



Quarterly Activities Report

December 2010

SUCCESSFUL ASX LISTING 21ST OCTOBER 2010

- First stage diamond drilling at Pembroke prospect intersected high grade zone of Cu/Au and Ni
- Mt. Cobalt geophysical data interpretation confirms numerous prospects
- Regional exploration programs identify new targets across AusNiCo tenements

A LETTER FROM THE CEO

Dear Shareholder,

I am both pleased and privileged to be reporting on a Quarter of positive achievements and commercial focus resulting in growing shareholder value.

ASX listing was successfully achieved on the 21st of October, 2010 and capital raising closed oversubscribed.

Our very first diamond drill hole confirmed mineralisation, of potentially economic grade, at shallow depth comprising substantial intersections of high grade gold-copper and nickel sulfide at the Pembroke prospect.

Plans are now being implemented to confirm the extent of the mineralisation at Pembroke and the association between the large, coincident magnetic high's and geochemical anomalies at the other six (6) prospects in close proximity.

This Quarter's activities have bolstered our confidence in the company moving to define a substantial open pit opportunity at Pembroke.

Recent re-interpretation of the geophysical data has confirmed known prospects for further investigation at nearby Mt. Cobalt, Mt. Cobalt West, Mt. Clara North, Mt. Clara East, Mt. Coora & Mt. Coora East.

We consider both the Teewoo & Widgee Mountain project areas to hold great exploration promise, and so too Mt. Kandanga which displays local geology very similar to the geology at Pembroke.

On the other hand, stream sediment & soil samples produced few promising results for Mt. Messmate, so the tenement was surrendered within the quarter, consistent with maintaining a tight exploration focus.

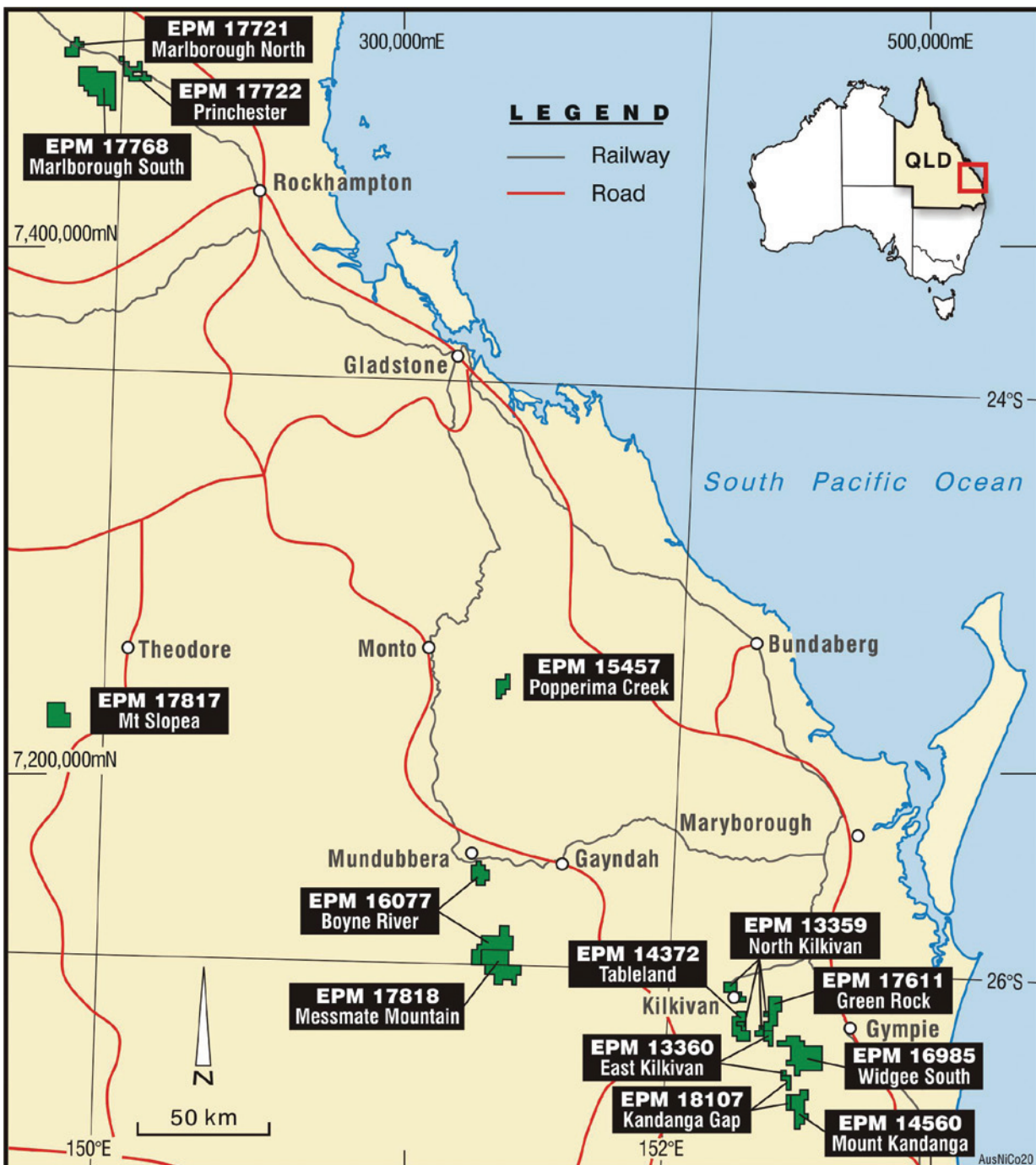
I look forward to reporting to you all in the next quarter.



John Downie
Managing Director & Chief Executive Officer



EXTENSIVE TENEMENT HOLDING; NICKEL FOCUS;
PROMISING EXPLORATION TARGETS; DISCIPLINED
& FOCUSED COMMERCIAL APPROACH



HIGH GRADE GOLD AND COPPER INTERSECTIONS HAVE BEEN RECORDED IN THE UPPER TRANSITIONAL AND PRIMARY SULPHIDE ZONES WITH DISSEMINATED NICKEL SULPHIDES ACROSS THE ENTIRE PRIMARY SULPHIDE ZONE

Diamond drilling at Pembroke Project EPM14372

As outlined in the prospectus, diamond drilling started at Pembroke in late October 2010. The early Queensland wet season made access difficult and as a result AusNiCo was unable to achieve all the exploration activity planned in November and December. With this in mind management has mobilised a tracked mounted diamond rig and a tracked support vehicle so that the company will not be materially impacted by any further wet weather.

Two oriented diamond holes were completed, (PEMD1 and PEMD2) during the December 2010 quarter.

First Diamond Hole (PEMD1) Highlights:

- 20.9m @ 1.04% Cu, 2.09g/t Au and 26m @ 0.44% Ni, 224ppm Co.
- Highest result was 12.33m @ 1.49% Cu, 2.95g/t Au; including 1m @ 9.56g/t Au, 15.85g/t Ag, 5.06% Cu and 0.53% Ni.
- Nickel intersection over the entire sulphide zone (181m) down hole.

