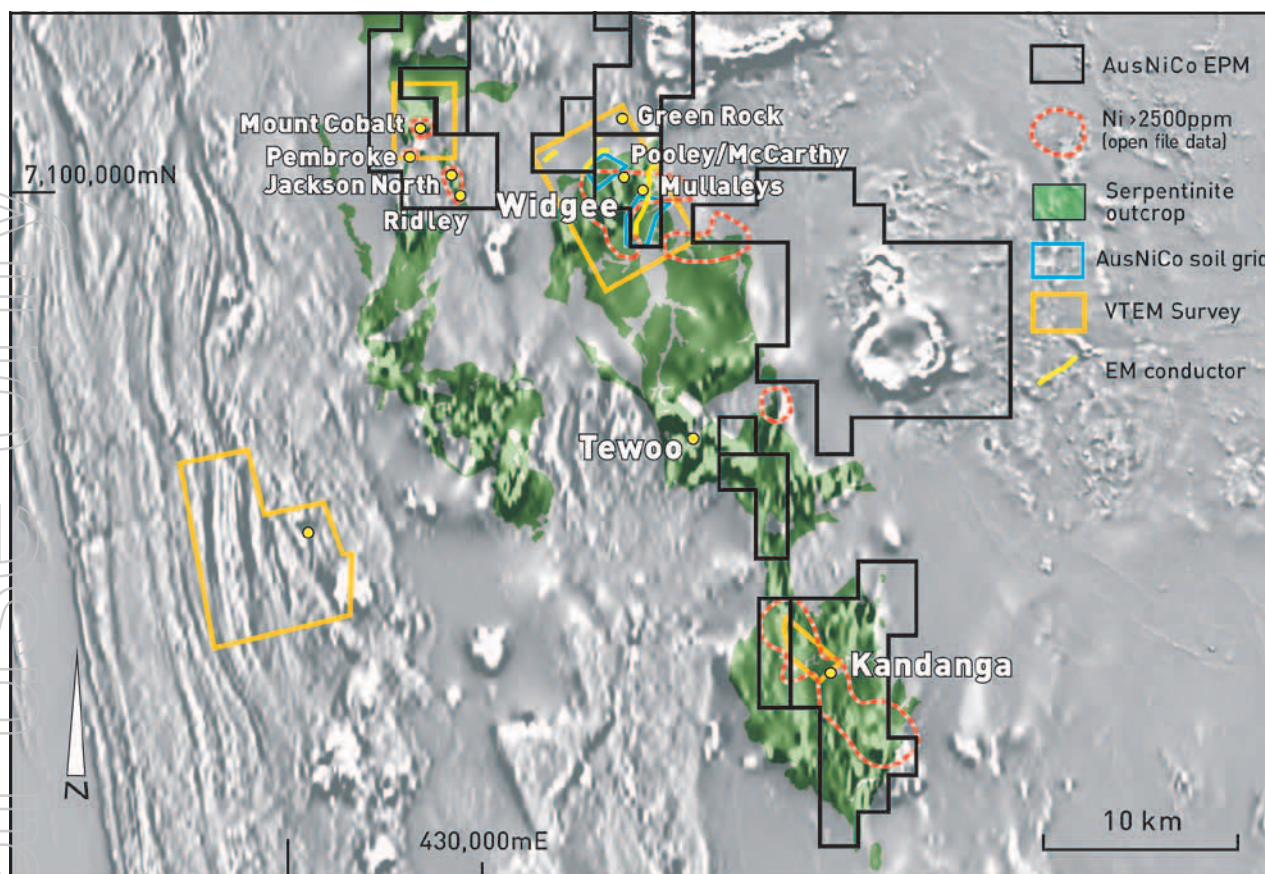


Figure 6-10: Anomalous zones at Widgee, Teewoo and Kandanga Creek plotted on 1VD magnetic survey imagery.

6.11 KANDANGA CREEK PROSPECT

During 1971, this area was explored by Nickel Mines for nickel and platinum with widely spaced reconnaissance sampling. Around Kandanga Creek, Nickel Mines recorded platinum values up to 4 g/t. Recently in 2007, AusNiCo stream sediment sampling has verified the existence of platinum (maximum 25 ppb) and palladium (maximum 18 ppb) anomalies and has detected other metals: nickel, chrome, arsenic, bismuth, gold and tellurium; draining a 16 km belt.

Follow-up work has defined open-ended zones of soil nickel anomalism (>1800 ppm and three times background) related to an altered ultrabasic that has been intruded by small bodies of diorite and granite. The nickel zone is accompanied by a magnetic anomaly, in a setting similar to Mt Cobalt and Pembroke. Reconnaissance soil and rock sampling by AusNiCo has recorded nickel values up to 0.35%.

AusNiCo believes there is potential for platinum and nickel mineralisation at Kandanga Creek.

A work program of further geochemistry has been planned at Kandanga Creek. The results will be used as a guide to a first pass drilling campaign.

6.12 MOOROOREERAI PROSPECT

The Moorooreerai EPM area lies adjacent to and east of the Kandanga and Widgee nickel prospects and contains a large circular magnetic complex about 5 km in diameter caused by a strongly magnetic gabbro/dolerite zoned intrusive (see Figure 6 10). Previous explorers (CRAE) have detected widespread gold anomalism in pan concentrate stream sediment samples and BCL samples (maximum 12 ppb) from streams draining the gabbro. Much sparser sampling well downstream has detected platinum anomalism (up to 85 ppb in pan concentrates) as well.

AusNiCo plans to more fully evaluate the nickel, gold and platinum potential of the gabbro by means of an initial programme of mapping and sampling.

7 THE MUNDUBBERA-MONTO-THEODORE AREA EXPLORATION

7.1 EPM 15457

The acquisition of this area was firstly to examine the nickel potential of the unmapped ultrabasic rocks that had been seen in the area, and also to examine the possibility that the Yarrol gold deposits extended into the EPM.

The ultrabasic rocks have proven to be quite extensive, and relate well to the magnetic high trending along the west side of the Yarrol thrust. The ultrabasics do not extend into the laterite profile which is developed in southern parts of the EPM. There appear to be hydrothermal alteration zones developed

as jasperoid and skarn which could host contact nickel deposits similar to those at Kilkivan and Avebury, Tasmania.

The geology of the EPM is similar to the Kilkivan–Black Snake belt, reinforcing the view that the Yarrol thrust is an offset continuation of the Mt Clara fault. This geology is also seen as prospective for gold. Quartz monzonite/granite dykes intrude the western contact of the ultrabasic rocks with calcareous sediments, creating skarn breccias, serpentinite and jasperoid. Additionally, there are quartz carbonate vein systems, and pyritic diorites. The more granitic intrusives have a close association with gold in this area, particularly along a minor transfer structure that trends through the Yarrol deposits (Grayson, R., 2009). Figure 7-1 below displays the geology.

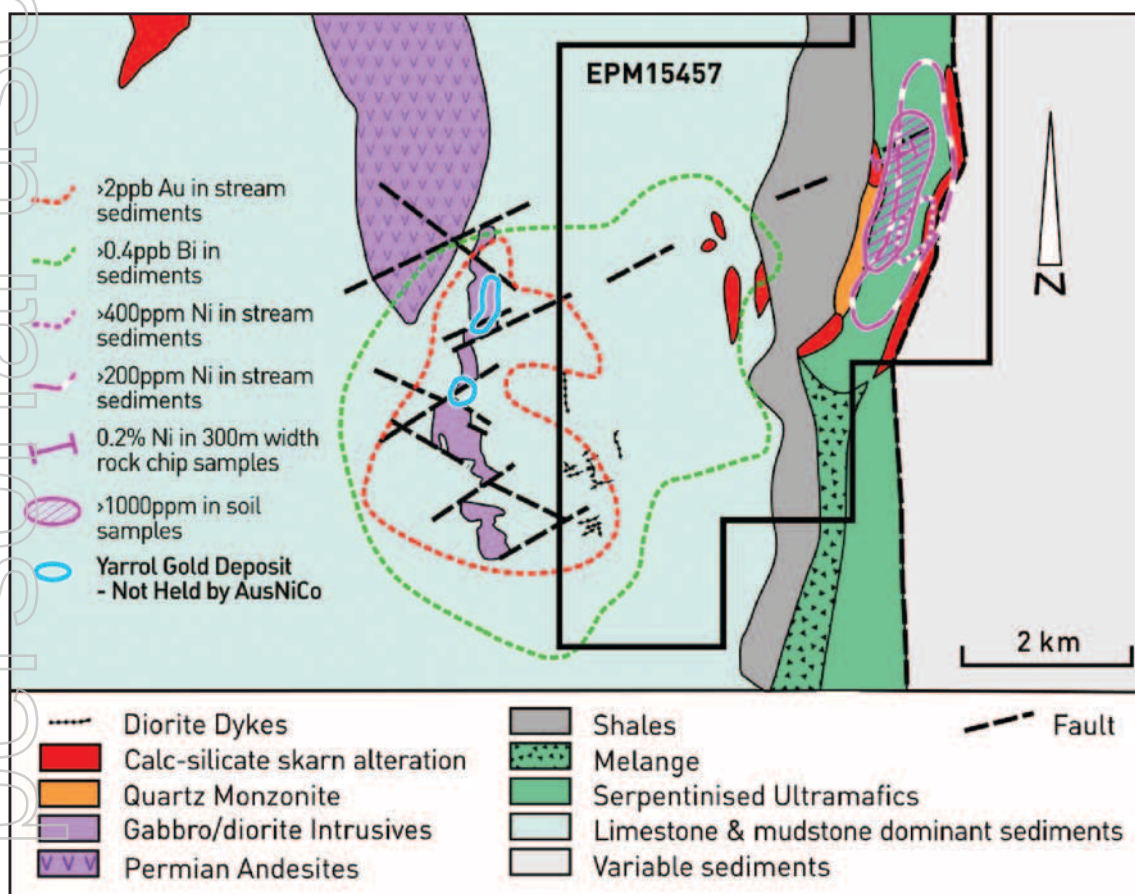


Figure 7-1: Nickel soil sampling anomalies at EPM 15457.

At Yarrol the gold mineralisation is fairly subtle in appearance, occurring in low outcrops with little sulphides, but often intense bleaching due to albitisation. A blind zone of breccia with sodic calcic skarn and quartz monzonite clasts lies very close to the EPM boundary. This was never closed off, and returned about 28 m grading 0.7 g/t gold.

The new porphyry and breccias to the northeast of Yarrol have only minor bleaching, but exhibit strong brecciation and calc silicate alteration. The granite body lying to the South East near Ah Gooley Waterhole is of uncertain origin as it is highly fractured and more equigranular, and therefore could be a possible tectonically emplaced unit (Grayson, 2008).

Previous company work had outlined gold anomalism extending into this area. Since AusNiCo have taken up the EPM, rock chip sampling, stream sampling and soil sampling have been carried out. Rock chip and stream samples have been carried out for gold, silver, arsenic, bismuth, cobalt, copper, lead, zinc, molybdenum and nickel. Soil samples have also been analysed for tellurium.

Drilling is planned to test the anomalous areas.

7.2 EPM 16077 AND 17818 AND EPMA 17817

7.2.1 EPM 16077

EPM 16077 is located south of Mundubbera and now consists of two non-contiguous blocks following relinquishment. The EPM lies along a narrow belt of intermittently outcropping basic and ultrabasic rocks extending from south of the Boyne River north to Cannindah Creek. The southern part of the EPM contains basic and ultrabasic intrusives known to be prospective for nickel, chromium and platinum. Magnetic anomalies associated with these ultrabasics continue north beneath cover sequences and lateritic terrain and small outcrops of ultrabasics occur in the northern part of the EPM.

PREVIOUS WORK SUMMARY

The EPM area was covered by part of a Noble Resources ATP (4364) which was exploring layered gabbro complexes including the Wateranga, Goondicum and Hawkwood and Mimosa Gabbros, for PGM in South East Queensland. Disappointing results from their work on the Wateranga and Goondicum Complexes led Noble Resources to relinquish these EPM's without ever thoroughly investigating the Mimosa area. A reconnaissance sample collected from the Mimosa chromite occurrence by Noble Resources assayed 36% chromium and 27% iron oxide (FeO), indicating a low chrome-iron (Cr:Fe) ratio, while a bulked sample returned 13.09% chromium.

There is no record of previous systematic exploration within the EPM area.

AUSNICO EXPLORATION

An initial reconnaissance stream sediment sampling program was conducted to identify drainages anomalous in gold, platinum, palladium, chromium, nickel and copper. Several anomalous drainages in the northernmost and southernmost parts of the EPM were revealed and were followed up with more detailed stream sampling. Two main areas of interest (Boyne North and Boyne South), were identified and further investigated. This is shown in Figure 7-2.

At Boyne North the EPM, stream sediment sampling identified an area anomalous in gold, copper, nickel, chromium and platinum. Wide spaced soil sampling was subsequently conducted over a small area of poorly outcropping serpentinised ultrabasic rocks which disappears under cover to the north but is interpreted to continue below the cover sequence based on magnetic images. A gold-platinum and nickel soil anomaly was identified in an area of very poorly outcropping limestone, gabbro and ultrabasic rocks. Maximum soil gold values were 119 ppb, while maximum PGM values were >19 ppb and copper values reached 482 ppm. Maximum nickel and chromium soil values were 1680 and 1300 ppm respectively.

A follow-up soil sampling programme over the anomalous areas identified anomalous PGM values to 28.8 ppb associated with a small body of serpentinite (J Roiko, EPM 16077 Annual Report, 2010).

In the Boyne South area several small outcrops of Devonian peridotite, gabbro, diorite, tonalite and granodiorite intrude Devonian metasediments and volcanics at the Mimosa Chromite occurrence. The Devonian basement rocks occur within a fault wedge between the Mimosa Fault to the east and Mundubbera Fault to the west. Permian to Triassic felsic to mafic intrusives also outcrop in the area along a northeast-trending axis.

Reconnaissance stream sediment sampling located several anomalous drainage areas in this area which were also subsequently followed up with wide spaced soil sampling, rock chip sampling and mapping which identified a chrome, nickel and platinum anomaly with an approximate strike of 4 km. Rock chip samples taken of the chromitite returned a maximum of 7120 ppm chromium which is significantly less than results from previous work. This may be a reflection of the assay method used. The maximum nickel rock chip value was 2550 ppm. Platinum and palladium values were slightly elevated in rock chip samples with maximum values of 19.6 and 23 ppb platinum and palladium respectively.

Mineralisation is poorly outcropping but is marked at the southern extent by an area of massive chromitite boulders and rubble, over an area of approximately 400 m by 200 m containing several shallow pits surrounded by poorly exposed serpentinised peridotite, gabbro and granodiorite.

Further closer spaced soil sampling is being conducted in the northern and southern areas of interest to further define the soil anomalies and imply the structural trend of the mineralisation. More detailed mapping is required at both prospects to determine the nature of the basic and ultrabasic intrusives.

7.2.2 EPM 17818

EPM 17818 follows the same line of geology to the south. No work has been completed on this EPM.

7.2.3 EPMA 17817

No work has been conducted by AusNiCo on this exploration permit and none will be carried out until the EPM is granted.

