



ASX Announcement

12 November 2012

AusNiCo Secures a Relevant Interest in 19.99% of Taronga Mines Limited Through a Pre-bid Agreement

Highlight

- **Following the announced proposed merger on 1 November 2012, AusNiCo has now secured a relevant interest in 19.99% of the issued share capital of Taronga Mines Limited through a pre-bid acceptance agreement with YTC Resources Limited.**

The Board of AusNiCo Limited (**AusNiCo, ASX:ANW**) following the announced proposed merger with Taronga Mines Limited (**Taronga**) on 1 November 2012, has entered into a pre-bid acceptance agreement with one of Taronga's largest shareholders YTC Resources Limited (**YTC Resources, ASX:YTC**) in respect of 19.99 per cent of Taronga's issued share capital.

Prior to the announcement of the proposed merger with Taronga, YTC Resources owned approximately 23.7% of Taronga's shares on issue.

YTC Resources' entry into the pre-bid agreement in respect of 11,478,320 shares (representing 19.99% of Taronga) to AusNiCo evidences its support for the Offer.

Merger with Taronga

On 1 November 2012, AusNiCo Limited (ASX:ANW) announced its intention to acquire all the issued shares of the public unlisted tin exploration company Taronga, with Taronga shareholders to be offered 5 AusNiCo shares for every 1 Taronga share (the **Offer**).

The Offer implies a value of \$0.12 per Taronga share or approximately \$6.9 million for all of Taronga's issued capital¹.

Taronga has 13,100,000 options on issue each exercisable at \$0.20 (**Taronga Options**). AusNiCo proposes to offer 5 AusNiCo options exercisable at \$0.04 per option exercisable by 30 June 2015 to Taronga Option holders in exchange for the cancellation of every Taronga Option held.

For Taronga shareholders, the Offer represents a premium of 20% to the last capital raising conducted by Taronga in February 2012 at \$0.10 per share.

¹ Implied values are calculated by multiplying an AusNiCo volume weighted average price (VWAP) over the last 6 months of \$0.024 by the offer ratio of 5 AusNiCo shares for each Taronga share. Taronga has approximately 57.6 million shares on issue.



The transaction will be implemented through an off-market takeover offer for Taronga, which will be subject to the conditions summarised in Schedule 1 to the announcement made on 1 November 2012, including a 90 per cent minimum acceptance condition.

Merger Rationale

The Board of AusNiCo considers there to be a compelling strategic rationale for the transaction, including:

- Acquiring an advanced-stage project that can be brought into the development phase following the completion of a scoping study in 2013.
- Exposure to a new suite of commodities including tin.
- Bringing to AusNiCo a well credentialed management and exploration team lead by Mr Peter Williams.
- Exploration upside from an additional 368km² of exploration tenements prospective for tin, tungsten, silver and copper.
- Continued exposure to AusNiCo's existing nickel sulphide projects in Queensland and Tasmania.

Background Information on AusNiCo and Taronga

About AusNiCo

AusNiCo is an Australian-based exploration company focused on the discovery and development of nickel sulphide deposits.

AusNiCo holds a 100% interest in EPM19366 (Kilkivan Project) and application EPMA177768 (Marlborough Project) in Queensland as well as EL50/2011 (Heazelwood Project) in north west Tasmania. The total area includes 524km² prospective for nickel mineralisation.

AusNiCo was incorporated on 1 December 2006 and listed on the ASX on 21 October 2010.

Further information on AusNiCo is available at www.ausnico.com.au

About Taronga

Taronga is an Australian based exploration company focused on the development of the Taronga Tin Project, located at Emmaville in northern NSW.

The Taronga Tin Project is a world class tin project, ranked the 14th largest undeveloped tin project globally². A pre-feasibility study was completed between 1978 and 1983, including drilling in excess of 33,000m of diamond core and percussion holes.

² CRU *Tin Monitor June 2012*



Extensive metallurgical test work, including pilot plant trials, demonstrated (i) the amenability of the ore to pre-concentration, upgrading the ore to a concentrator feed of approximately 0.46% Sn, 0.18% Cu and 11g/t Ag; (ii) a predicted tin recovery of 69%; and (iii) an average tin concentrate grade >55% Sn with few impurities.

More recent work completed by Taronga has identified a number of areas of key upside, including:

- i. Increased in-situ grade – comparisons of Newmont data on bulk grade of underground sampling and adjacent drill holes supports the potential for actual resource grades to be higher than estimated;
- ii. Higher grades at depth – based upon a better understanding of the geological model, supported by historic drilling data at depth, including 2m* at 1.0% Sn from 351m in DG402-7; 1m* at 2.6% Sn from 169m and 1m* at 2.1%Sn from 213m in hole DG410-3E (*Note * down hole length, true width is unknown*);
- iii. Increased tin recovery – application of modern comminution and gravity separation equipment developed since the Newmont work was completed;
- iv. By-product credits - recovery of copper and silver compared to nil by Newmont; and
- v. Exploration potential - McDonalds and Emerald are advanced exploration targets within trucking distance of the Taronga Tin Project and could provide incremental tonnage.

Taronga also holds a portfolio of granted Exploration Licences surrounding the Taronga Tin Project that are highly prospective for tin, silver, copper and a number of other metals.

Tin prices have recently strengthened on the back of global supply deficit, and are trading above USD\$20,000/t. Tin remains the principal metal used in electronics solder, with future applications being developed in Lithium batteries and stainless steel.

Further information on Taronga is available at www.tarongamines.com.au

A handwritten signature in blue ink, appearing to read "KM Schlobohm", is written over a light blue horizontal line.

On behalf of the Board
KM Schlobohm
Company Secretary

Competent Persons Statement

The information in this document that relates to the minerals prospectivity of Taronga Mines Ltd's Exploration Licences is based on information compiled by Mr Bruce Pertzel. Mr Pertzel is a Fellow of the AusIMM and is a principal of Pertzel Tahan & Associates Pty Ltd. Mr Pertzel has sufficient experience which is relevant to the type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Pertzel consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.