The results demonstrate shallow, high grade gold/copper and nickel intersections from the Pembroke Prospect 55km west of Gympie, Queensland.

These intercepts are from the first diamond hole "PEMD1" drilled to further delineate potential open pit nickel, copper and gold resources in the highly anomalous area.

The first round of samples returned assays in the gold/copper zone of:

- 20.9m (18.1-39m) @ 1.04% Cu, 2.09g/t Au, including:
 - 12.33m (20-32.33m) @ 1.49% Cu, 2.95g/t Au; with
 - 1m (31-32m) @ 9.56g/t Au, 15.85g/t Ag, 5.06% Cu and 0.53% Ni.

The nickel intersections from this first hole included:

Entire Sulphide Zone:

- 181m (20-201m) @ 0.246% Ni, 145ppm Co, including:
 - 93m (39-132m) @ 0.29% Ni, 158ppm Co; with
 - 26m (39-65m) @ 0.44% Ni, 224ppm Co.

High grade gold intersections have been recorded in the upper transitional and primary sulphide zones with disseminated nickel sulphides across the entire primary sulphide zone. Nickel persisted at an average grade of 0.25% to the end of the hole. AusNiCo also believes that further potential exists both along strike and down dip in the copper gold zone intersected in PEMD1.

The current diamond drilling program has helped to define the structure and orientation of the mineralised zone of the Pembroke Nickel Prospect and have also been designed to penetrate into the magnetic high to test the association of magnetite with nickel and cobalt mineralisation.

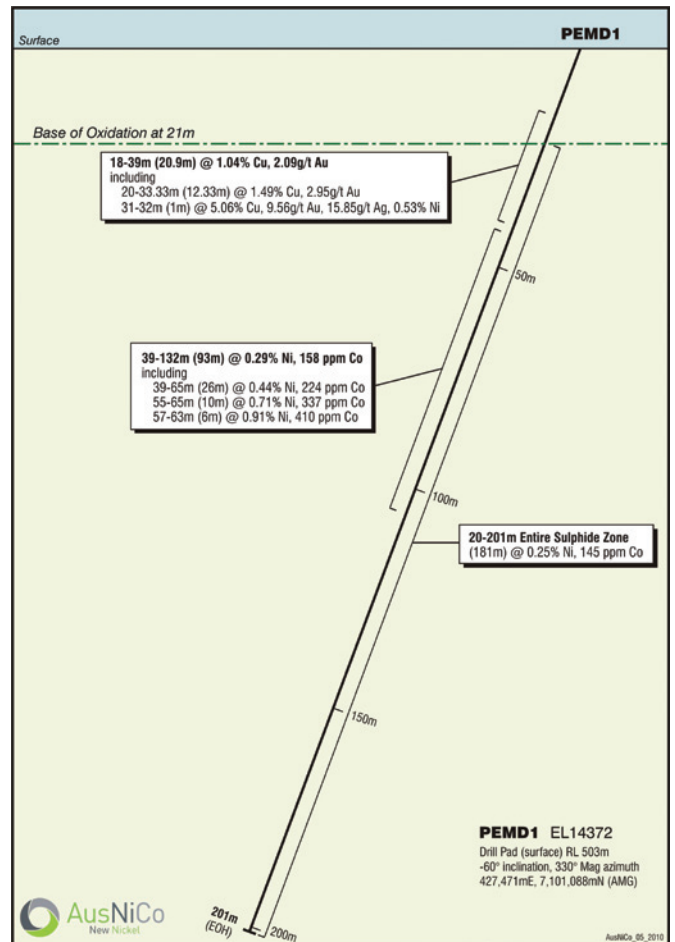


Figure 1. Bore Hole PEMD1 showing Cu/Au/Ni/Co intersections.

Second Diamond Hole (PEMD2) Highlights:

Several narrow chalcopyrite, pyrite and quartz veins intersected;

- Visible native copper at 272m.
- 2m @ 1.5% Cu, 1.6g/t Au, 17.3g/t Ag, 0.37%Ni and 436ppm Co.
- 2m @ 0.6% Ni, 225 ppm Co.

Diamond hole PEMD2 (located 200m to the north east of PEMD1) was drilled under the historic Copper Lode workings and intersected the vertically dipping, narrow high grade chalcopyrite vein at 164m down the hole. The 2m sampled interval 163-165m returned 0.5% Cu & 6.8g/t Ag with anomalous Bi, Te, Sb and As. Significantly, a new concealed mineralised structure was intercepted at 204m with both disseminated and veined sulphides comprising chalcopyrite, pyrrhotite, pyrite and pentlandite. The interval 203-205m reported 1.5% Cu, 1.6g/t Au, 17.3g/t Ag, 0.37% Ni and 436ppm Co with similarly anomalous As, Bi, Te, Sb and weakly elevated Mo, interpreted to indicate a porphyry source at depth. AusNiCo considers that a number of previously unrecognized mineralised parallel or enechelon structures will be located during the planned follow-up drilling.

The Copper Lode mine was an historic open stope, worked to a depth of 32m during WWII. It is reported that the miners worked on the steeply dipping lodes to mine solid chalcopyrite veins (300 mm wide) containing 11% to 20% Copper.

The split core samples returned assays of:

- 2m (203-205m) @ 1.5% Cu, 1.6g/t Au, 17.3g/t Ag, 436 ppm cobalt: and
- 18m (261-279m) @ 0.27% Ni, 120 ppm Co; including
 - 10m (265-275m) @ 0.32% Ni, 134 ppm Co; and
 - 2m (271-273m) @ 0.6% Ni, 225 ppm Co, 0.07% Cu.

PEMD2 has confirmed that the structure and orientation of the mineralised zone of the Pembroke Prospect is complex and will require extensive drilling. The holes have also been designed to penetrate into the magnetic high to test the association of magnetite, nickel and cobalt with mineralisation.

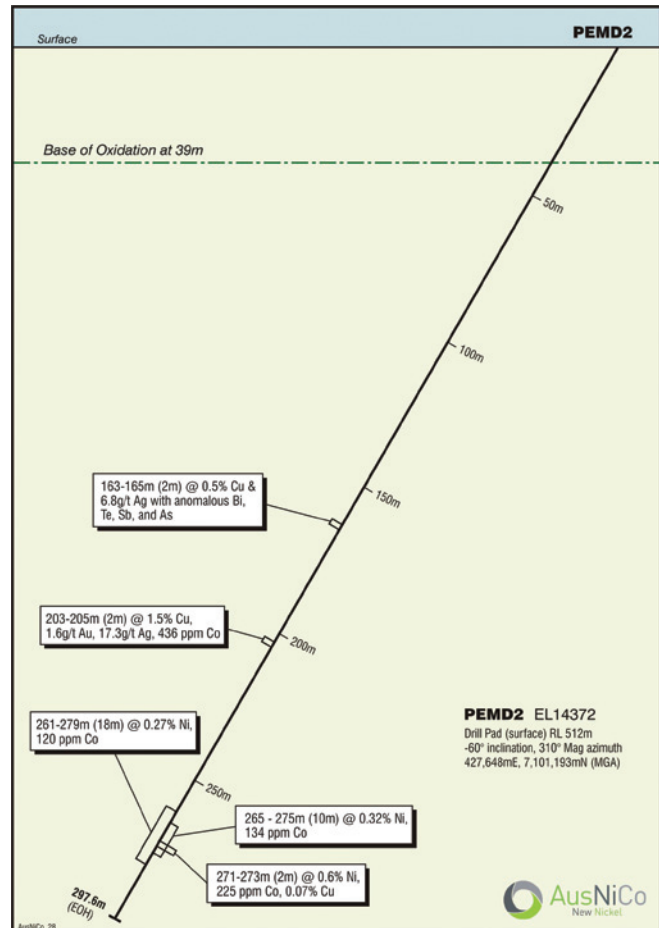


Figure 2. Bore Hole PEMD2 showing Cu/Au/Ni/Co intersections.