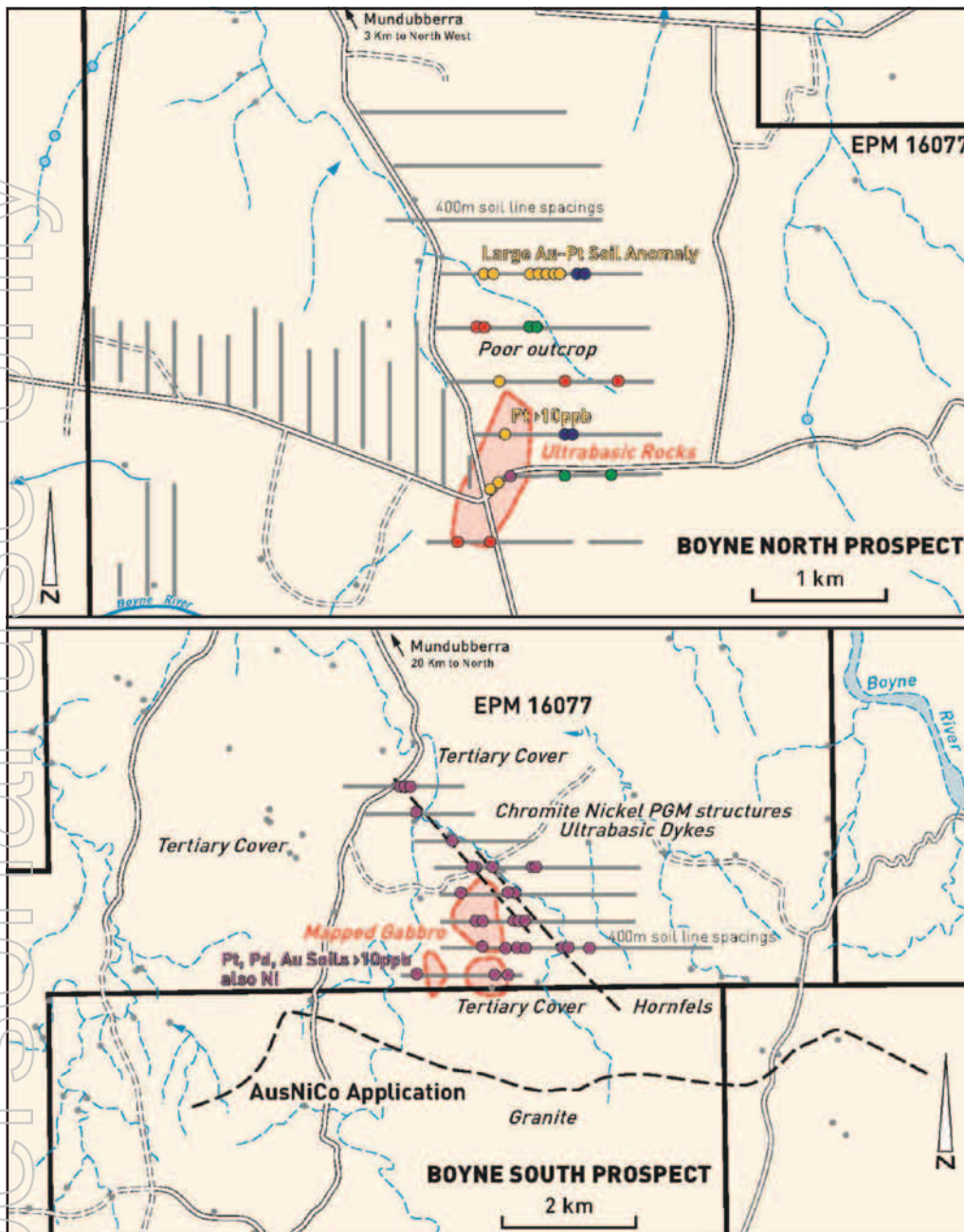


Figure 7-2: Stream sediment sampling at the Boyne prospect.

8 THE MARLBOROUGH AREA EXPLORATION

8.1 EPM 17721

An initial soil sampling programme has been conducted over the eastern section of the EPM over mapped serpentinites. The soil sampling was conducted on 200 m to 400 m spaced lines. The following results were reported:

- Elevated nickel and chromium values were returned from soils in the eastern sector of the northern grid and from the South Eastern section of the southern grid;
- Sporadic, anomalous gold values up to 196 ppb in the southern grid; and
- Elevated platinum values to 13.5 ppb platinum associated with magnetic serpentinites in the eastern and southern sectors of both grids (J Roiko, EPM 17721 AR 2010).

8.2 EPM 17722

Due to record rainfalls during the planned field programme, only a few samples were collected. A stream sediment drainage programme is planned for the next field season.

8.3 EPMA 17768

No work will be completed on this tenement until it is granted.

9 GLOSSARY OF TECHNICAL TERMS

Terms not included in the glossary are used in accordance with their definition in the Oxford Dictionary.

Defined Term	Meaning
adamellite	A synonym of quartz monzonite of U.S. usage (i.e. quartz as 10-50% of the felsic minerals, and a plagioclase/total feldspar ratio of 35-65%.
aeromagnetic survey	An airborne geophysical survey method that measures the magnetic intensities of the rock units below.
air-core	A reverse-circulation rotary (non-percussion) method of drilling (normally dry drilling) where the sample is brought to the surface inside the drill rods. The method requires a hollow bit similar to a diamond drill bit.
albite	A sodium aluminium silicate mineral; a common member of the feldspar family of minerals.
alpine-type	High-pressure, low-temperature dynamothermal metamorphism.
alteration	The change in mineral composition of a rock due to hydrothermal activities.
amphibole / amphibolite	Any of a group of rock-forming ferromagnesian silicate minerals commonly found in igneous and metamorphic rocks. / A crystalloblastic metamorphic rock composed mainly of amphibole.
anomaly	Usually soil or rock assay results or geophysical results considered to be higher than the norm.
antigorite	A common lamellar brown to green serpentine mineral.
aplite	Fine grained felsic rocks, usually dykes.
asbolite	A soft, black, earthy mineral aggregate containing hydrated oxides of manganese and cobalt.
basement	rocks that are unconformably beneath younger sediments. Often used to describe the oldest rocks in a particular region.
basin-scale flexing	Flexing or warping the sediments throughout a basin of sediments.
BCL	Bulk cyanide leach - a method for analysing for low levels of gold.
BLEG	Bulk leach, extractable gold – a method for analysing for low levels of gold. (Similar to BCL above).
bravoite	A yellow sulphide ore of nickel (Ni,Fe)S ₂ .
breccia	A rock composed of angular, coarse rock fragments.
calc-alkaline	(calc-alkalic series). Series of igneous rocks in which the weight percentage of silica is 55-61 percent.
chalcedony	A cryptocrystalline variety of quartz.
chalcopyrite	A copper bearing iron sulphide mineral - CuFeS ₂ .
chert	A hard, dense, sedimentary rock composed of fine-grained silica.
chrysoprase	An apple-green variety of chalcedony that contains nickel.
chrysotile	A white, gray, or greenish mineral of the serpentine group or a highly fibrous, silky variety of serpentine.
cobaltite	CoAsS - an important ore mineral of cobalt.
covellite	CuS - a common secondary mineral of copper.
cumulate	Any igneous rock formed by the accumulation of crystals settling out of a magma.
dilatant	Expanding of deformed masses.
diorite	A phaneritic plutonic rock with granular texture composed largely of plagioclase feldspar with smaller amounts of dark coloured minerals.
electromagnetic survey or EM survey	An electromagnetic geophysical exploration technique based on measuring resultant magnetic fields from currents usually artificially induced into the ground. VTEM (Versatile Time-Domain Electromagnetics) a helicopter airborne EM method which uses a slung transmitter loop and a central receiver.

Defined Term	Meaning
epithermal	A hydrothermal mineral deposit formed at a relatively low temperature near the earth's surface, mainly in veins.
fault	A fracture in a rock mass, with the movement of one side past the other.
foliated	Laminated structure in rock.
fore-arc	The area between the trench and the volcanic arc of a subduction zone.
gabbro / gabbroic plugs	A group of dark-coloured, intrusive igneous rocks with granular texture, composed largely of basic plagioclase and clinopyroxene. / an intrusive plug of gabbro.
garnet	A generic name for a group of mineral silicates that are isometric in crystallisation.
granitoid emplacement	Granite type rock emplaced into surrounding rock.
granodiorite	A visibly crystalline plutonic rock composed chiefly of sodic plagioclase, alkali feldspar, quartz and subordinate dark-coloured minerals.
gravity survey	A geophysical survey in which measurements are made of the relative density of the underlying rocks.
greenschist	A schistose metamorphic rock with abundant chlorite, epidote or actinolite present, giving it a green colour.
greenstone	Any altered basic igneous rock which is green to the presence of chlorite, hornblende or epidote.
harzburgite	A peridotite composed chiefly of olivine and orthopyroxene. (i.e. dominant olivine, plus subordinate orthopyroxene and a little chromite).
hematite	Iron oxide mineral (Fe ₂ O ₃).
hydrothermal	Pertaining to heated water, particularly of magmatic origin associated with the formation of mineral deposits or the alteration of rocks.
inlier	An area of outcropping rocks surrounded by rocks of a younger age.
intersection	Term referring to the continuous length of mineralisation or material of interest intersected in a drill-hole.
intrusion	The process of emplacement of magma in pre-existing rock.
1VD	First vertical derivative of geophysical data. An enhancement technique which has the effect of accentuating the shorter wavelength (shallower depth) components at the expense of the longer wavelength (deeper components).
JORC	Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).
laterite	Weathered material composed principally of the oxides of iron, aluminium, titanium and manganese.
lineaments	A straight or gently curved, lengthy topographic feature expressed as depressions or lines of depressions.
lizardite	(Mg ₃ Si ₂ O ₅ (OH) ₄) the most abundant form of the serpentine minerals.
Ma	Geological estimate for million years: 1 Ma equals one million years.
mackinawite	(Fe,Ni)S. A tetragonal nickel iron sulphide mineral.
mafic	A dark coloured rock composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.
magnesite	The mineral form of magnesium carbonate.
magnetic 'low' ('high')	An area of low magnetic expression relative to the surrounding area. Magnetic "high" is the opposite.
magnetite	FeO.Fe ₂ O ₃ a magnetic oxide of iron.
mélange	A rock type comprising a heterogeneous mixture usually formed by tectonic processes.
mesothermal	Of a hydrothermal mineral deposit, formed at great depth at temperatures of 200-300°C.
metamorphic	Descriptive of a rock which has changed its structure and properties due to the effects of heat and/or increased pressure over time.

Defined Term	Meaning
metasediments	Sediments or sedimentary rocks which show evidence of metamorphism.
metasomatic (metasomatism)	A process of partial or complete chemical modification of a body of rock by fluids.
millerite	A nickel mineral (NiS) which resembles pyrite and commonly contains traces of cobalt, copper, and iron.
mineralisation	The introduction of minerals into a rock, resulting in a mineral deposit.
olivine	A mineral (Mg,Fe ₂)SiO ₄ .
ophiolite	A distinctive assemblage of mafic plus ultramafic rocks, generally considered to be fragments of oceanic lithosphere that have been tectonically emplaced onto continental margins and island arcs.
orogenic belt	A linear region that has undergone folding or other deformation during the orogenic cycle.
pan concentrate stream sediment sampling	Stream sediment sampling in which the heavy mineral component of the sample is obtained by panning.
pentlandite	A nickel sulphide mineral (Fe,Ni) 9S ₈ . A yellowish-bronze mineral.
peridotite	A plutonic rock with mafic minerals equal to or greater than 90% and olivine plus pyroxenes greater than 40%. A general term for a coarse-grained plutonic rock composed chiefly of olivine with or without other mafic minerals such as pyroxenes, amphiboles, or micas, and containing little or no feldspar. Peridotites encompass the more specific terms saxonite, harzburgite, lherzolite, wehrlite and dunite. Peridotite is commonly altered to serpentinite.
PGM	Platinum Group Metals. Includes platinum, palladium, ruthenium, rhodium, iridium and osmium.
phlogopite	A yellow- brown to copper coloured mineral of the mica group.
phyllite	A metamorphic rock intermediate in grade between slate and schist.
plagioclase	A common rock forming mineral, which is a type of triclinic feldspar.
plunge	The inclination of a fold axis or other linear structure, measured in the vertical plane. It is mainly used for the geometry of folds.
plutons	An igneous intrusion.
polymetallic	Referring to a mineral deposit which is comprised of a combination of three or more different metals.
polymictic	Of a clastic sedimentary rock being made up of many rock types or of more than one mineral species.
porphyry	A rock with conspicuous crystals in a fine grained groundmass.
porphyry mineralisation	Mineralisation with similarities to base- and precious-metal porphyry mineralisation models developed from deposits studied in North America and the south-western Pacific regions.
pyroxene	A group of dark rock-forming mafic (magnesium, iron and calcium-rich) silicate minerals.
pyrrhotite	A ferrous sulphide. Also known as magnetic pyrites.
quartzite	A metamorphic sedimentary rock containing mostly quartz.
RAB	A rotary air blast drilling method that returns the sample to the surface, external to the drilling rods, using compressed air.
radiometric	Pertaining to the measurement of radiation produced by the spontaneous decay of certain atoms.
RC (reverse circulation percussion)	A drilling method in which the sample is brought to the surface inside the drill rods, thereby reducing contamination. Conventional percussion drilling retrieves the sample exterior to the rods between the rods and the wall of the drill hole.

Defined Term	Meaning
resource	in-situ mineral occurrence for which there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics, and continuity are known, estimated, or interpreted from specific geological evidence and knowledge.
retrograde alteration	Alteration of rock by a lower grade of mineral.
rhyolite	A volcanic rock composed chiefly of potassium feldspar and quartz.
saprolite	A soft, earthy, red or brown, decomposed igneous or metamorphic rock that is rich in clay and formed in place by weathering.
schist	A large group of coarse-grained metamorphic rocks which readily split into thin plates or slabs as a result of the alignment of lamellar or prismatic minerals.
serpentine	Hydrous magnesium and iron minerals, derived from ultramafic rock.
serpentine	A rock comprising serpentine minerals.
sericite	A white, fine-grained potassium mica.
siliceous	Describing a rock containing abundant silica, especially free silica.
skarn	A lime bearing silicate. Normally a thermally metamorphosed impure limestone.
sphalerite	Zinc sulphide. The main ore mineral for zinc.
strike-slip faulting	Faulting along the strike of the strata.
subduction	The process by which one crustal block descends beneath another.
talc	A whitish, greenish or greyish, hydrated magnesium silicate mineral.
tectonostratigraphic	Study of stratigraphy due to tectonic stress.
terrane	A rock or group of rocks together occurring as a discrete structural block.
tholeiite	A group of basalts composed principally of plagioclase, pyroxene and iron oxide minerals as phenocrysts in a glassy groundmass.
thrust fault	A low angle fault along which the hanging wall has moved up relative to the footwall.
turbidites	Any sediment or rock transported and deposited by a turbidity current, generally characterised by graded bedding and large amounts of matrix.
volcaniclastic	A coarse grained, angular rock formed from volcanic activity.
violarite	A violet-grey coloured, nickel iron sulphide (Ni ₂ FeS ₄).
VTEM	(See Electromagnetic survey).
unconformity	A surface of erosion that separates younger rocks from older overlying rocks.
ultrabasic/ultramafic	An igneous rock having a silica content lower than that of a basic rock: originally set at 44%. The term is frequently used interchangeably with ultramafic.
ultrabasic skarn	A skarn where the source of the calcium and magnesium is derived from basic silicate minerals by metasomatic and hydrothermal processes.
weathering	the process by which rocks are broken down and decomposed by the action of external agencies such as wind, rain, temperature changes, plants and bacteria.

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HISTORICAL EXPLORATION REPORTS

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10.3 UNITS OF MEASUREMENT

The following units of measurement have been used in this report.

Abbreviation	Definition
g	Grams
g/t	Grams per tonne
kg	Kilograms
km	Kilometres
lb	Pound
m	Metres
mm	Millimetre
No.	Number
ozs	Ounces
ppb	Parts per billion, 1000 ppb = 1 ppm = 1g/t
ppm	Parts per million. 10,000 ppm = 1.00%
%	Percentage
µm	Micron. 1000 microns = 1mm
t	Tonnes
tph	Tonnes per hour

SECTION 5 INDEPENDENT REPORT ON TENEMENTS

6 July 2010

The Directors
AusNiCo Limited
Level 5, Santos House
60 Edward Street,
Brisbane, Australia

Dear Directors

Independent Solicitors' Report on Tenements

We have been instructed to prepare this Independent Solicitors Report on Tenements (Report) in respect of a number of mining tenements located in Queensland (Tenements) which are held by AusNiCo Limited ACN 122 957 322 (AusNiCo or Company). This Report has been prepared for inclusion in the AusNiCo replacement Prospectus dated 4 August 2010 for the public offer of shares in AusNiCo.

Details relating to the Tenements are set out in the Schedule.

This Report is a summary of the Full Report prepared for the Directors of AusNiCo by HopgoodGanim Lawyers and it incorporates by reference the Full Report which can be obtained, at no cost, from the Company's registered office and is also available on the Company's website: www.ausnico.com.au. As a summary, this report should be read with the Full Report.

Capitalised terms used in the Report have the meaning ascribed to them in the Glossary set out in the Prospectus.

1. SCOPE OF THE REPORT AND QUALIFICATIONS

- 1.1** The Report is a synopsis of the Full Report and is an independent evaluation of the ownership and standing of the Tenements.
- 1.2** The Report deals with legal due diligence matters relating to the Tenements and has been prepared to:
 - (a) determine whether AusNiCo has good title to (or is the applicant for the relevant EPMA's forming part of) the Tenements;
 - (b) determine whether the Tenements are in good standing under the MRA;
 - (c) determine whether the Tenements are in good standing under the EPA and to identify any ESAs within the area of the Tenements;
 - (d) to determine whether all of the granted Tenements are valid or have been validated with respect to native title; and
 - (e) to determine whether the Tenements are not subject to any registered or beneficial encumbrances.



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1.3 The legal due diligence enquiries undertaken by HopgoodGanim Lawyers in relation to the Tenements involved:

- (a) reviewing Public Enquiry Reports obtained from DEEDI on 6 May 2010 and updated on 6 July 2010;
- (b) reviewing documents and information, such as the instruments of grant for each of the granted Tenements, which were provided by AusNiCo in respect of the Tenements;
- (c) reviewing maps of environmentally sensitive areas provided by DERM;
- (d) reviewing information and documents disclosed by DERM in respect of environmental matters; and
- (e) reviewing information and documents provided by the NNTT and DERM (Cultural Heritage Unit), and collectively, these enquiries formed the scope of this Report (Scope).

1.4 No other matters form part of the Scope, and HopgoodGanim Lawyers have not been instructed to, nor have they, concerned themselves with business or financial due diligence or an assessment of business, financial, technical or regulatory risks (apart from those regulatory risks necessarily falling within the Scope).

1.5 HopgoodGanim Lawyers are experts in Queensland law and the laws of the Commonwealth of Australia and make no comment or representation with respect to any laws outside of these jurisdictions.

1.6 This Report should be read as a summary of the Full Report only and for a full consideration of the matters falling within the Scope, please see the Full Report.

2. EXECUTIVE SUMMARY

2.1 Subject to Section 1 above, our findings with respect to the Tenements are as follows:

- (a) AusNiCo has good title to the EPMs and is the applicant for the EPMA's making up the Tenements;
- (b) subject to our comments in paragraphs 4.4 and 6.2 – 6.4, to the best of our knowledge, the Tenements are in good standing and no material non-compliances with respect to the Tenements under the MRA have been identified;
- (c) to the best of our knowledge, having undertaken the due diligence enquiries as set out in this Report, there are no material non-compliances with respect to the Tenements under the EPA and all ESAs in or within the Tenements have been identified;
- (d) all of the granted Tenements are valid or have been validated with respect to native title; and
- (e) to the best of our knowledge, the Tenements are not subject to any registered or beneficial encumbrances

3. TITLE AND STANDING

3.1 AusNiCo is presently the sole registered holder of 12 granted EPMs: EPM 13359, EPM 13360, EPM 14372, EPM 14560, EPM 15457, EPM 16077, EPM 16985, EPM 17611, EPM 17721, EPM 17722, EPM 17818 and EPM 18107. AusNiCo must continue to comply with the conditions of grant for each of these Tenements, and also with all applicable requirements under the MRA.

3.2 AusNiCo is also the registered applicant for 2 EPMA's: EPMA 17768 and EPMA 17817. These EPMA's are subject to compliance by AusNiCo with the provisions of the MRA relating to the grant of such applications, as well as addressing any relevant native title and environmental issues. These EPMA's cannot be granted by the Minister until such matters are dealt with. We are unable to advise when these EPMA's will be granted by the Minister (if at all), as the granting (or otherwise) of these applications is at the discretion of the Minister.

3.3 AusNiCo's application for the grant of EPMA 17768 was lodged with DEEDI on the same day as the application made by White Cliff Nickel Limited, and is accordingly a competing application. Where two or more applications are lodged in respect of the same mineral and in respect of the same land by two or more applicants on the same day, the MRA provides that the Minister shall decide the priority in the order determined by the Minister after considering the relative merits of each application. We are therefore unable to determine whether or not the competing application will be granted by the Minister in favour of AusNiCo at this stage.

3.4 Subject to our comments above, we are not aware of any other matters which would prevent the grant of the EPMA's. Further details relating to the Tenements is set out in the Schedule to this Report and in the Full Report.

4. RENEWAL OF TENEMENTS

4.1 The holder of an EPM may apply for a renewal of the EPM not more than 6 months and not less than 3 months (unless permitted by the Minister) prior to the expiration of the current term.

4.2 Where an application for renewal is not lodged within the statutory timeframe, an additional Ministerial discretion (over and above the discretion in respect of the renewal itself) exists whether or not the Minister should accept the late application for renewal. Subject to compliance with a number of matters, once an application for renewal is lodged, the tenement remains in force subject to the rights, entitlements and obligations which were in effect immediately before the end of the expiry date (including expenditure and work commitments) until the application is withdrawn, refused or granted by the Minister.

4.3 A renewal application was lodged on 9 September 2009 for EPM 14372 and we confirm that the renewal was granted on 24 May 2010.

4.4 A renewal notice was issued on 12 April 2010 in respect of EPM 14560 and a renewal application was required to be lodged by AusNiCo no later than 13 June 2010. The renewal application for this Tenement has not, as at the date of this Report, been lodged with DEEDI. The discretion discussed in paragraph 4.2 above will therefore apply to the renewal of EPM 14560.

4.5 Further information relating to the expiry dates of each of the Tenements see the Schedule to this Report.

5. RENT

5.1 The holders of granted mining tenements in Queensland are required to pay rent on those tenements to the State.

5.2 Our enquiries have revealed that rent for each of the Tenements has been paid for the current permit year.

6. WORK PROGRAMS AND EXPENDITURE

6.1 The Minister may specify conditions (other than the conditions prescribed by the MRA) to which an EP is subject. The Minister will include as a condition of all EPs in Queensland, that the holder comply with minimum expenditure requirements. Further work requirements may also be specified in the instrument of grant as conditions of the EP. A tenement will be liable to forfeiture if the expenditure conditions or work requirements, specified in the terms of grant, are not satisfied.

6.2 AusNiCo has advised that, as a result of the Company pursuing other commercial objectives, annual expenditure commitments were not met for the following Tenements in the 2009 - 2010 permit year: EPM 13359, EPM 13360, EPM 14372, EPM 15457 and EPM 17611 (Relevant Tenements).

6.3 AusNiCo has applied to the Minister pursuant to section 141C of the MRA to vary the expenditure conditions of the Relevant Tenements, however as at the date of this Report, with the exception of EPM 17611 and EPM 13359, the Minister has not granted or rejected the applications. The expenditure variation applications in respect of EPM 17611 and EPM 13359 were approved on 7 June 2010 and 21 June 2010 respectively. The effect of the approved expenditure variations is that the shortfall in required expenditure for EPM 17611 and EPM 13359 for the 2009 -2010 permit year must be made up in the subsequent 2010–2011 permit year in addition to the existing required expenditure commitments for the 2010- 2011 permit year for these two EPMs.

6.4 In the event the applications to vary the expenditure conditions for the Relevant Tenements (excluding EPM 17611 and EPM 13359) is not granted by the Minister, there is a risk that the Minister could deal with the Relevant Tenements pursuant to Section 160 of the MRA (cancellation of the EPMs or the imposition of a fine).

6.5 However in our experience, this risk is low and the Minister is ordinarily minded to grant such applications to vary expenditure conditions.

7. RELINQUISHMENT

7.1 Unless otherwise specified by the Minister, the area of an EPM must be reduced by 50% at the end of the first 2 years after its grant and by 50% of the remainder at the end of each subsequent year. A MDL may be granted to the holder of an EPM without the relinquishment requirements that are imposed on an EPM. Relinquishment is not necessarily a condition of MLs however the Governor in Council may impose relinquishment conditions on a ML.

7.2 Relinquishment is therefore a condition of the EPMs held by AusNiCo. DEEDI reports contain some relinquishment information in relation to EPMs.

7.3 Each of the Tenements have undergone all required relinquishment for the current permit year and no further relinquishment is required until July 2010 (for EPM 15457). AusNiCo is therefore in compliance with the relinquishment conditions for its Tenements.

7.4 On 8 June 2010, the Minister approved a variation to the scheduled relinquishment requirements for EPM 13360 pursuant to section 141C(3)(a) of the MRA. No relinquishment will be required for the 2010 – 2011 year of the permit, meaning all 6 sub-blocks may be retained by AusNiCo.

7.5 On 21 June 2010, the Minister approved a variation to the scheduled relinquishment requirements for EPM 13359 pursuant to section 141C(3)(a) of the MRA. No relinquishment will be required for the 2010 – 2011 permit year, meaning all 17 sub-blocks may be retained by AusNiCo.

8. ANNUAL REPORTING

8.1 Annual reports for EPMs must be lodged within 1 month of each anniversary of the day the EPM takes effect and must cover the previous 12 months of exploration

8.2 The public enquiry reports obtained from DEEDI did not contain details as to whether any annual reports for the Tenements were outstanding. We requested that DEEDI disclose whether there were any outstanding annual reports for the Tenements. We were advised, however, that DEEDI cannot provide us with this information.

8.3 Our enquiries have revealed that the annual reports for each of the Tenements have been lodged for the current permit year.

9. ENCUMBRANCES AND REGISTERED DEALINGS

9.1 Our enquiries with DEEDI have revealed that none of the Tenements are subject to any registered encumbrances of any kind and none of the Tenements have any dealings registered on title.

9.2 We are not aware of any unregistered or beneficial encumbrances or third party interests affecting the Tenements.

10. OVERLAPPING TENEMENTS AND AUTHORITIES

10.1 Overlapping MLs

(a) Any land over which an EPMA is lodged, that is the subject of a current ML (or MLA), shall have the area of that ML (or MLA) excluded from the area of the EPM (once granted) regardless of whether the ML has been granted or is still in the application stage, unless otherwise determined by the Minister. Upon termination of the ML, this excluded land will not automatically be included in the area of the EPM if the EPM was granted after 23 December 1996. In order for the holder to acquire land that has been surrendered, relinquished or not renewed for a mining tenure, a separate EPMA must then be made in respect of that land and native title must be assessed.

(b) Several of the Tenements are overlapped by MLs: EPM 14372, EPM 17722 and EPM 17768.

10.2 Overlapping PPLs, ATPs and PLs

(a) Where an EPM overlaps with a PL, authorised activities conducted under the EPM may only be undertaken on the overlapping land if the holder of the PL has agreed in writing to the carrying out of the activity, a copy of that agreement has been lodged with the relevant office of DEEDI, and that agreement remains in force. Any PLs which overlap the Tenements could, in the future, limit or prevent AusNiCo from undertaking activities under its EPMs unless AusNiCo is able to obtain the consent of the holder of the PL in the manner described above.

(b) None of the Tenements are overlapped by PPLs, ATPs or PLs presently.

11. STERILE LAND, CONSTRAINED AREAS AND RESTRICTED LAND

11.1 Sterile Land

(a) Sterile land is land where exploration or mining activities are heavily restricted by virtue of the MRA and the NCA. The following Tenements are partially overlapped by areas of sterile land (being national parks or conservation parks): EPM 13359, EPM 14372, EPM 15457, EPM 16077, EPM 16985, EPM 17768, EPM 17817, EPM 17818, and EPM 18107.

11.2 Constrained Areas

(a) Constrained areas are areas in which exploration and mining activities may be carried out, however other competing land uses (such as use of the land for forestry purposes) may limit or restrict the exploration or mining activities to which an exploration permit relates.

(b) EPM 13359, EPM 13360, EPM 14372, EPM 16985, EPM 17611, EPM 17721, EPM 17817, EPM 17818 and EPM 18107 are each partially overlapped by constrained lands, being either state forests or nature refuges. None of the Tenements appear to be subject to specific conditions in relation to the overlapping constrained areas, however permission may be required (and may not be forthcoming) from DERM prior to any activities being conducted in the constrained areas of these Tenements.

12. ENVIRONMENTAL AUTHORITIES

12.1 Each of the granted Tenements have existing environmental authorities authorising the activities to be carried out under the terms of grant relevant to EPM. DEEDI and DERM have advised that they hold financial assurances for each of the Tenements in accordance with the requirements of the MRA and the EPA. As EPMA 17768 is a competing application, no environmental authority have yet been issued for this application.

12.2 With the exception of EPM 13359 and EPM 13360, all of the environmental authorities held by AusNiCo in respect of the granted Tenements are standard level 2 code compliant authorities and therefore subject to the Code.

12.3 In respect of EPM 13359 and EPM 13360, AusNiCo holds level 2 non-code compliant environmental authorities, which means that additional conditions are imposed on the holder of such environmental authorities (in addition to the obligations set out in the Code). A summary of the material conditions of AusNiCo's non-code compliant environmental authorities is as follows:

- (a) the additional condition in respect of EPM 13359 is that the holder is authorised to carry out standard mining activities within the buffer zones of Forest Reserves and State Forest Feature Protection Areas, provided that the activities do not cause any significant environmental harm to the areas; and
- (b) the additional condition in respect of EPM 13360 is that the holder is authorised to carry out standard mining activities within 500m of, but not in, a Category B ESA (Forest Reserve and State Forest Scientific Area) provided that the activities do not cause any significant environmental harm to the ESA.