Two (2) further diamond holes will be drilled in January before moving to RC percussion to test strike extensions.

SUBSTANTIAL PROSPECTS CONFIRMED IN CLOSE PROXIMITY TO PEMBROKE, Mt. COBALT, Mt. COBALT WEST, Mt. CLARA NORTH, Mt. CLARA EAST, MT. COORA AND Mt. COORA EAST.

Reinterpretation of VTEM data at Mt. Cobalt has added prospects

3D modeling of the magnetic data over the project area shows a strong coincidence between surface geochemistry, drill results and magnetic anomalies. Based on this model, AusNiCo has identified substantial prospects in close proximity to Pembroke, Mt. Cobalt, Mt. Cobalt West, Mt. Clara North, Mt. Clara East, Mt. Coora and Mt. Coora East.

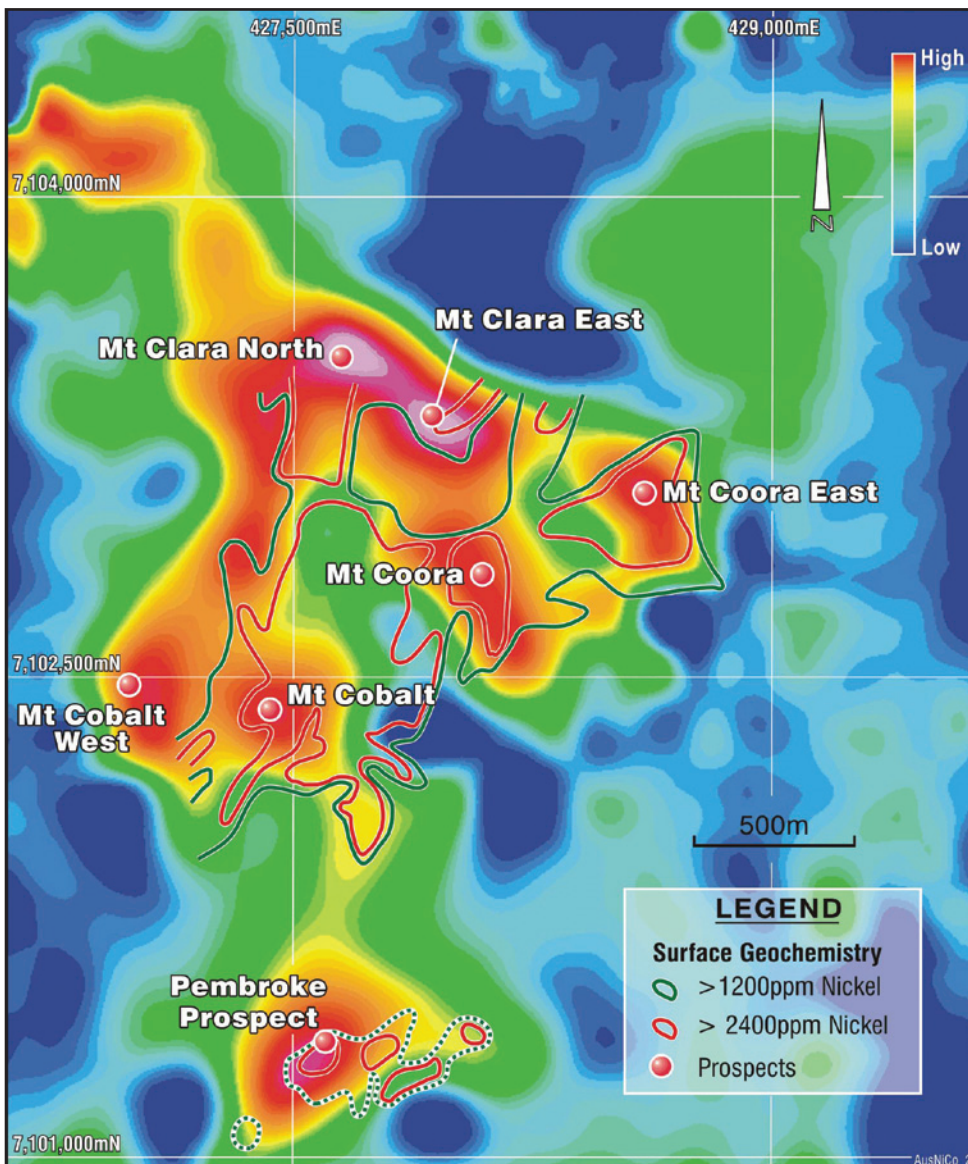


Figure 3. Magnetic depth slice showing location of new prospects.

Regional exploration programs on other tenements have defined areas of elevated nickel and cobalt (maximum of 4,630 ppm Ni and 729 ppm Co in soils) coincident with elevated magnetic trends, suggesting the potential for further concealed nickel sulphide mineralisation.