12.4 We are not aware of any material non-compliance in respect of any of the environmental authorities relating to the Tenements.

13. NATIVE TITLE AND CULTURAL HERITAGE

13.1 For the Tenements the subject of this report, there are three categories of grant:

- (a) grants where land (Excluded Land) is excluded from the granted area of the Tenement;
- (b) grants subjected to the expedited procedure and the application of the NTPCs; and
- (c) grants subjected to the full right to negotiate procedure.

13.2 Grants subject to the Excluded Land category include: EPM 13359, EPM 13360, EPM 14372, EPM 15457, EPM 16077, EPM 17611, EPM 17721, EPM 17722 EPM 17818 and EPM 18107. This means that, unless Excluded Land is subsequently included in these Tenements, no future mining tenure (MDL or ML) can be granted over the excluded land areas. This is because no pre-requisite tenure for the purposes of sections 179 or 232 of the MRA has been in existence over the relevant land.

13.3 Subject to a very low risk of invalidity in respect of native title, each of the grants of EPMs in paragraph 13.2 subject to the Excluded Land conditions is valid with respect to native title.

13.4 The application of the expedited procedure is a 'fast-tracking' of mining grants under section 32 of the NTA. Further details about this are available in the Full Report.

13.5 If a registered native title group does not object to the application of the expedited procedure, the State of Queensland nevertheless applies the Native Title Protection Conditions (NTPCs) as conditions of the grant of exploration rights under section 141AA of the MRA. These conditions provide a process for taking account of native title and cultural heritage issues during the course of exploration work.

13.6 If a registered native title group objects to the application of the expedited procedure, the applicant for the EPM and the registered native title group may either do a full section 31 agreement under the NTA, or an agreement (a "Top-Up Agreement") to add procedures in addition to the NTPCs for cultural heritage management. We have not sighted, nor are we aware of the existence of, any section 31 or Top-Up agreements.

13.7 Only three Tenements, EPM 14560 and EPM 16985 and EPMA 17817 are or could be subject to the NTPCs.

13.8 For EPMA 17768, it is not known as yet into which native title procedure or category this application will fall.

14. CONCLUSION AND OPINION

Subject to the comments and qualifications set out in this report, HopgoodGanim Lawyers are of the opinion that:

- (a) AusNiCo has good title to the EPMs and is the applicant for the EPMA's making up the Tenements.
- (b) Subject to our comments in paragraphs 4.4 and 6.2 – 6.4, to the best of our knowledge, the Tenements are in good standing and no material non-compliances with respect to the Tenements under the MRA have been identified.
- (c) To the best of our knowledge, there are no material non-compliances with respect to the Tenements under the EP Act and all ESAs in or within the Tenements have been identified.
- (d) All of the granted Tenements are valid or have been validated with respect to native title.
- (e) To the best of our knowledge, the Tenements are not subject to any registered or beneficial encumbrances.



Yours faithfully
HopgoodGanim Lawyers

SCHEDULE

Tenement	Grant Date	Expiry Date	Term	Annual Rent	Environmental Authority (EA)	Native Title Status
EPM 13359	04.01.02	03.01.11	2 years	\$2,225.80	MIN200709108 NCC – No non-compliance	Exclusive Land
EPM 13360	06.02.02	05.02.11	2 years	\$794.40	MIN20083808 NCC – No non-compliance	Exclusive Land
EPM 14372	25.01.10	24.01.12	2 years	\$1,059.20	MIC200657507 CC – No non-compliance	Exclusive Land
EPM 14560	14.09.05	13.09.10	5 years	\$1,324.00	MIC200567507 CC – No non-compliance	Expedited Procedures Grant
EPM 15457	13.07.06	12.07.11	5 years	\$1,309.00	MIC200410006 CC – No non-compliance	Exclusive Land
EPM 16077	12.03.08	11.03.13	5 years	\$6,090.40	MIC200493907 CC – No non-compliance	Exclusive Land
EPM 16985	13.03.09	12.03.11	2 years	\$5,958.00	MIC200636807 CC – No non-compliance	Expedited Procedures Grant
EPM 17611	08.01.09	07.01.14	5 years	\$2,383.20	MIC200755708 CC – No non-compliance	Exclusive Land
EPM 17721	07.04.09	06.04.11	2 years	\$1,324.00	MIC200791208 CC – No non-compliance	Exclusive Land
EPM 17722	08.04.09	07.04.11	2 years	\$1,986.00	MIC200790908 CC – No non-compliance	Exclusive Land
EPM 17768	N/A	N/A	3 years	EST \$6,620.00	Not yet issued	N/A
EPM 17817	N/A	N/A	2 years	EST \$3,045.20	MIC200817308 CC – No non-compliance	Expedited Procedures Advertised
EPM 17818	11.11.09	10.11.11	2 years	\$5,560.80	MIC200817408 CC – No non-compliance	Exclusive Land
EPM 18107	07.12.09	06.12.12	3 years	\$926.80	MIC200893709 CC – No non-compliance	Exclusive Land

GLOSSARY

Defined Term	Meaning
ATP	Authority to Prospect
Code	Code of Environmental Compliance for Exploration and Mineral Development Projects
DEEDI	Department of Employment, Economic Development and Innovation (Queensland Mines and Energy)
DERM	Department of Environment and Resource Management (Qld)
EA	Environmental authority under the EPA
EPA	Environmental Protection Act 1994 (Qld)
EPC	Exploration Permit (Coal)
EPCA	Exploration Permit (Coal) Application
EPM	Exploration Permit (Minerals)
ERA	Environmentally relevant activities
ERE	Endangered Regional Ecosystem
ESA	Environmentally sensitive areas as defined in the EPA
Full Report	Means the Tenement Report dated 8 June 2010 prepared by HopgoodGanim Lawyers on AusNiCo's instructions in respect of the Tenements
MC	Mining claim
MDL	Mineral development licence
Minister	The Queensland Parliamentary Minister responsible for the MRA
ML	Mining lease
MRA	Mineral Resources Act 1989 (Qld)
NCA	Nature Conservation Act 1992 (Qld)
NNTT	National Native Title Tribunal
NTA	Native Title Act 1993 (Cth)
NTPCs	Native Title Protection Conditions
PGA	Petroleum and Gas (Production and Safety) Act 2004 (Qld)
PL	Petroleum Lease
PPL	Petroleum Pipeline License
Tenements	The tenements listed in the Schedule which are held by AusNiCo



SECTION 6 INDEPENDENT ACCOUNTANT'S REPORT

For personal use only



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7 July 2010

The Directors
AusNiCo Limited
GPO Box 5261
BRISBANE QLD 4001

Dear Directors

INDEPENDENT ACCOUNTANTS REPORT

1. INTRODUCTION

We have prepared this independent accountants report on historical and Pro-Forma financial information of AusNiCo Limited (AusNiCo or the Company) for inclusion in a replacement prospectus dated on or about 4 August 2010, for the proposed issue by the Company of 20,000,000 New Shares at a price of \$0.20 (20 cents) to raise \$4,000,000 and to list on the Australian Securities Exchange (ASX).

Every new share subscribed for will have one (1) free attaching new option with an exercise price of \$0.20 and an expiry date of 31 July 2012.

The purpose of this report is to illustrate the financial position of AusNiCo as at 30 April 2010 and to provide investors with a Pro-Forma Statement of Financial Position as at 30 April 2010 adjusted to include pre-issue transactions and the capital raising.

This report does not address the rights attaching to the Shares to be issued in accordance with the prospectus, the risks associated with the investment, nor forms the basis of an independent expert's opinion with respect to a valuation of AusNiCo or a valuation of the share issue price pre listing.

2. BACKGROUND

The principal purpose of AusNiCo is to hold and advance nickel exploration and development targets held by the Company.

3. SCOPE OF WORK

You have requested BDO Audit (QLD) Pty Limited to prepare for inclusion in the prospectus a report which covers the following:

- Historical financial information. BDO Audit (QLD) Pty Limited has reviewed the financial report of the Company for the period ended 30 April 2010, together with the significant accounting policies adopted by AusNiCo, as detailed in the Annexure to this report.
- The Pro-Forma Statement of Financial Position of AusNiCo as at 30 April 2010, set out in the Annexure to this report.

The Pro-Forma Statement of Financial Position reflects the financial position of AusNiCo at 30 April 2010 after the Company has completed the capital raising, and the following transactions have occurred post 30 April 2010:

- The issue of Shares under this prospectus raising gross cash funds of \$4,000,000 from the issue of 20,000,000 Shares at 20 cents each.
- The payment of the issue costs with respect to this Prospectus which are estimated to be \$420,000.
- The repayment of creditor accounts to D'Aguilar gold Limited estimated at \$550,000.
- The issue of employee options valued at \$280,000.
- Ongoing exploration expenditure amounting to \$100,000.

While expected to occur, not all of the above mentioned transactions have occurred. Actual transactions completed may differ to the transactions anticipated and mentioned in this report. Any differences would reflect in the financial statements of AusNiCo and the differences may be material.

4. HISTORICAL FINANCIAL INFORMATION AND PRO FORMA FINANCIAL INFORMATION AS AT 30 APRIL 2010

HISTORICAL INFORMATION

In relation to the historical financial information, BDO Audit (QLD) Pty Limited has conducted a review of the financial report as at and for the 10 month period ended 30 April 2010 in order to express a conclusion on their preparation and presentation. The Company's directors are responsible for the financial report from which the information in the Annexure has been extracted.

PRO-FORMA INFORMATION

BDO Audit (QLD) Pty Limited has completed an independent review in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Pro-Forma Statement of Financial Position is not presented fairly in accordance with the measurement requirements of Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, and the assumptions set out above. The review has been conducted in accordance with Australian Auditing Standards applicable to review engagements.

BDO Audit (QLD) Pty Limited made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- (a) Review procedures applied to the Pro-Forma transactions and Statement of Financial Position;
- (b) Review of workpapers, accounting records and other documents; and
- (c) Inquiry of Directors, management and others.

These review procedures were substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards, the purpose of which is the expression of an opinion on the financial statements. Accordingly, we do not express such an opinion.

5. CONCLUSION

- (a) Based on our review of the financial report as at 30 April 2010, nothing has come to our attention which causes us to believe that the financial report does not present fairly the financial position of AusNiCo as at 30 April 2010 and its performance for the 10 month period ended on that date.
- (b) Based on our review of the Pro-Forma Statement of Financial Position, as set out in the Annexure, nothing has come to our attention which causes us to believe that the Pro-Forma Statement of Financial Position does not present fairly the financial position of AusNiCo on the basis that all the transactions described previously in this report had taken place.
- (c) In our opinion, the Pro-Forma Statement of Financial Position has been properly prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 and the accounting policies adopted by AusNiCo described in the Annexure.
- (d) Without qualification to the conclusions expressed in (a), (b) and (c) above, we draw attention to the preparation of the Pro-Forma Statement of Financial Position and the 30 April 2010 financial report being on a going concern basis. This accounting policy is outlined in the Statement of Significant Accounting Policies attached as Annexure 1 to this report. This basis of accounting contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the company to maintain continuity of normal business activities, to pay its debts as and when they fall due and to recover the carrying value of its areas of interest, is dependent upon the ability of the company to successfully raise additional capital and/or successful exploration and subsequent exploitation of their areas of interest through sale or development. No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the company's plans not eventuate.

6. SUBSEQUENT EVENTS

Apart from the matters dealt with in the report, and having regard to the scope of our report, to the best of our knowledge and belief no material items, transactions or events outside of the ordinary business of AusNiCo have come to our attention which would require comment on, or adjustment to, the information referred to in our report or that would cause the information to be misleading or deceptive.

7. BASIS OF PRO-FORMA PRESENTATION

The Pro-Forma Statement of Financial Position has been prepared on the basis that the company will receive the full subscription for 20,000,000 shares to raise \$4,000,000.

8. INDEPENDENCE DISCLOSURE

BDO Audit (QLD) Pty Limited does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this matter. BDO Audit (QLD) Pty Limited has provided advisory services and will receive a professional fee for the preparation of this Report. The Directors of BDO Audit (QLD) Pty Limited do not hold nor have any interest in any Ordinary Shares of the Company.

Consent to the inclusion of the Independent Accountants Report in this Prospectus in the form and context in which it appears has been given. At the date of this report consent has not been withdrawn.

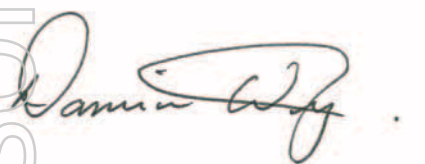
9. GENERAL ADVICE LIMITATION

This report has been prepared and included in the Prospectus to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor.

This report is not intended to take the place of any professional advice and investors should not make specific investment decisions in reliance on the information contained in the report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Yours faithfully

BDO Audit (QLD) Pty Limited



Damian Wright
Director

INDEPENDENT ACCOUNTANTS REPORT

ANNEXURE 1

AusNiCo Limited Historical and Pro-Forma Statement of Financial Position

	Note	Reviewed Historical 30 April 2010 \$	Reviewed Pro-Forma 30 April 2010 \$
CURRENT ASSETS			
Cash and cash equivalents	2	1,184	3,031,184
TOTAL CURRENT ASSETS		1,184	3,031,184
NON-CURRENT ASSETS			
Financial assets		34,152	34,152
Plant & equipment		20,065	20,065
Exploration & Evaluation Expenditure		3,199,448	3,299,448
TOTAL NON-CURRENT ASSETS		3,253,665	3,353,665
TOTAL ASSETS		3,254,849	6,384,849
CURRENT LIABILITIES			
Trade and other payables		541,924	91,924
Interest bearing liabilities		8,129	8,129
TOTAL CURRENT LIABILITIES		550,053	100,053
TOTAL LIABILITIES		550,053	100,053
NET ASSETS		2,704,796	6,284,796
EQUITY			
Issued Capital		2,206,365	5,933,685
Reserves		2,083,268	2,363,268
Accumulated losses	3	(1,584,837)	(2,012,157)
TOTAL EQUITY		2,704,796	6,284,796

Notes to the 30 April 2010 Financial Statements and Pro-Forma Financial Report

AusNiCo Limited

Statement of Significant Accounting Policies

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements for the interim ten (10) month period ended 30 April 2010 have been prepared with the requirements of Australian Accounting Standards including AASB134 interim financial reporting.

This financial report covers AusNiCo Limited as an individual entity. AusNiCo Limited is a limited company, incorporated and domiciled in Australia.

Unless otherwise stated the financial report is presented in Australian dollars which is the functional and presentation currency of the company.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

BASIS OF PREPARATION

GOING CONCERN

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the company to maintain continuity of normal business activities, to pay its debts as and when they fall due and to recover the carrying value of its area of interest, is dependent on the ability of the company to successfully raise additional capital and/or successful exploration and subsequent exploitation of its area of interest through sale or development. No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the company plans not eventuate.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

ACCOUNTING POLICIES

A. REVENUE RECOGNITION

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

B. INCOME TAX

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the Balance Sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

D. FINANCIAL INSTRUMENTS

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantee) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date the company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective rate. Impairment losses are recognised in the income statement.