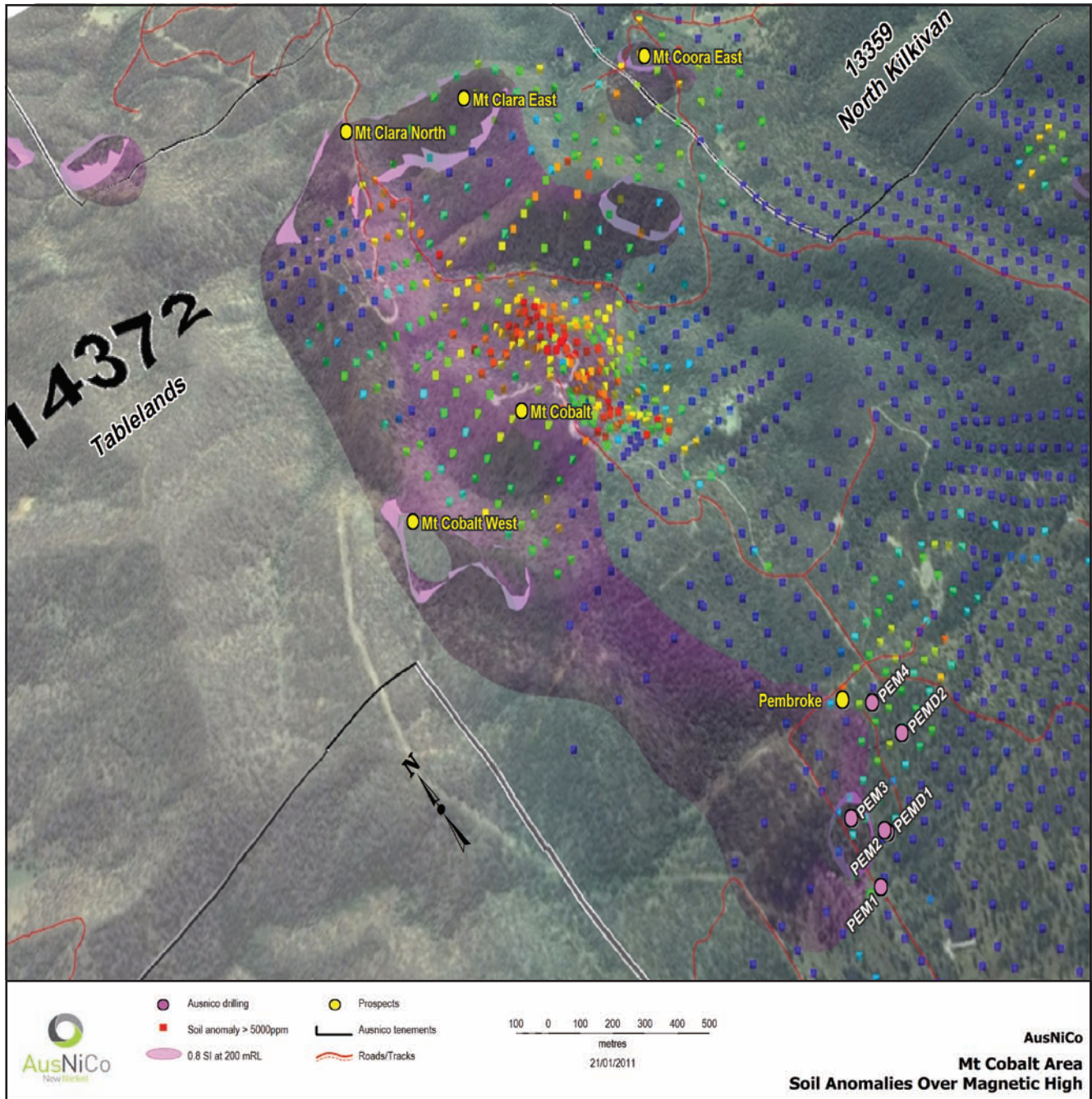


Figure 4. Rotated Google image showing magnetic iso-surface coincident with nickel soil anomalies.

THE SOUTHERN SUB-BLOCK AT TEWOO COVERS AN AREA OF STRONGLY ELEVATED MAGNETIC RESPONSES WITH ASSOCIATED NICKEL AND GOLD GEOCHEMICAL ANOMALISM

EPM 13360 Kilkivan South

The EPM comprises five (5) sub-blocks over the Widgee Mountain area in the north and one sub-block in the Mount Tewoo area in the south, approximately 27km west of Gympie.

At Widgee, magnetically anomalous serpentinite hosts several small historic copper, silver, nickel and minor gold workings. Old mines and prospects include McCarthys Mine, Pooleys Prospect, Mullaleys and Petersen's Copper Prospect. Follow-up and further infill sampling at Widgee where previous soil campaigns have outlined coherent broad zones of >2,000ppm Ni and >150ppm Co, with more discrete Au (>15ppb), Ag (>150ppb) and Cu (>100ppm) anomalism linking historic prospects has been curtailed by the wet weather.

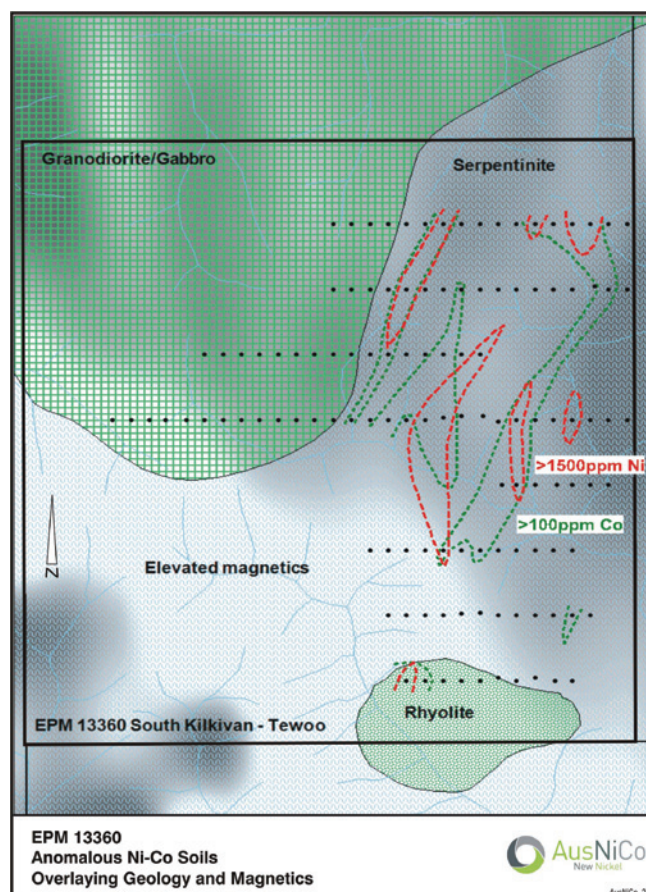
The southern sub-block at Tewoo covers an area of strongly elevated magnetic responses with associated nickel and gold geochemical anomalism coincident with an intrusive / ultrabasic contact. Since the successful company listing in mid-October 2010, 129 soil samples, 14 stream sediment samples and 26 opportunistic rock samples have been collected over mapped serpentinites proximal to a granodiorite/gabbro stock.

Only half of the proposed sampling has been completed in this extremely rugged terrain due to difficult access, heavy rains and difficult ground conditions. Preliminary assays indicate open-ended northerly trending linear zones of elevated Ni (max 2,630ppm) and Co (max 207ppm) with marginal Au (to 33ppb) and Cu (to 134ppm) anomalism on the eastern sector where the magnetic signatures are not intense.

The most prospective central-southern sector adjacent to the intrusive and demonstrating strong magnetic anomalies, has yet to be sampled.

AusNiCo considers both the Tewoo and Widgee Mountain Project areas represent highly promising environments for discovery of Ni-Co and associated base and precious metal mineralisation and will be conducting intense field programs in the region during the coming quarters.

Figure 5. Anomalous nickel-cobalt soils at Kilkivan South.



THE MOST PROSPECTIVE FEATURE WITHIN THE GREEN ROCK EPM IS THE GAP PROSPECT.