E. PLANT AND EQUIPMENT

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated over their useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of Fixed Assets	Depreciation Rate
Furniture and Office Equipment	20% Diminishing Value

F. EXPLORATION AND DEVELOPMENT EXPENDITURE

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A provision is raised against exploration and evaluation expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the period. Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

G. TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the company prior to the period end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

H. SHARE CAPITAL

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

I. GST

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

J. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of the financial report, certain Standards and Interpretations were on issue but not yet effective. These Standards and Interpretations have not been adopted in the preparation of the interim financial report for 30 April 2010.

The company expects to first apply these Standards and Interpretations in the financial report of the company relating to the annual reporting year beginning after the effective date of each pronouncement.

The directors anticipate that the adoption of these Standards and Interpretations in future years will have no material financial impact on the financial statements of the company.

K. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgements – exploration & evaluation expenditure

The Company performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to balance date.

2. CASH AND CASH EQUIVALENTS

	\$
Reconciliation of movement in Pro-Forma cash assets	
Cash and cash equivalents at 30 April 2010	1,184
Proceeds from the issue of Shares pursuant to this prospectus	4,000,000
Payment of estimated issue costs with respect to this Prospectus	(420,000)
Payment of Related Party Creditor – D'Aguilar Gold Limited	(550,000)
Pro-Forma cash and cash equivalents	3,031,184

3. ISSUED CAPITAL

	NO.
Reconciliation of Pro-Forma issued capital	
Shares issued at 30 April 2010	90,160,000
Shares issued pursuant to this Prospectus	20,000,000
Pro-Forma issued capital	110,160,000

	\$
Reconciliation of Pro-Forma issued capital	
Issued capital at 30 April 2010	2,206,365
Proceeds from the issue of Shares pursuant to this Prospectus	4,000,000
Payment of estimated issue costs with respect to this Prospectus applied against equity	(272,680)
Pro-Forma issued capital	5,933,685

7.1 INTRODUCTION

An investment in the New Shares being offered under this Prospectus is not risk free. Exploration and evaluation for minerals is generally considered a high-risk activity, and the worst case scenario is that most or all of the investment could be lost.

The future performance of AusNiCo and the future investment performance of the Shares may be influenced by a range of factors. Many are outside the control of the Board. Prior to making any decision to accept the Offer, investors should carefully consider the following risk factors applicable to the Company.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of AusNiCo and not capable of mitigation. There are also general risks associated with any investment in Shares.

The risks described below are not to be taken as exhaustive. The specific risks considered and others not specifically referred to may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Prospectus.

7.2 GENERAL RISKS

SHARE MARKET RISK

The market price of Shares can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

GENERAL ECONOMIC CONDITIONS

Changes in the general economic climate in which AusNiCo operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate

include the general level of economic activity, interest rates, inflation and other economic factors. The price of commodities and level of activity within the mining industry will also be of particular relevance to AusNiCo.

LEGISLATIVE CHANGE

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company. Apart from the proposed Mineral Resources Rent Tax (MRRT) announced by the Federal Government AusNiCo is not aware of any other current or proposed material changes in relevant regulations or policy. The proposed MRRT is at this stage, expected to effect mining and resources companies involved in iron ore and coal exploration and development. As a result, the Company does not anticipate that it will be affected by the MRRT. However, should further amendments to the draft MRRT be proposed, or another similar tax or policy is proposed by the Federal Government in the future, to the extent that any changes related to the minerals the Company is exporting, the Company may be adversely affected by any such change.

UNFORESEEN EXPENSES

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

7.3 RISKS SPECIFIC TO AN INVESTMENT IN THE COMPANY

Investors should also be aware of the risks specific to an investment in the Company. The major risks are described below.

CHANGES IN COMMODITY PRICE

AusNiCo's possible future revenues will probably be derived mainly from a range of metals and/or from royalties gained from potential joint ventures or from mineral projects sold. Consequently, AusNiCo's potential future earnings could be closely related to the price of these commodities.

Commodity prices fluctuate and are affected by numerous industry factors including demand for minerals, forward selling by producers, production cost levels in major producing regions and macroeconomic factors, e.g. inflation, interest rates, currency exchange rates and global and regional demand for, and supply of minerals. If the market price of minerals explored for by AusNiCo were to fall below the costs of production and remain at such a level for any sustained period, the Company may curtail or suspend some or all of its potential future exploration and/or mining activities.

EXPLORATION AND EVALUATION RISK

Potential investors should understand that mineral exploration and development are high-risk undertakings. While the Company has attempted to reduce this risk by selecting some projects that have identified mineral targets, there is still no guarantee of success. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

OPERATIONAL RISK

If the Company is successful in its exploration efforts and decides to develop and commission a mine, the operations of the Company including mining and processing may be affected by a range of factors. These include failure to achieve predicted grade in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.

SUSTAINABILITY OF GROWTH AND MARGINS

The sustainability of growth and the level of profit margins from operations are dependent on a number of factors outside of the Company's control. Industry margins in all sectors of the Company's activities are likely to be subject to continuing but varying pressures, including competition from other current or potential suppliers.

FINANCING

AusNiCo's ability to effectively implement its business strategy over time will depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company will not be able to take advantage of opportunities or otherwise respond to competitive pressures. If the Company is unable to raise additional funds in the future it will not be able to fully exploit its assets.

RELIANCE ON KEY PERSONNEL

Whilst AusNiCo currently has a small core team of executives and senior personnel, its progress in pursuing its growing exploration and evaluation programs within the time frames and within the costs structure as currently envisaged could be dramatically influenced by the loss of

existing key personnel and/or a failure to secure and retain additional key personnel as the Company's exploration program develops. The resulting impact from such loss would be dependent upon the quality and timing of the employee's replacement.

Although the key personnel of AusNiCo have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Prospectus.

INDUSTRIAL RISK

Industrial disruptions, work stoppages and accidents in the course of AusNiCo's operations could result in losses and delays, which may adversely affect profitability.

ENVIRONMENTAL RISK

The Company's operations and projects are subject to State and Federal laws and regulation regarding environmental hazards. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on the Company for damages, clean up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by the Company or its subsidiaries, or non compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations.

INSURANCE ARRANGEMENTS

The Company intends to ensure that insurance is maintained within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims

CONTRACTUAL RISKS

AusNiCo is party to various contracts (see Section 8). Whilst AusNiCo will have various contractual rights in the event of non compliance by a contracting party, no assurance can be given that all contracts to which AusNiCo is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if a contracting party does not comply with any contractual provisions, that AusNiCo will be successful in securing compliance.

CARBON POLLUTION REDUCTION SCHEME

On 10 March 2009, the Federal Government released its exposure drafts in respect of the proposed introduction of a Carbon Pollution Reduction Scheme (CPRS). The CPRS Bill 2009 provided for the introduction from 1 July 2010 of a system imposing the mandatory requirements of the CPRS Cap and Trade system of Australian Emission Units.

Following the Copenhagen Climate Change conference, on 28 April 2010 the Federal Government announced that it will delay the start of the CPRS until at least 2013.

At this time, it is difficult for the Company to accurately determine how the CPRS, assuming it becomes law, may impact on the Company and its business activities. If at some future time the Bill is resurrected, it is likely that the Company and its subsidiaries as explorers of nickel and cobalt will be subject to requirements to obtain carbon pollution permits (and incur the associated costs of obtaining those carbon pollution permits) unless they are able to take steps under the CPRS to minimise any adverse impact.

The Federal Government had initially announced a one year fixed price phase that would apply between 1 July 2011 and 30 June 2012 at this stage it is difficult to ascertain when (if at all) this fixed price phase would be introduced. However, under the CPRS, during the fixed price phase, each carbon pollution permit would cost \$10. Further it is proposed that businesses covered by the scheme would need to purchase permits at the prevailing market price. Whilst the CPRS has been put on hold, investors should be mindful that the present intention of the Federal Government is to proceed with the CPRS, albeit at a later stage and this may have an impact upon their investment in the Company.

MANAGEMENT ACTIONS

Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

LAND ACCESS RISK

Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective tenements is a competitive business, in which propriety knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential.

Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral lease and native title land or claims under the Native Title Act 1993 (Commonwealth). These land ownership rights and obligations are set out further in Section 5 of this Prospectus. Rights to mineral tenements carry with them various obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area.

GOVERNMENT POLICY

The availability and rights to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of the Company.

The Queensland Minister for Natural Resources, Mines and Energy conducts reviews from time to time of policies in connection with the granting and administration of mining tenements. At present the Company is not aware of any proposed changes to policy that would affect its tenements.

In Queensland, the Aboriginal Cultural Heritage Act 2003 and the Torres Strait Islander Cultural Heritage Act 2003 (which commenced on 16 April 2004) impose duties of care which require persons, including the Company, to take all reasonable and practical measures to avoid damaging or destroying Aboriginal cultural heritage. This obligation applies across the State and requires the Company to develop suitable internal procedures to discharge its duty of care in order to avoid exposure to substantial financial penalties if its activities damage items of cultural significance. Under this legislation, indigenous people can exercise control over land with respect to cultural heritage without necessarily having established the connection element (as required under native title law). This creates a potential risk that the tenement holder may have to deal with several indigenous individuals or corporations, where no native title has been established, to identify and manage cultural heritage issues. This could result in tenement holders requiring lengthy lead times to manage cultural heritage for their projects.

Changing attitudes to environmental, land care, cultural heritage and indigenous land rights issues, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's exploration plans or, indeed, its rights and/or obligations with respect to the tenements.

NATIVE TITLE RISK

The effect of the Native Title Act 1993 (Commonwealth) (NTA) is that existing and new tenements held by the Company may be affected by native title claims and procedures. The Company has not undertaken the historical, legal or anthropological research and investigations at the date of this Prospectus that would be required to form an opinion as to whether any existing or future claim for native title could be upheld over a particular parcel of land covered by a tenement.

There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by the Company which may affect the operation of the Company's business and development activities. In the event that it is determined that native title does exist or a native title claim is registered, the Company may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights such as a Mining Lease. Such procedures may take considerable time, involve the negotiation of significant agreements, may involve a requirement to negotiate for access rights, and require the payment of compensation to those persons holding or claiming native title in the land which is the subject of a tenement. The administration and determination of native title issues may

have a material adverse impact on the position of the Company in terms of cash flows, financial performance, business development, ability to pay dividends and the Share price.

The Directors believe that the impact of Native Title with respect to land access on the project for the purpose of exploration, other than causing delays, is likely to be minimal. These Native Title and land access rights and obligations are set out further in Section 5. The Native Title status of each tenement held by AusNiCo and the land access rights and obligations are also set out in Section 5.

EXPLORATION EXPENDITURE RISK

As identified in the Independent Report on Tenements in Section 5 of this Prospectus, the terms of the Company's granted Tenements include minimum expenditure requirements. Whilst the Company has raised and allocated funds for its exploration program to, in part, meet these expenditure requirements (refer Section 5) the actual expenditure the Company undertakes following the completion of the Offer may be insufficient to meet those requirements. Whilst there is a risk that the terms of the Tenements may not be able to be complied with, the Company intends to mitigate this risk by re-evaluating their exploration program and budget, or considering other options including, where appropriate in accordance with normal industry practice, surrendering parts of its tenements in order to manage its minimum expenditure obligations.

APPLICATION RISK

As identified in the Independent Report on Tenements (refer Section 5), the Company has a number of applications for EPMs currently being processed by the Department of Natural Resources, Mines and Energy. Whilst the Company is not aware of any reason why the applications will not be granted (enabling the Company to undertake activities on those tenements), the grant involves the exercise of administrative functions (including discretion), which are beyond the control of the Company. Any failure of these applications to be granted may have a material adverse effect on the ability of the Company to explore for minerals on the areas comprised in those applications.

7.4 CAUTION ON MAPS AND DIAGRAMS

The Company has commissioned and produced numerous diagrams and maps in this Prospectus to help identify and describe the Tenements and the targets sought by the Company (including potential sites for drilling) on those Tenements.

Whilst the Company has produced these diagrams and maps from available data to aid investors in their consideration of the merits of the Company and its Tenements, investors should note that not all of the diagrams have been independently reviewed and therefore the Company cannot guarantee the accuracy of the location of Tenement boundaries or targets on maps, nor should maps identifying drilling be relied upon as a statement of the Company's work program. Maps and diagrams should only be considered an indication of the current intention of the directors in relation to targets and potential areas for exploration and drilling, which may change.

7.5 GENERAL

Any combination of the above factors may materially affect any individual mineral project assets, operations or the financial performance of AusNiCo and the value of its securities. To that extent the New Shares offered in this Prospectus are subject to significant risk and uncertainty with respect to return or preservation of capital, the price (if any) at which the New Shares may trade and the payment of dividends at any future time.



SECTION 8 MATERIAL CONTRACTS

A summary of the material agreements to which the Company is a party is set out below:

8.1 D'AGUILAR ADMINISTRATION SERVICES AGREEMENT

The Company has entered into an Administration Services Agreement with D'Aguilar dated 8 June 2010 which documents the continuing arrangements under which D'Aguilar provides certain exploration, corporate and administrative services to the Company.

D'Aguilar is entitled to be reimbursed for the direct expenses it incurs in providing the services to the Company until the date the Company's Shares are first quoted on ASX. Following this, D'Aguilar is entitled to receive the aggregate of reimbursement of the direct expenses it incurs in providing the services to the Company post-IPO plus a profit component of 10% of the same.

Under the Agreement, D'Aguilar grants a non-exclusive licence to the Company for the term of the agreement to occupy its premises for the purpose of the Company conducting its business. The Agreement continues for a period of two years from the date the Company's Shares are first quoted on ASX.

The Company must carry out a review of the performance of D'Aguilar's performance every six months from the commencement date and, if the Company is not satisfied with D'Aguilar's performance, the Company may terminate the Services Agreement by notice in writing to D'Aguilar.

Either party may terminate the Services Agreement by giving three months notice in writing to the other party of its intention to do so. The Company is also entitled to terminate the agreement upon the happening of various events in respect of D'Aguilar's solvency or other conduct.

8.2 EXECUTIVE SERVICES AGREEMENT

The Company has entered into an Executive Service Agreement with Mr John Downie dated 16 June 2010 under which Mr Downie has agreed to become CEO and Managing Director of the Company upon its listing on the ASX.

Mr Downie receives a base remuneration of \$300,000 per annum (including superannuation contributions). Mr Downie is eligible for an annual bonus of up to 33% of his annual base salary if he successfully achieves the key performance indicators established by the Board before the start of each financial year. Mr Downie will also be granted 2,500,000 options of the issued capital of the Company, exercisable at \$0.20 through to 31 July 2012 (the Options).

The Company is obliged to reimburse Mr Downie for all reasonable and necessary expenses incurred by him in the performance of his duties.

The Company is entitled to terminate the agreement upon the Board giving three (3) months written notice or upon the happening of various events in respect of Mr Downie's solvency or other conduct.

8.3 NON-EXECUTIVE DIRECTOR LETTERS OF APPOINTMENT

The Company has entered into letters of appointment with each of the non-executive Directors in respect of their appointment as non-executive Directors of the Company. The letters of appointment are each in standard form and detail the nature of each Director's appointment, their duties and the remuneration entitlements (as set out in Section 9.13 of this Prospectus).

8.4 COMPANY SECRETARY / CFO

The Company has entered into a Services Agreement with Millbohm Consulting Group Pty Limited (**Millbohm**) for the provision of services by Mr Karl Schlobohm as Company Secretary and CFO.