EPM 17611 Green Rock

The tenement was secured to evaluate the potential for nickel, platinum group elements, gold and base metals associated with the more mafic units within the concentrically zoned Mount Mucki Intrusive Complex. There are two base metal prospects, Bongmillers and Green Rock, which are considered to be worthwhile targets. The Gap Prospect contains large soil gold anomalies which have not been closed off. None of the three (3) prospects have been drill tested. During the quarter, a total of 189 stream sediment samples, 36 soil samples and 50 rock chip samples were collected. A series of significant (>5 ppb Au) stream sediment anomalies define a four (4) square kilometre catchment area in the NW of the EPM. The anomaly mainly overlies Mt. Mucki Complex diorites and corresponds to the Gap Prospect located south of the Wide Bay Highway in the northern partition of the EPM. Three (3) catchments assay in excess of 20 ppb Au and are coincident with elevated copper. The most prospective feature within the EPM is the Gap Prospect.

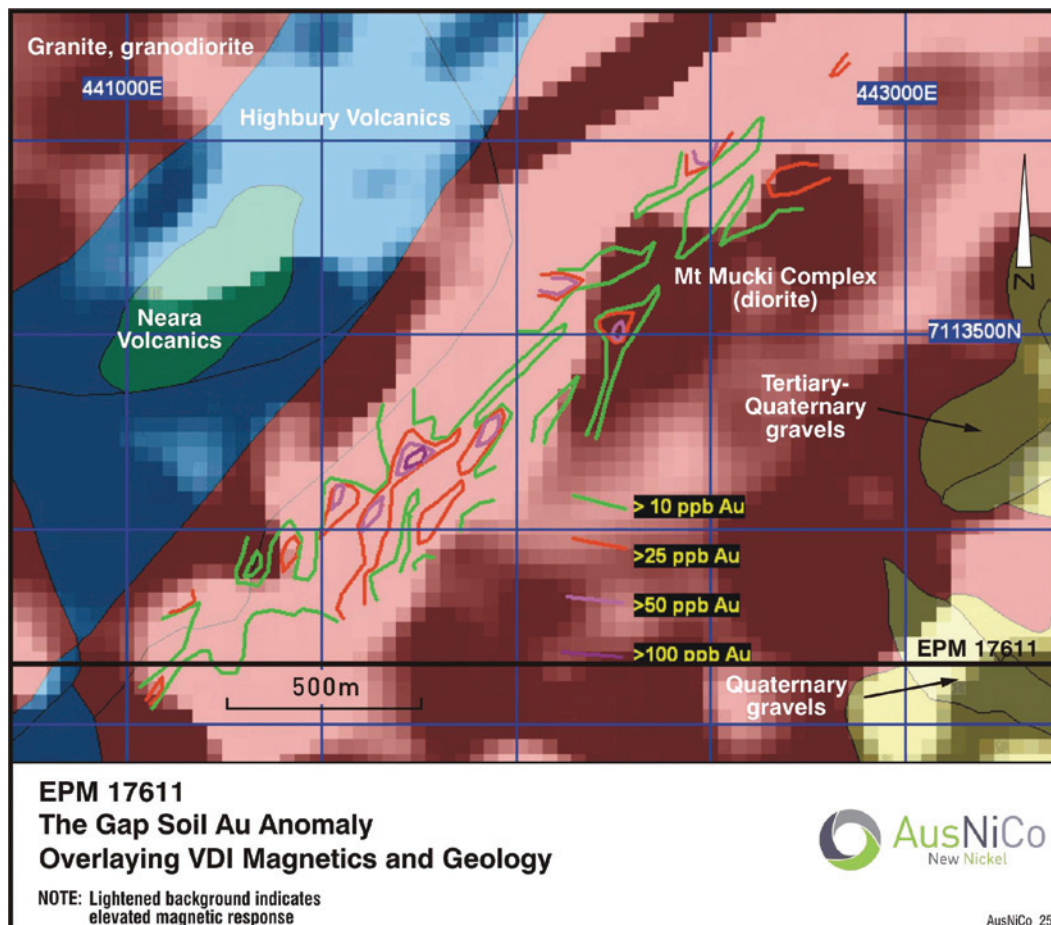


Figure 6. The Gap soil gold anomaly with VDI magnetics and geology.

THE MOST PROMINENT NICKEL ANOMALY AT Mt. KANDANGA COVERS AN AREA OF APPROXIMATELY 1.5 SQUARE KMS.

EPM 14560 Mount Kandanga

Tenure was secured to evaluate the potential for economic nickel-cobalt and copper-gold mineralisation. The regional geological setting is considered to be similar to AusNiCo's Pembroke Nickel Project in the Black Snake area south of Kilkivan. Interest was also spurred by Nickel Mines Ltd reports from the late 1960s highlighting significantly elevated nickel and platinum results from the area. A total of 308 infill soil samples were collected during the quarter complimenting 1,500 earlier samples. This work has identified large nickel (>2000 ppm) and lesser cobalt (>200 ppm) soil anomalies north of Kandanga Creek. The most prominent nickel anomaly covers an area of approximately 1.5 square kms. Narrower mainly NS trending anomalies of a similar tenor exist south of Kandanga Creek and also in the Kingham Creek area. Soil sampling has also identified a coherent NE trending semi-circular copper anomaly located in the south central part of the Kandanga grid. A 250m x 150m area assays greater than 200 ppm Cu with a best assay of 723 ppm Cu. The anomaly is still open to the NE and will be closed off during the planned sampling of the remaining untested areas of the EPM.

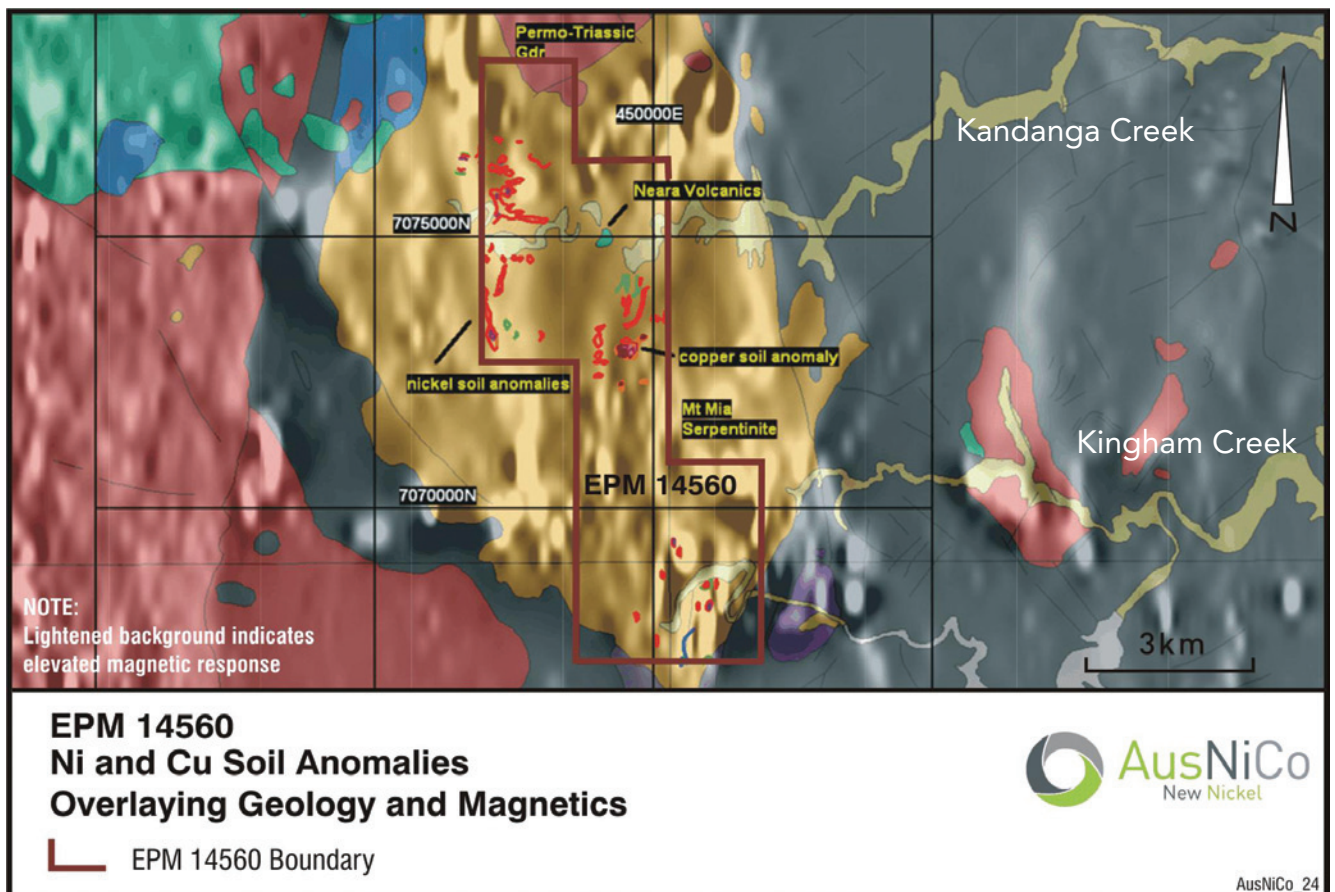


Figure 7. Nickel and Copper soil anomalies at Mt. Kandanga.

COBALT, CHROMIUM AND NICKEL ASSAYS ARE VERY ELEVATED, REFLECTING THE GENERALLY HIGH LEVELS WITHIN THE Mt. MIA SERPENTINITE.

EPM 18107 Kandanga Central

The tenement was secured to evaluate the potential for economic nickel-cobalt and copper-gold mineralisation within the Devonian-Carboniferous Mt. Mia Serpentinite intruded by Permo-Triassic granodiorite in the NW corner of the southern block. The geological setting is analogous to the Pembroke Project.

During the quarter, 26 stream sediment samples, 440 soil samples and 31 rock chip samples were collected targeting linear north trending magnetic highs within the serpentinite.

Stream sediment sampling has identified excellent gold-arsenic-silver-antimony anomalism with maximum gold assays of 59 ppb and 34 ppb Au accompanied by elevated arsenic (up to 218ppm As) and antimony (up to 13.8ppm Sb) and peripheral bismuth. Cobalt, chromium and nickel assays are very elevated reflecting the generally high levels within the Mt. Mia Serpentinite.

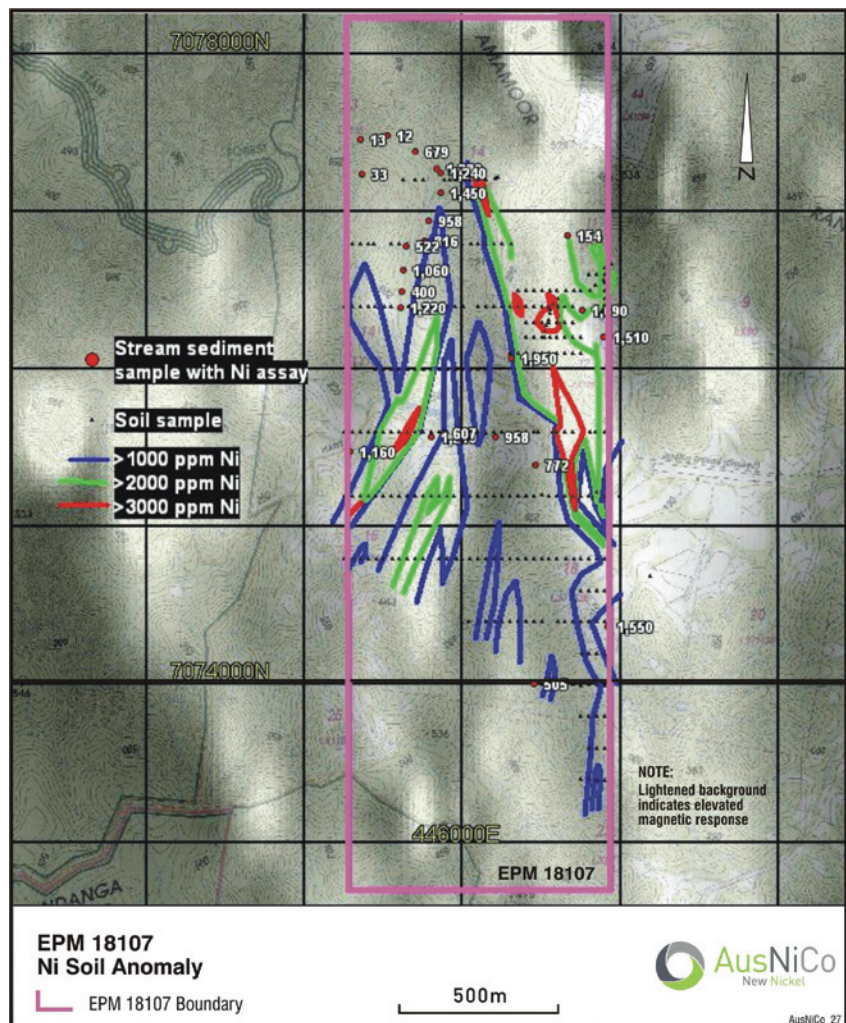


Figure 8. Contour lines showing nickel soil anomalies at Kandanga Central.

Encouraging soil gold anomalies, with associated arsenic and antimony, have been located in the southern block. The gold-arsenic-antimony anomalies correspond to a narrow less magnetic area between two linear NS trending magnetic highs. The maximum gold assay is 52 ppb Au (99 ppb Au by fire assay). The anomalies have not yet been closed off. Further soil sampling however is also needed to adequately test the two strongest gold anomalous stream sediment catchments.

Two large NNW trending nickel anomalies (>2,000ppm Ni) manifest to the east and west of Kandanga Creek with dimensions of 2kms x 100-400m and 1.2kms x 100-250m respectively. The nickel anomalies drape north trending magnetic highs. The highest assay was 4,150ppm Ni.