Millbohm receives a base remuneration of \$65,000 per annum. Millbohm will also be granted 400,000 options of the issued capital of the Company, exercisable at \$0.20 through to 31 July 2012.

The Company is obliged to reimburse Millbohm for all reasonable and necessary expenses incurred by it in the performance of its duties.

The Company is entitled to terminate the agreement upon the Board giving three (3) months written notice or upon the happening of various events in respect of Millbohm's solvency or other conduct.

8.5 DEEDS OF ACCESS AND INDEMNITY

Each of the Directors of the Company and the Company Secretary have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and the Company Secretary and to effect and maintain insurance in respect of Directors and officers liability and provide certain indemnities to each of the Directors and Company Secretary, to the extent permitted by law.

8.6 UNDERWRITING AGREEMENT

The Company has entered into an underwriting agreement with Bizzell Capital Partners Pty Ltd ACN 118 741 012 607 (Underwriter) dated 4 August 2010 (Underwriting Agreement).

Pursuant to the Underwriting Agreement the Underwriter has agreed to fully underwrite the Offer to the extent of \$4,000,000 (Underwritten Amount). The Underwriting Agreement results in the Public Offer of \$4,000,000 being fully underwritten. The Underwriter may appoint sub-underwriters to sub-underwrite up to the Underwritten Amount.

Amongst other matters, the Underwriting Agreement is conditional upon:

- a. ASX indicating in writing by no later than 5pm (Brisbane time) on 15 October 2010 that the Company will be granted permission for admission of the Company to the Official List of the ASX subject only to standard conditions customarily imposed by the ASX;
- b. ASX indicating in writing by no later than 5pm (Brisbane time) on 21 October 2010 that it will grant permission for quotation of the Shares on the ASX subject only to standard conditions customarily imposed by the ASX;
- c. if required under the terms of the Underwriting Agreement, the Company providing the Underwriter with a short form notice and closing certificate within a certain time limit following closing of the Offer; and

- d. The Underwriter obtaining sub-underwriting commitments of at least \$2,500,000.

The Company has agreed to pay each Underwriter a cash fee of 6% of the Underwritten Amount (the Underwriting Fee).

The Underwriter at the date of this Prospectus will hold 12,500,00 Shares and 2,000,000 Options to subscribe for shares with an exercise price of 30 cents and expiry date of 19 November 2013.

The Underwriting Agreement provides that the Underwriter may terminate its obligations to underwrite the Underwritten Amount upon the happening of the following:

1. **lodgement of the Prospectus:** the Company fails to lodge the Prospectus with ASIC on the date stipulated in the timetable set out in the Underwriting Agreement;
2. **quotation approval:** approval for Quotation is refused or not granted, other than subject to standard conditions customarily imposed, or any other conditions accepted in writing by the Underwriter by the date stipulated in the timetable or if approval is granted, such approval is subsequently withdrawn qualified or withheld before Completion;
3. **S & P/ASX 200 Index fall:** if the S & P/ASX 200 Index is, at any time on 2 consecutive Business Days after the date of the Underwriting Agreement, prior to the date of allotment more than 10% below the level of that Index at the close of ASX trading on the trading day before the date of lodgement of the Prospectus;
4. **adverse change:** any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profit, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company) from those respectively disclosed in the accounts, Prospectus or the Public Information, including:
 - a. any material adverse change in the reported earnings or future prospects of the Company;
 - b. any material adverse change in the nature of the business conducted by the Company;
 - c. the insolvency or voluntary winding up of the Company or the appointment of any receiver, receiver and manager, liquidator or other external administrator; or
 - d. any material adverse change to the rights and benefits attaching to Shares; or
 - e. any change that may have a material adverse effect.
5. **withdrawal:** the Company withdraws the Prospectus or terminates the Offer;

6. **repayment:** any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the money received from applicants (other than to applicants whose applications were not accepted in whole or in part) or offering applicants an opportunity to withdraw their applications for New Shares and be repaid their application money; or

7. **no certificate:** the Company does not provide a closing certificate in the manner required by the Underwriting Agreement;

8. **judgment:** a judgment in an amount exceeding \$100,000 is obtained against the Company or a related body corporate of the Company and is not set aside or satisfied within 21 days;

9. **process:** any distress, attachment, execution or other process of a governmental agency in an amount exceeding \$100,000 is issued against, levied or enforced upon any of the assets of the Company or a related body corporate of the Company and is not set aside or satisfied within 21 days;

10. **financial assistance:** the Company or a related body corporate passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;

11. **suspends payment:** the Company or a related body corporate of the Company suspends payment of its debts generally;

12. **insolvency:** the Company or a related body corporate of the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts (within the meaning of the Corporations Act) or is presumed to be insolvent under the Corporations Act;

13. **arrangements:** the Company or a related body corporate of the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;

14. **ceasing business:** other than as contemplated by the Prospectus, the Company or a related body corporate of the Company ceases or threatens to cease to carry on business.

The Underwriter may also have termination rights if any of the following occur:

1. **disclosures in the Prospectus:** a statement contained in the Prospectus is materially misleading or deceptive, or a matter required by the Corporations Act is omitted from the Prospectus (having regard to section 710, 711 and 716 of the Corporations Act);

2. **market conditions:** any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or in the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of the Underwriter reached in good faith after consultation with the Company, it is impracticable to market the Agreement except where the sole reason for failing to lodge is an act or omission of the Underwriter;

3. **supplementary prospectus:** the Company lodges a supplementary prospectus without the consent of the Underwriter or fails to lodge a supplementary prospectus in a form acceptable to the Underwriter in circumstances where the Underwriter reasonably believes that the Company is prohibited by section 728(1) Corporations Act from offering New Shares under the Prospectus;

4. **disclosures in the Due Diligence Report:** any information supplied by or on behalf of the Company to the Underwriter in relation to the Company or the Offer as part of the due diligence process or becomes materially misleading or deceptive;

5. **material contracts:** termination (other than those that terminate due to the effluxion of time) or a material amendment of any material contract of the Company in both cases which have a material adverse effect on the Company;

6. **ASX quotation:** if reasonable grounds exist for the Underwriter to believe that any ASX conditions affecting the ASX in giving final approval to Quotation of the Underwritten Shares will not be completed, fulfilled or waived by ASX so as to result in the Underwritten Shares being not granted official Quotation by the quotation date specified in the Timetable.

7. **hostilities:** hostilities political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, Singapore, Malaysia, Hong Kong, North Korea or the Peoples Republic of China or a significant terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

8. **general trading suspensions:** trading in securities generally has been suspended or materially limited, for at least one trading day, by any of the New York Stock Exchange, the London Stock Exchange or the ASX;

9. **change in management:** a change in the board of Directors of the Company occurs;

10. **legal proceedings and offence by Directors:** any of the following occurs:

- a. material legal proceedings are commenced against the Company; or
- b. any Director is disqualified from managing a corporation under section 206A Corporations Act;

11. **change to constitution:** other than as contemplated by the Prospectus, prior to the date of allotment, a change to the constitution of the Company or the Company's capital structure occurs without the prior written consent of the Underwriter;

12. **compliance with regulatory requirements:** a material contravention by the Company of the Corporations Act, the Listing Rules, or any other applicable law or regulation;

13. Prospectus to comply: the Prospectus or any aspect of the Offer does not materially comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;

14. notifications: any of the following notifications are made:

- a. ASIC gives notice of an intention to hold a hearing under section 739(2) Corporations Act or issues an order under sections 739(1) or (3) Corporations Act;
- b. an application is made by ASIC for an order under Part 9.5 Corporations Act in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Prospectus;
- c. any person gives a notice under section 733(3) Corporations Act or any person who has previously consented to the inclusion of their name in the Prospectus (or any supplementary prospectus) or to be named in the Prospectus withdraws their consent after lodgement;
- d. the Company or any related body corporate issues a public statement concerning the Offer which has not been approved by the Underwriter pursuant to the Underwriting Agreement; or

15. breach: the Company breaches any of their material obligations under the Underwriting Agreement;

16. representations and warranties: any representation or warranty contained in the Underwriting Agreement on the part of the Company is breached or becomes false, misleading or incorrect to a material extent;

17. prescribed occurrence: except as contemplated in the Prospectus, an event specified in section 652C(1) or section 652C(2) Corporations Act occurs, but replacing 'target' with 'Company';

18. timetable: an event specified in the timetable is delayed for more than 3 Business Days other than as the result of actions taken by the Underwriter or due to requirements of ASX (unless those actions were requested by the Company) or the actions of the Company (where those actions were taken with the Underwriter's prior consent);

19. change in laws: any of the following occurs which does or is likely to prohibit, materially restrict or regulate the Offer or materially reduce the likely level of valid Applications or materially effects the financial position of the Company or has a material adverse effect of the success of the Offer:

- a. the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
- b. the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory or the Reserve Bank of Australia; or
- c. the adoption by the ASX or their respective delegates of any regulations or policy;

20. failure to comply: the Company or any Related Body Corporate of the Company fails to comply, in any material respect with any of the following:

- a. a provision of its Constitution;
- b. any statute;
- c. the Listing Rules;
- d. a requirement, order or request made by or on behalf of the ASIC, the ASX or any Governmental Agency; or
- e. any Agreement entered into by it;

21. due diligence: there is a material omission from the results of the due diligence investigation performed in respect of the Company or the verification material or the results of the due diligence investigation or the verification material are false or misleading.

The occurrence of the events listed in paragraphs (1) to (21) inclusive above will not entitle the Underwriter to terminate the Underwriting Agreement unless the Underwriter reasonably believes that the event has or is likely to have a material adverse effect on the outcome of the Offer or could give rise to liability for the Underwriter under any law or regulation and the Underwriter has afforded the Company a reasonable time (not exceeding five (5) business days) to remedy the event if the event is capable of remedy.

As a term of the Underwriting Agreement, the Company agrees to indemnify the Underwriter, its officers, agents and employees (Indemnified Parties) against any claim, action, damage, loss, liability, expense or payment which the Indemnified Party pays, suffers, incurs or is liable for (and including, but not limited to, any reasonable legal costs and expenses and any reasonable professional consultant's fees on a full indemnity basis) in respect of:

- a. the Public Offer;
- b. the Prospectus;
- c. the allotment of Shares under the Public Offer to investors;
- d. any breach of or failure to perform the Underwriting Agreement by the Company, or the Company failing to perform any of their obligations relating to the Public Offer;
- e. any statement made or issued by an Indemnified Party to the extent the statement is made or issued in good faith and in reliance on the Prospectus or any material or information provided by or on behalf of the Company;
- f. the occurrence of any of the termination events listed above; and
- g. any claim that an Indemnified Party has a liability under the Corporations Act or any other applicable law in relation to the Prospectus or the Public Offer, except to the extent caused by or contributed to by the Indemnified Party.

The Underwriting Agreement contains covenants and warranties and representations and other terms in favour of the Underwriter typical for agreements of this nature.

8.7 SUB-UNDERWRITING AGREEMENT

The Underwriter has entered into a sub-underwriting agreement with Samuel Holdings Pty Ltd ACN 063 693 747 (Samuel) dated 4 August 2010 (Sub-Underwriting Agreement). Pursuant to the Sub-Underwriting Agreement Samuel has agreed to underwrite the Offer to the extent of \$900,000 (Sub-Underwritten Amount).

The Underwriter has agreed to pay the Sub-Underwriter a cash fee of 4% of the Sub-Underwritten Amount (the Sub-Underwriting Fee).

As previously noted, Samuel is an entity associated with Nicholas Mather, a Director of the Company. As at the date of this Prospectus Nicholas Mather holds 1,850,000 Shares and 500,000 options exercisable at 30 cents each expiring on 19 November 2013. If Samuel were required to subscribe for the entire Sub-Underwritten Amount it would result in Nicholas Mather (and entities associated with Nicholas Mather) having an interest in 6,350,000 Shares representing 5.76% of the Shares on issue in the Company after completion of the Offer. In addition, Samuel may be issued with a further 4,500,000 New Options should it be required to fully subscribe for the total Sub-Underwritten Amount.

In the event that the Underwriter elects to terminate the Underwriting Agreement then Samuel's obligations under the Sub-Underwriting Agreement will cease.

The Sub-Underwriting Agreement contains covenants and warranties and representations and other terms in favour of the Underwriter typical for agreements of this nature.



9.1 CORPORATE GOVERNANCE

INCORPORATION OF CORPORATE GOVERNANCE MATERIAL

For the purposes of this Prospectus, the Company also relies upon the provisions in Section 712 of the Corporations Act which enable the Company to incorporate material by reference into this Prospectus. Accordingly rather than contain all the information that may be required to be set out in a standard document of this type in relation to the corporate governance practices of the Company, it incorporates by reference the Corporate Governance Charter of AusNiCo Limited dated 28 May 2010 (Charter) lodged with ASIC on 4 August 2010.

The Charter can be obtained, at no cost, from the Company's registered office and is also available on the Company's website www.ausnico.com.au

The information contained below is provided for purposes of Section 712(2) of the Corporations Act.

SYNOPSIS OF MATERIAL INCORPORATED INTO THIS PROSPECTUS

The Directors are responsible for protecting the rights and interests of the Shareholders through the implementation of sound strategies and action plans and the development of an integrated framework of controls over the Company's resources, functions and assets. The Board will constantly review and monitor the performance of the Board and the Company and implement changes as required.

CHAIRMAN

The Company has appointed Mr Brian Moller as Chairman of the Company.

COMMITTEES

The Board presently has an Audit and Risk Management Committee comprising Mr Stephen Roberts, Mr Brian Moller and Mr Nick Mather. The Company has adopted an Audit and Risk Management Charter setting out the composition, purpose, powers and scope of the Committee as well as

reporting requirements to the Board as a whole. Extracts of this Charter are available at the Company's website www.ausnico.com.au

The Company does not have any other formally constituted committees of the Board of Directors. The Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of any other special or separate committees at this time. The Board as a whole is able to address the governance aspects of the Company's activities and ensure that it adheres to appropriate ethical standards. This statement outlines the main corporate governance policies, which the Directors have adopted.

COMPOSITION OF THE BOARD

At the time of Listing, the Board will be comprised of four Directors. The names, qualifications and relevant experience of each Director are set out in Section 3 of this Prospectus. There is no requirement for any Director's shareholding qualification.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities determined within the limitations imposed by the Constitution.

BOARD MEMBERSHIP

The Board acts as a nomination committee. Members of the Board have been brought together to provide a blend of qualifications, skills and national and international experience required for managing a company operating within the mining industry.

APPOINTMENT AND RETIREMENT OF DIRECTORS

The Company's Constitution provides that Directors are subject to retirement by rotation, by order of length of appointment. Retiring Directors are eligible for re-election by Shareholders at the annual general meeting of the Company.

DUTIES OF DIRECTORS

Directors are expected to accept all duties and responsibilities associated with the running of a public company, to act in the best interests of the Company and to carry out their duties and responsibilities with due care and diligence.

Directors are required to take into consideration conflicts when accepting appointments to other boards. Accordingly, Directors wishing to accept appointment to other boards must first seek approval from the Board, approval of which will not be unreasonably withheld.

INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors may, in appropriate circumstances, engage outside advisers at the Company's expense. The engagement of an outside adviser is subject to the prior approval of the Board, which will not be unreasonably withheld.