Smaller north trending cobalt soil anomalies with dimensions of 600m x 150m are coincident with the nickel anomalies. The maximum cobalt assay was 427ppm Co.

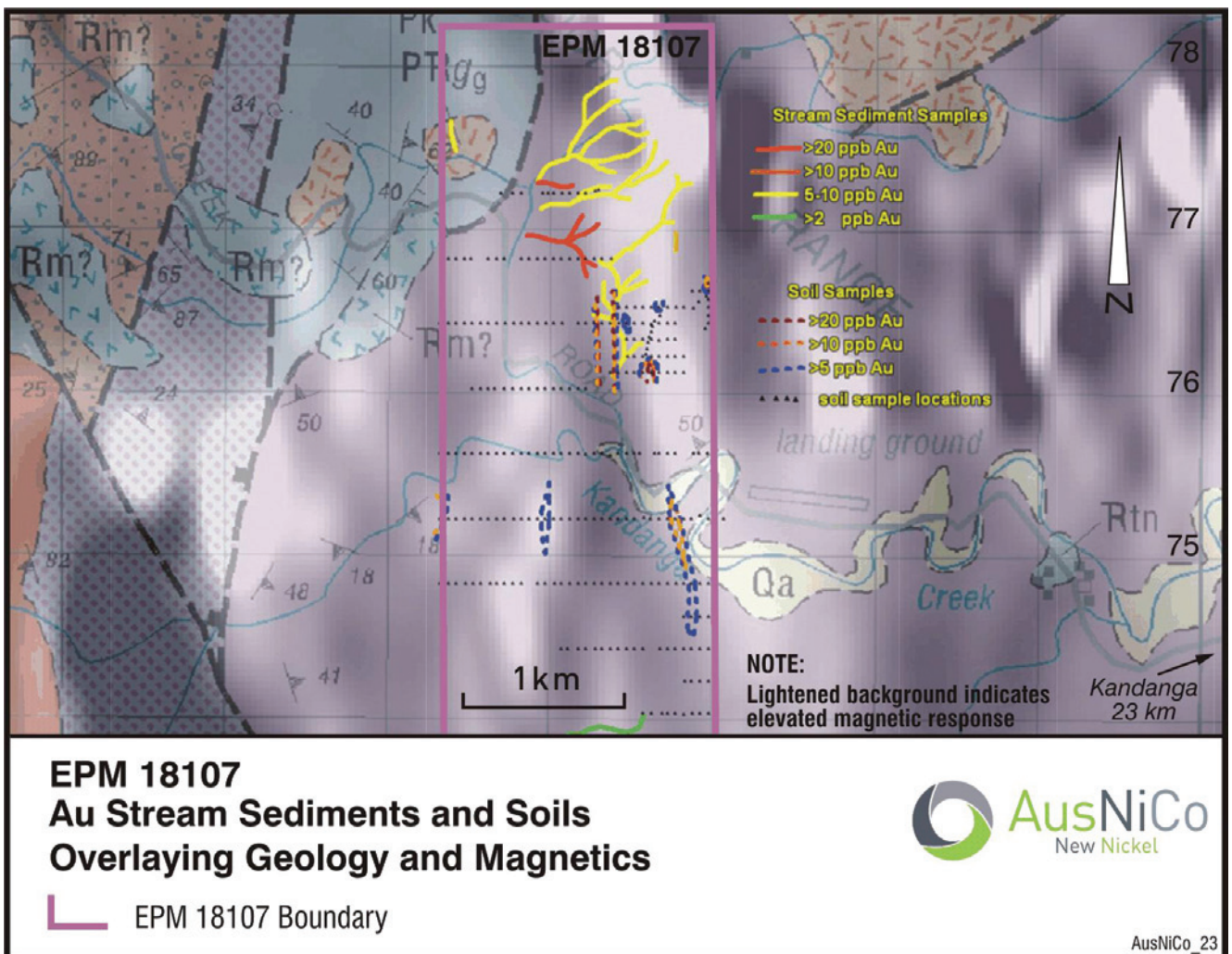


Figure 9. Gold stream sediments and soil samples at Kandanga Central.

THE SOIL SAMPLING RETURNED ELEVATED NICKEL (>2,400ppm Ni, MAX 4,630ppm Ni) COINCIDENT WITH ELEVATED MAGNETIC TRENDS AND SUGGEST POSSIBILITY OF CONCEALED NI-SULPHIDE.

13359 Kilkivan North

454 soil samples were collected over mapped serpentinites, locally intruded by granites in the northern sub-blocks of the EPM to the east and northeast of Kilkivan, as well as 45 reconnaissance stream sediment samples from the three (3) south-eastern sub-blocks near Widgee.

Early results from the soil sampling has defined northerly trending linear zones of significantly elevated nickel (>2,400ppm Ni, max 4,630ppm Ni) with accompanying anomalous cobalt (to max 729ppm Co) over 1.5km strike and 300m width and 650m strike x 300mW respectively to the south and north of the Wide Bay Highway east of Kilkivan.

The anomalies are coincident with elevated magnetic trends and suggest possibility of concealed Ni-sulphide – magnetite associated mineralisation. Patchy Pt, Zn, Au and Cu anomalies are also evidenced in the area.

Stream sediment results from the southern three (3) sub-blocks largely overlying Station Creek Quartz Monzonite NW of Widgee were uniformly of low tenor. These three (3) sub-blocks will be relinquished as part of the partial statutory tenement relinquishment requirement.

EPM 17818 Mount Messmate

This tenement is located about 45 kms south-southeast of Mundubbera. The EPM provides coverage of a concentrically zoned or possibly layered Permo-Triassic granite, monzonite, granodiorite, diorite, gabbro intrusive and elevated magnetic trends in Triassic rhyolite-dacite-andesite volcanics.

During the quarter 86 stream sediment samples, 421 soil samples and five rock chip samples were collected.

However no significant assays were detected from this program and the tenement was surrendered.