COMPENSATION ARRANGEMENTS

The maximum aggregate amount payable to non-executive Directors as Director's fees has been set at three hundred and fifty thousand dollars (\$350,000) per annum. The Constitution provides that Director's fees can only change pursuant to a resolution at a general meeting.

The Board is responsible for reviewing and negotiating the compensation arrangements of senior executives and consultants.

INTERNAL MANAGEMENT CONTROLS

The Company's assets are located in Australia. Control over the operations is exercised by senior management. The Board also monitors the performance of outside consultants engaged from time to time to complete specific projects and tasks.

IDENTIFYING SIGNIFICANT BUSINESS RISKS

The Board regularly monitors the operational and financial performance of the Company's activities. It monitors and receives advice on areas of operation and financial risk and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the Company's Shares, however, the Directors recognise that mineral exploration and evaluation is inherently risky.

ASX CORPORATE GOVERNANCE

To further enhance listed entities' disclosure of corporate governance issues, the ASX Corporate Governance Council (CGC) was established on 1 August 2002. The CGC was established for the purpose of setting an agreed set of corporate governance standards of best practice for Australian listed entities. The CGC has released its second edition of Corporate Governance Principles and Recommendations (ASX Guidelines) which will apply to the Company's financial statements upon listing on the ASX. The ASX Guidelines articulate core principles that CGC believes underlie good corporate governance. The ASX Guidelines provide that a listed entity's Annual Report is required to disclose its main corporate governance

practices and also the extent to which the entity complies with the ASX Guidelines and where it does not, to explain why.

TRADING POLICIES

The Directors of the Company are subject to a number of restrictions in relation to them dealing in Shares of the Company. Directors can only deal in Shares in the Company during certain periods or in certain circumstances (e.g. a bonus issue), and then only after giving 24 hours notice of the intended transaction to the Chairman of the Board.

CORPORATE GOVERNANCE STATEMENT

The Company has adopted a Corporate Governance Charter dated 28 May 2010 (Corporate Governance Charter) in order to implement and maintain a culture of good corporate governance both internally and in its external dealings. In adopting the Corporate Governance Charter the Board is mindful of the ASX Guidelines.

The following table briefly addresses the areas where the Company has departed from the ASX Guidelines. Where the Company's Corporate Governance practices do not correlate with the practices recommended by the CGC, the Company is working towards compliance; however it does not consider that all practices are appropriate for the Company due to the size and scale of Company operations.

The Board is of the view that with the exception of the departures from the ASX Guidelines as set out in the following table it otherwise complies with all of the ASX Guidelines.

TABLE 9.1- AREAS WHERE THE COMPANY HAS DEPARTED FROM THE ASX GUIDELINES

ASX Principles and Recommendations	Summary of the Company's Position
Principle 1 – Lay solid foundations for management and oversight	
Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives	The Board has not established a separate nomination committee. In the absence of a formally constituted nomination committee, the full Board is responsible for the proper oversight of the Board, the Directors and senior management. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate committee.
Principle 2 – Structure board to Add Value	
Recommendation 2.1 – A majority of the board should be independent directors	Presently under the ASX Guidelines it is considered that there is only one independent director, being Stephen Roberts. While the Company does not presently comply with this Recommendation 2.1, the Company may consider appointing further independent Directors in the future. The Company believes that given the size and scale of its operations, non-compliance by the Company with this Recommendation 2.1 will not be detrimental to the Company.
Recommendation 2.2 – The Chair should be an independent director	Brian Moller is the Chairman of the Company, but is not considered to be independent under the ASX Guidelines. The Company is of the view that the size and scale of its current operations do not warrant the appointment of an independent Chairperson and that non-compliance with this Recommendation 2.2 will not be detrimental to the Company.
Recommendation 2.4 – The board should establish a nomination committee	The Board's view is that the Company is not currently of the size to justify the formation of a separate nomination committee. The Board currently performs the functions of a nomination committee and where necessary will seek the advice of external advisors in relation to this role. The Board shall, upon the Company reaching the requisite corporate and commercial maturity, approve the constitution of a nomination committee to assist the Board in relation to the appointment of Directors and senior management.
Principle 4 – Safeguard Integrity in Financial Reporting	
- Recommendation 4.2 – The audit committee should be structured so that it: - Consists only of non-executive directors - Consists of a majority of independent directors - Is chaired by an independent chair, who is not chair of the board - Has at least three members	The Audit Committee is currently comprised of Messrs Roberts, Moller and Mather. While the Company does not presently comply with this Recommendation 4.2 (Messrs Moller and Mather are not considered independent under the ASX guidelines), the Company may consider appointing further independent Directors in the future at which time it may reconsider the composition of the audit committee. The Company believes that given the size and scale of its operations, non-compliance by the Company with this Recommendation 4.2 will not be detrimental to the Company.
Principle 7 – Recognise and Manage Risk	
Recommendation 7.2 – The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Board is responsible for reviewing and ratifying systems of risk management and internal compliance. The Company will disclose in its annual reports any reports from management as to the effectiveness of the Company's management of its material business risks.
Principle 8 – Remunerate Fairly and Responsibly	
Recommendation 8.1 – The board should establish a remuneration committee	The Board has not established a remuneration committee. The Board considers that given its size, no efficiencies or other benefits would be gained by the establishing of such a committee. The role of the remuneration committee is carried out by the full Board. The Company has adopted a Remuneration Committee Charter, which is set out in the Company's Corporate Governance Charter.

9.2 RIGHTS ATTACHING TO SHARES IN THE COMPANY

A summary of the rights which relate to all New Shares which may be issued pursuant to this Prospectus is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of the Company's Shares.

VOTING

At a general meeting of the Company on a show of hands, every member present in person or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

DIVIDENDS

The New Shares will rank equally with all Existing Shares in the capital of the Company and will participate in dividends out of profits earned by the Company from time to time. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst the holders of Shares in proportion to the Shares held by them irrespective of the amount paid up or credited as paid up thereon. The Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of the Company justifies.

WINDING UP

Upon paying the application money, Shareholders will have no further liability to make payments to the company in the event of the company being wound up pursuant to the provisions of the Corporations Act.

TRANSFER OF SECURITIES

Generally, the Shares and Options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of Shares or Options but only where permitted to do so under its Constitution or the ASX Listing Rules.

SALE OF NON-MARKETABLE HOLDINGS

The Company may take steps in respect of non marketable holdings of Shares in the Company to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the ASX Listing Rules.

For more particular details of the rights attaching to Shares in the Company, investors should refer to the Constitution of the Company as posted on the Company's website www.ausnico.com.au

9.3 DETAILS ON SHARES ISSUED PRIOR TO THE PROSPECTUS

Of the 90,160,000 Shares on issue at the date of this Prospectus, share issues have occurred progressively since incorporation at different issue prices:

- 1 Share was initially issued to D'Aguilar upon the incorporation of AusNiCo on 1 December 2006. On 17 May 2007, whilst still 100% owned by D'Aguilar, the 1 Share was sub-divided into 72,000,000 Shares.
- 18,160,000 Shares were issued to seed capital investors at an average issue price of \$0.125 per Share during 2007 and 2008.

D'Aguilar currently holds 58,850,000 Existing Shares.

9.4 DETAILS ON OPTIONS ISSUED PRIOR TO THE PROSPECTUS

As at the date of this Prospectus the Company has on issue the following Options:

Optionholder	Number of Options ¹	Exercise Price	Forfeiture conditions	Expiry Date
D'Aguilar	18,000,000	30 cents	None	19-Nov-2013
Nicholas Mather	500,000	30 cents	None	19-Nov-2013
Brian Moller	500,000	30 cents	None	19-Nov-2013
Vincent Mascolo	500,000	30 cents	None	19-Nov-2013
Stephen Roberts	500,000	30 cents	None	19-Nov-2013
Bizzell Capital Partners Pty Ltd	2,000,000	30 cents	None	19-Nov-2013

Notes:

1. The Options above must be exercised in parcels of not less than 5,000. This condition will not apply to the New Options.

Upon completion of the Issue and allotment of the New Shares pursuant to this Prospectus and prior to the Company's securities being quoted on the ASX, the following New Options will be issued:

- 20,000,000 New Options exercisable at 20 cents, expiring 31 July 2012 to Shareholders subscribing for New Shares pursuant to this Prospectus.
- 2,500,000 Options exercisable at 20 cents, expiring 31 July 2012 to the Managing Director, pursuant to an Executive Services Agreement.
- 400,000 Options exercisable at 20 cents, expiring 31 July 2012 to the Company Secretary, pursuant to a Services Agreement.
- 200,000 Options exercisable at 20 cents, expiring 31 July 2012 to the Exploration Manager, pursuant to his terms of employment.

MATERIAL TERMS OF OPTIONS

With the exception of the following differences, the material terms of the Options currently on issue in the Company and of the New Options to be issued pursuant to the Prospectus are the same:

- (a) The Options held by D'Aguilar, Nicholas Mather, Stephen Roberts, Brian Moller and Vince Mascolo are all exercisable on or before 19 November 2013 at an exercise price of \$0.30 each; and
- (b) The New Options to be issued will all be exercisable on or before 31 July 2012 at an exercise price of \$0.20 each.

A summary of the material terms of the Options currently on issue in the Company and of the New Options to be issued pursuant to the Prospectus is set out below.

1. The Options are options to subscribe for Shares in the capital of the Company.
2. The Options are transferable in whole or in part.
3. The Options may be exercised wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the exercise price per Option to the Company at any time on or after the vesting date and on or before the expiry date.
4. Upon the valid exercise of the Options and payment of the exercise price, the Company will issue Shares ranking *pari passu* with the then issued Shares.
5. While the Option holder does not have any right to participate in new issues of Securities in the Company to Shareholders generally, the Option holder will be afforded the period of at least ten business days notice prior to and inclusive of the books record date (to determine entitlements to the issue) to exercise the Options.
6. The Option holder does not participate in any dividends unless the Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend.
7. The Company does not intend to apply for listing of the Options on the ASX.
8. The Company shall apply for listing on the ASX of the resultant Shares of the Company issued upon exercise of any Option.

9. While the Option holder does not have any participating rights in new issues of Securities in the Company during the term of any Options held, in the event of a bonus issue or pro-rata issue the Option holder shall be afforded a period of at least Ten business days before the record date to determine entitlements to the issue, to exercise the Options and it shall be a condition of the Options that any entitlements to bonus issues of Securities are only available to the Option holder in the event of a prior exercise of the Options.

10. If there is a pro rata issue (except a bonus issue), the exercise price of a Option may be reduced according to the following formula:

$$O_n = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- O_n = the new exercise price of the Option;
- O = the old exercise price of the Option;
- E = the number of underlying Shares into which one Option is exercisable;
- P = the average market price per Share (weighted by reference to volume) of the underlying Shares during the five trading days ending on the day before the ex rights date or ex entitlements date;
- S = the subscription price for a Share under the pro rata issue;
- D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

11. If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

12. The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

13. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

- (a) the number of Options, the Exercise Price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on Shareholders; and
- (b) Subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.

9.5 LIMITATION ON FOREIGN OWNERSHIP

AusNiCo welcomes investors from foreign jurisdictions. The only limitations under Australian law on the rights of non-Australian residents to hold or vote the shares of an Australian company are set forth in the Foreign Acquisitions and Takeovers Act (the FATA).

The FATA regulates acquisitions giving rise to ownership of substantial amounts of a company's Shares.

The FATA prohibits:

- any natural person not ordinarily resident in Australia; or
- any corporation in which either a natural person not ordinarily resident in Australia or a foreign corporation (as defined in the FATA); or
- two or more such persons or corporations,

from entering into an agreement to acquire shares if after the acquisition such person or corporation would hold a substantial interest in a corporation, or where two or more persons or corporations would hold an aggregate substantial interest (defined below), without first applying in the prescribed form for approval thereof by the Australian Treasurer and receiving such approval or receiving no response in the 40 days after such application was made.

A holder will be deemed to hold a substantial interest in a corporation if the holder alone or together with any associates (as defined in the FATA) is in a position to control not less than 15 percent of the voting power in the corporation or holds interests in not less than 15 percent of the issued shares in that corporation. Two or more holders hold an aggregate substantial interest in a corporation if they, together with any associates (as so defined), are in a position to control not less than 40 percent of the voting power in that corporation or hold not less than 40 percent of the issued shares in that corporation. The Constitution of the Company contains no limitations on a non-resident's right to hold or vote the Company's Shares.

9.6 LITIGATION

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

9.7 SUBSEQUENT EVENTS

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially the:

- operation of the Company;
- results of those operations; or
- state of affairs of the Company.

9.8 LIABILITY OF OTHER PERSONS NAMED IN THIS PROSPECTUS

Notwithstanding that they may be referred to elsewhere in this Prospectus:

HopgoodGanim Lawyers are named in the Corporate Directory as Solicitors to the Issue. They have been involved in the process of reviewing this Prospectus for consistency with the material contracts. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. HopgoodGanim will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$75,000, at the date of this Prospectus.

IMC Mining Solutions Pty Limited (**IMC**) is named in the Corporate Directory the Independent Geological Consultant to the Company. IMC was involved in the preparation of the Independent Geologist's Report, an outline of which is set out in Section 4 of this Prospectus. In doing so, IMC has placed reasonable reliance upon information provided to IMC by the Company and other third parties. IMC does not make any other statement in this Prospectus. IMC will be paid for work performed in accordance with usual time based charge out rates and estimates its professional costs at \$25,000 at the date of this Prospectus.

BDO Audit (Qld) Pty Limited is named in the Corporate Directory as Independent Accountants to the Company. They were involved in the preparation of the Independent Accountant's Report set out in Section 6 of this Prospectus. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. BDO Audit (Qld) Pty Limited will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$15,000, at the date of this Prospectus.

BDO (Qld) has given its written consent to be named as auditor to the Company in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. BDO (Qld) has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in this Prospectus.

Link Market Services Limited has given its written consent to be named as the Share Registrar in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. Link Market Services Limited has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in this Prospectus.

Bizzell Capital Partners Pty Ltd has given its written consent to be named as the Underwriter and Lead Manager in the form and context in which it is named, and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. Bizzell Capital Partners Pty Ltd has

not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in this Prospectus.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

9.9 CONSENT OF EXPERTS

HopgoodGanim Lawyers, IMC Mining Solutions Pty Limited and BDO Audit (Qld) Pty Limited have acted as experts and have given, and have not before the lodgement of this Prospectus, withdrawn their written consent to the issue of this Prospectus, with the statement purporting to be made by them or to be made on a statement by them, included in the form and context in which it is included. To the extent permitted by law, they each disclaim any responsibility for any misleading statements or omissions in this Prospectus.

9.10 INSPECTION OF DOCUMENTS

Copies of following documents may be inspected free of charge at the registered office of the Company and at the offices of HopgoodGanim Lawyers, Level 8, 1 Eagle Street, Brisbane during normal business hours:

- the Material Contracts referred to in Section 8 of this Prospectus;
- the Constitution of the Company; and
- the consents referred to in this Prospectus.

9.11 COSTS OF THE ISSUE

If the Issue proceeds, the total estimated costs of the Issue including capital raising fees and commissions, advisory, ASIC and ASX fees, prospectus printing and miscellaneous expenses will approximate \$420,000.

9.12 DIRECTOR'S FEES

The Constitution of the Company provides that the non-executive Directors are entitled to remuneration as determined by the Company in general meeting to be apportioned among them in such manner as the directors agree and, in default of agreement, equally. The aggregate maximum remuneration currently determined by the Company is \$350,000 per annum. Additionally, non-executive Directors will be entitled to be reimbursed for properly incurred expenses.

At the time of Listing, the Board of the Company will be constituted by one executive Director and three non-executive Directors. The executive Director has been engaged by the Company pursuant to an agreement, the terms of which are summarised in Section 8 of this Prospectus. The Board has agreed that executive Directors shall not be paid Director's fees in addition to their salary packages set forth in their respective service contracts and that the non-executive Chairperson shall be paid a fee of \$50,000 per annum and that other non-executive Directors shall be paid a fee of \$40,000 per annum each.

If a non-executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive Directors. A non-executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or General Meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of any executive Director may from time to time be fixed by the Directors. The remuneration may be by way of salary or commission or participation in profits but may not be by commission on, or a percentage of, operating revenue. Except as disclosed in Section 8, no remuneration will be payable to executive Directors.

9.13 INTERESTS OF EXPERTS AND ADVISERS

The nature and extent of the interests (if any) that:

- a person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- a promoter of the Company; or
- a stockbroker or underwriter (but not a sub-underwriter) to the Issue; holds, or held at any time during the last two years in:
- the formation or promotion of the Company;
- property acquired or to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer,

is set out in Sections 8 and 9.

The amount that anyone has paid or agreed to pay, or the nature and value of any benefit anyone has given or agreed to give for services provided by:

- a person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- a promoter of the Company; or
- a stockbroker or underwriter (but not a sub-underwriter) to the Issue;

in connection with:

- the formation of the Company; or
- the Offer,

is set out in Sections 8 and 9.

9.14 DIRECTOR'S INTERESTS

The nature and extent of the interest (if any) that the Directors of the Company hold, or held at any time during the last two years in:

- the formation or promotion of the Company;
- property acquired or to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer,

The amount (if any) that anyone has paid or agreed to pay, or the nature and the value of any benefit anyone has given or agreed to give to a Director of the Company, or proposed Director of the Company:

- to induce them to become, or to qualify as, a Director of the Company; or
- for services provide by a Director in connection with:
 - the formation of the Company; or
 - the Offer,

is set out in Sections 8 and 9.

9.15 D'AGUILAR'S INTEREST

D'Aguilar currently holds approximately 65% of the total issued capital of the Company and is the ultimate holding company. Following the successful completion of the IPO, D'Aguilar will retain an interest of approximately 53% in the Company as well as retaining 18,000,000 Options in the Company. Further details on the Options D'Aguilar holds in the Company are set out in section 9.4. Since the Company's incorporation, D'Aguilar has contributed to the funding of the Company's exploration and administration expenses, and will be reimbursed \$550,000 of the total that it has incurred since December 2008. D'Aguilar has agreed to forgo and absorb the balance of all other costs and expenses that it has incurred in relation to the Company to date.

9.16 EMPLOYEE SHARE AND OPTION PLAN

The Company has established the AusNiCo Employee Share and Option Plan (**ESOP**) to assist in the retention and motivation of employees by providing them with the opportunity to acquire Shares.

Under the ESOP, the Company may offer Shares or options over unissued Shares in the Company. This Prospectus does not comprise an offer or invitation to acquire Shares or Options under the ESOP.

At the date of this Prospectus no Shares or Options have yet been issued under the ESOP.

SUMMARY OF TERMS

The ESOP contains usual provisions dealing with matters such as the administration, variation, termination or suspension of the plan.

Other features of the ESOP are as follows:

- The persons who are eligible to participate in the ESOP are full-time or part-time continuing employees of the Company or an associated body corporate of the Company (Eligible Employee) or their nominee who have been selected by the Board to participate in the ESOP;
- The Company is entitled under the terms of the ESOP to determine that any Shares or options offered under the ESOP will be unable to be transferred by the recipient (disposal restrictions);
- The Company is entitled to determine in its discretion any conditions which may apply to the offer of Shares or Options (including the issue price, exercise price, vesting conditions and disposal restrictions);
- Where options subject to disposal restrictions are exercised, the resulting Shares will be subject to the balance of the disposal restriction;
- The Options may be exercised wholly or in part by notice in writing to the Company received at any time during the relevant exercise period together with a cheque for the exercise price for those Options for cancellation by the Company;
- The Company shall allot the number of Shares the subject of any exercise notice and apply for listing of the Shares issued as a result;
- Shares issued on the exercise of the Options will rank pari passu with all existing Shares of the Company from the date of issue;
- The number of Shares which may be acquired on the exercise of an Option and the exercise price will be adjusted, as is appropriate, following any pro-rata bonus issue, rights issue, reconstruction or reorganisation of the issued ordinary capital of the Company.

The maximum number of Shares or Options that may be offered to participants under the ESOP is 5% of the issued capital at the time. If there is to be a reorganisation of the issued Shares in the Company unexercised Options will be reorganised in accordance with the requirements of ASX Listing Rules.

Quotation of Options on the ASX will not be sought, however quotation of Shares (not subject to disposal restrictions) issued under the ESOP will be sought. The Company will apply for quotation of Shares arising upon the exercise of Options.

The above description is a summary only of the principal terms and conditions of the ESOP.

9.17 PRIVACY

By submitting an Application Form for New Shares you are providing to the Company personal information about you. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Link Market Services Limited, an external service provider. The Company requires Link Market Services Limited to comply with the National Privacy Principles while performing these services. The Company's register is required by law to contain certain personal information about you such as your name and address and number of Shares and Options held. In addition the Company collects personal information from members including contact details, bank accounts, membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- when you agree to the disclosure;
- when used for the purposes for which it was collected;
- to other members of the AusNiCo group of companies;
- to your broker; or
- to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

Shareholders have the right to access, update and correct personal information held by the Company and Link Market Services Limited except in limited circumstances. Shareholders wishing to access, update or correct personal information held by Link Market Services Limited or by the Company should contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

9.18 ELECTRONIC PROSPECTUS

An electronic version of this Prospectus is available from the Company's website: www.ausnico.com.au on the internet.

The Application Form may only be distributed attached to a complete and unaltered copy of this Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

The Company will not accept a completed Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of this Prospectus or if it has reason to believe that the Application Form or electronic copy of this Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Issue period the electronic version of this Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of this Prospectus should immediately request a paper copy of this Prospectus directly from the Company or a financial adviser.

9.19 CONSENT TO LODGEMENT

Each of the Directors of the Company has consented to the lodgement of this Prospectus with the ASIC.

Signed on behalf of the Company by:



Nicholas Mather
Non-Executive Director

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SECTION 10

GLOSSARY OF DEFINED TERMS

Defined Term	Meaning
\$	Australian dollars (unless otherwise indicated)
Applicant	a person applying for Shares offered by this Prospectus
Application	an application for Shares under the Offer
Application Forms	the Priority Application Form on the website, and the Public Application Form enclosed with and forming part of this Prospectus for use by investors
ASIC	Australian Securities and Investments Commission
ASTC Settlement Rules	the operating rules of the ASX Settlement and Transfer Corporation Pty Limited which apply while the Company is an issuer of CHESS-approved securities, each as amended or replaced from time to time
ASX	ASX Limited ABN 98 008 624 691
ASX Listing Rules	the official listing rules of ASX as at the date of this Prospectus
Board	the board of Directors of the Company as varied from time to time
Business Day	has the meaning ascribed to it in the ASX Listing Rules
CHESS	Clearing House Electronic Sub-registry System operated by ASX
Closing Date	1 October 2010 (subject to the right of the Directors to close the Offer earlier or to extend this date without notice)
Company or AusNiCo	AusNiCo Limited ABN 84 122 957 322
Constitution	the Constitution of the Company
Corporations Act	the Corporations Act 2001 (Commonwealth)
D'Aguilar	D'Aguilar Gold Limited
D'Aguilar Shareholders	holders of ordinary shares in D'Aguilar as at the Record Date
Directors	the Directors of the Company
EST	Australian Eastern Standard Time
Existing Shareholders	all holders of Shares in the Company at the date of this Prospectus
Exposure Period	the 7 day period from the date of lodgement of the original Prospectus dated 15 July 2010
IPO	the Offer under this Prospectus (Initial Public Offering – IPO)
Issue and Offer	the issue and offer, respectively, of 20,000,000 Shares at the Offer Price
Listing	the listing of the Shares on ASX
Managing Director	Mr John Downie (to be appointed on Listing)
Market Rules	the official market rules of ASX

Defined Term	Meaning
New Shares	the issue and offer, respectively, of 20,000,000 Shares at the Offer Price
New Options	means the free attaching options to be issued pursuant to this Prospectus
Offer Price	20 cents (\$0.20) per Share
Official List	the Official List of ASX
Official Quotation	quotation on the Official List of ASX
Opening Date	9 August 2010
Options	options to subscribe for Shares in the Company
Priority Application	an application under the Priority Offer
Priority Offer Application Form	the personalised application form available in the electronic version of the prospectus (after entering your details as a D'Aguilar shareholder). Please note that this will be for use by D'Aguilar Shareholders only
Priority Offer	the offer of 3,000,000 Shares to D'Aguilar Shareholders
Prospectus	this replacement Prospectus which is dated 4 August 2010
Public Offer	the Offer of Shares under this Prospectus (subject to the Priority Offer) being an offer of 20,000,000 Shares at the Offer Price to raise \$4,000,000
Public Offer Application Form	the application form attached to and forming part of this Prospectus for use by investors
Record Date	close of business, 5 August 2010
Samuel	Samuel Holdings Pty Ltd ACN 063 693 747
Share Registry	Link Market Services Limited
Shareholders	holders of Shares in the Company
Shares	fully paid ordinary shares in the capital of the Company.
Sub-Underwriter	Samuel
Sub-Underwriting Agreement	sub-underwriting agreement between the Underwriter and Samuel dated on or about the 4 August 2010
Sub-Underwritten Amount	\$900,000
Tenements	those tenements listed in Section 5
Underwriter	Bizzell Capital Partners Pty Ltd ACN 118 741 012
Underwriting Agreement	An agreement between the underwriter and the company on or about 4 August 2010
Underwritten Amount	\$4,000,000

SECTION 11

APPLICATION FORM & INSTRUCTIONS

YOUR GUIDE TO THE APPLICATION FORM

Please complete all relevant white sections of the Application Form in **BLOCK LETTERS**, using black or blue ink. These instructions are cross-referenced to each section of the form.

The shares to which this Application Form relates are AusNiCo Limited shares. Further details about the shares are contained in the replacement Prospectus dated 4 August 2010 issued by AusNiCo. The Offer will close on 1 October 2010. While the replacement Prospectus is current, AusNiCo will send paper copies of the replacement Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant replacement Prospectus. This Application Form is included in the replacement Prospectus.

The replacement Prospectus contains important information about investing in the shares. You should read the replacement Prospectus before applying for shares.

- A.** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 New Shares and thereafter in multiples of 5,000. You may be issued all of the New Shares applied for or a lesser number.
- B.** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of New Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C.** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

- D.** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, AusNiCo will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E.** Please enter your postal address for all correspondence. All communications to you from AusNiCo and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F.** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to AusNiCo's issuer sponsored subregister.
- G.** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H.** Please complete the details of your cheque or bank draft in this section. The total amount should agree with the amount shown in section B. Make your cheque or bank draft payable to "AusNiCo Limited" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected. Pin (do not staple) your cheque or bank draft to the Application Form where indicated.

LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (Australian Eastern Standard Time) on 1 October 2010 at:

For mailing:

AusNiCo Limited Share Offer
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

For couriers and deliveries:

AusNiCo Limited Share Offer
C/- Link Market Services Limited
Level 12, 680 George Street
Sydney New South Wales

(do not use this address for mailing purposes)

Link Market Services Limited advises that Chapter 2C of the Corporations Act 2001 requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Limited	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith- Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Limited <Super Fund A/C>	XYZ Pty Limited Superannuation Fund

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Public Offer Application Form

This is an Application Form for Shares in AusNiCo Limited under the Public Offer on the terms set out in the replacement Prospectus dated 4 August 2010. You may apply for a minimum of 10,000 Shares and multiples of 5,000 thereafter. This Application Form and your cheque or bank draft must be received by **5:00pm (AEST) on 1 October 2010**.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

Shares applied for

Price per Share

Application Monies

at

A\$0.20**B A\$**

(minimum 10,000 Shares, thereafter in multiples of 5,000 Shares)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant #1

Surname/Company Name

Title

First Name

Middle Name

Joint Applicant #2

Surname

Title

First Name

Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

TFN/ABN/Exemption Code

First Applicant

Joint Applicant #2

Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box

Company

Partnership

Trust

Super Fund

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level

Street Number

Street Name

Suburb/City or Town

State

Postcode

Email address (only for purpose of electronic communication of shareholder information)

CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

Telephone Number where you can be contacted during Business Hours

Contact Name (PRINT)

Cheques or bank drafts should be made payable to "AusNiCo Limited" in Australian currency and crossed "Not Negotiable".

Cheque or Bank Draft Number

BSB

Account Number

Total Amount **A\$**

LODGEMENT INSTRUCTIONS

You must return your application so it is received before 5:00pm (AEST) on 1 October 2010 to:

Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235.

ANW IPO001

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The shares to which this Application Form relates are AusNiCo Limited ACN 122 957 322 ("AusNiCo") Shares. Further details about the shares are contained in the replacement Prospectus dated 4 August 2010 issued by AusNiCo Limited. The Public Offer will close on 1 October 2010. While the replacement Prospectus is current, AusNiCo Limited will send paper copies of the replacement Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant replacement Prospectus. This Application Form is included in the replacement Prospectus.

The replacement Prospectus contains important information about investing in the shares. You should read the replacement Prospectus before applying for Shares.

If you require information on how to complete this Application Form please contact AusNiCo Limited on 07 3303 0611.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 5,000. You may be issued all of the Shares applied for or a lesser number.

B Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

C Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

D Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, AusNiCo Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

E Please enter your postal address for all correspondence. All communications to you from AusNiCo Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to AusNiCo Limited's issuer sponsored subregister.

G Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

H Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.

Make your cheque or bank draft payable to "AusNiCo Limited" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (AEST) on 1 October 2010 at:

Postal Address

AusNiCo Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery Address

AusNiCo Limited
C/- Link Market Services Limited
Level 12, 680 George Street
Sydney New South Wales
(do not use this address for mailing purposes)

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

AUSNICO OFFERS INVESTORS:

1. STEWARDSHIP BY AN EXPERIENCED BOARD AND MANAGEMENT TEAM, WITH EXPERTISE IN BASE AND PRECIOUS METAL COMMODITIES, AND A TRACK RECORD OF SUCCESS.
2. POTENTIAL EXPOSURE TO MULTIPLE COMMODITIES INCLUDING NICKEL, GOLD, SILVER, COPPER, COBALT AND PLATINUM GROUP METALS.
3. A SUBSTANTIAL PACKAGE OF TENEMENTS WITH ENCOURAGING MINERALISATION AND A HISTORY OF DISCOVERIES AND DRILLING RESULTS IN AN AREA OF CONTINUING INDUSTRIAL GROWTH AND ESTABLISHED INFRASTRUCTURE.
4. ADVANCED TARGETS AND THE PROSPECT OF IMMEDIATE DRILLING RESULTS.