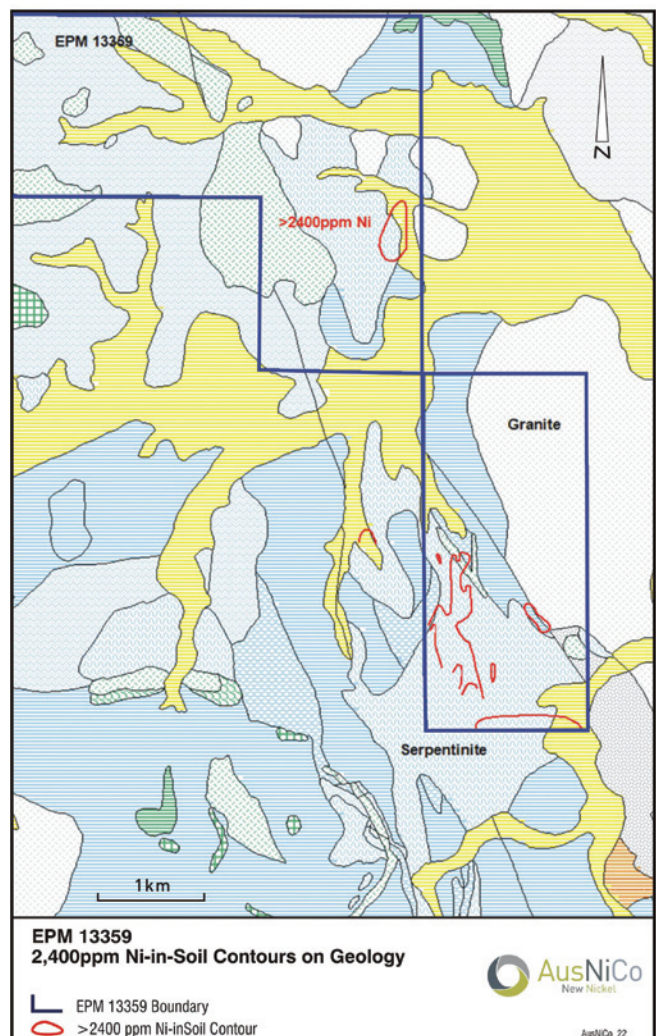


Figure 10. Nickel soil contours at Kilkivan North.

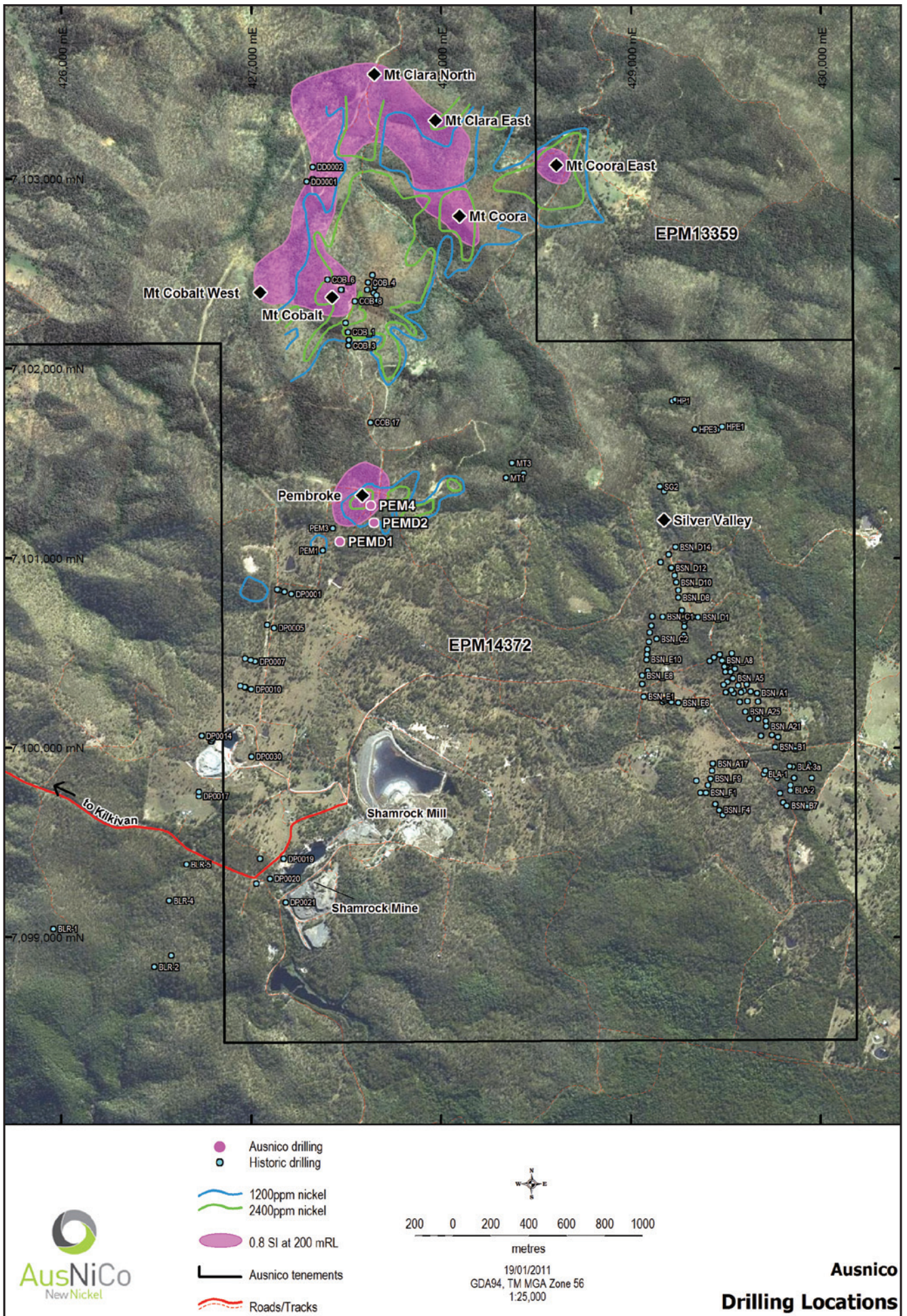


Figure 11. Location of Drill Holes (including outline of magnetic anomaly) in the Mt. Cobalt area.



COMPETENT PERSONS STATEMENT

The information herein that relates to Exploration Results is based on information compiled by 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 Holdings Pty Ltd which provides certain consultancy services including the provision of Mr Mather as the Managing Director of D'Aguilar Gold Ltd (and a director of D'Aguilar Gold Ltd's subsidiaries).

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.

ABOUT AUSNICO

AusNiCo's primary focus is the continued exploration and development of its nickel sulphide discovery at Pembroke and Mt. Cobalt, which has already returned an exploration drilling result of 50m @ 0.34% Nickel, including 4m @ 1.1% Nickel. The style of mineralisation is based on the Avebury deposit in Tasmania, owned by Allegiance Mining prior to its \$840m take-over by Zinifex in 2008. At Avebury 172,000 tonnes of contained nickel was defined (refer footnote) and later developed at grades of approximately 1% nickel, and concentrates containing more than 20% nickel were produced.

AusNiCo offers the opportunity for exposure to:

- multiple commodities, including nickel, gold, silver, copper, cobalt and platinum group metals;
- an extensive package of tenements with encouraging mineralisation in an area of continuing industrial growth and established infrastructure;
- advanced targets with the prospect of rapid drilling results; and
- accomplished Board and Management with substantial experience in the fields of large project exploration and development, and Nickel project development.

Full details of the exploration programs are contained in the Company's Replacement Prospectus dated 4th August 2010.

Footnote: Reference 22 October 2008, Oz Minerals Ltd. Presentation to the Australian Nickel Conference. Resources for the Avebury project were stated at Inferred Resources 9.6mt. @ 0.88% Ni, Indicated Resource 6.05mt. @ 1.01% Ni and measured Resource 2.37mt. @ 1.03% Ni, giving a combined total of 18.18mt. @ 0.95% Ni.

AusNiCo has 110,160,000 shares on issue.

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Electronic copies and more information are available on the Company website: www.ausnico.com.au

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