

## ASX Announcement

27<sup>th</sup> March 2013

### Positive Economic Evaluation for Taronga Tin Project

#### Highlights

- **Independent re-costing of plant capital and operating cost completed.**
- **Updated economic evaluation demonstrates a positive operating cash flow of A\$13.08/tonne ROM.**
- **Work commenced to determine the potential value of by-product credits including copper and silver.**
- **Preliminary Feasibility Study to be commissioned.**

AusNiCo Limited (**AusNiCo**) is pleased to announce the positive results of a preliminary economic evaluation of the Taronga Tin Project located in New South Wales.

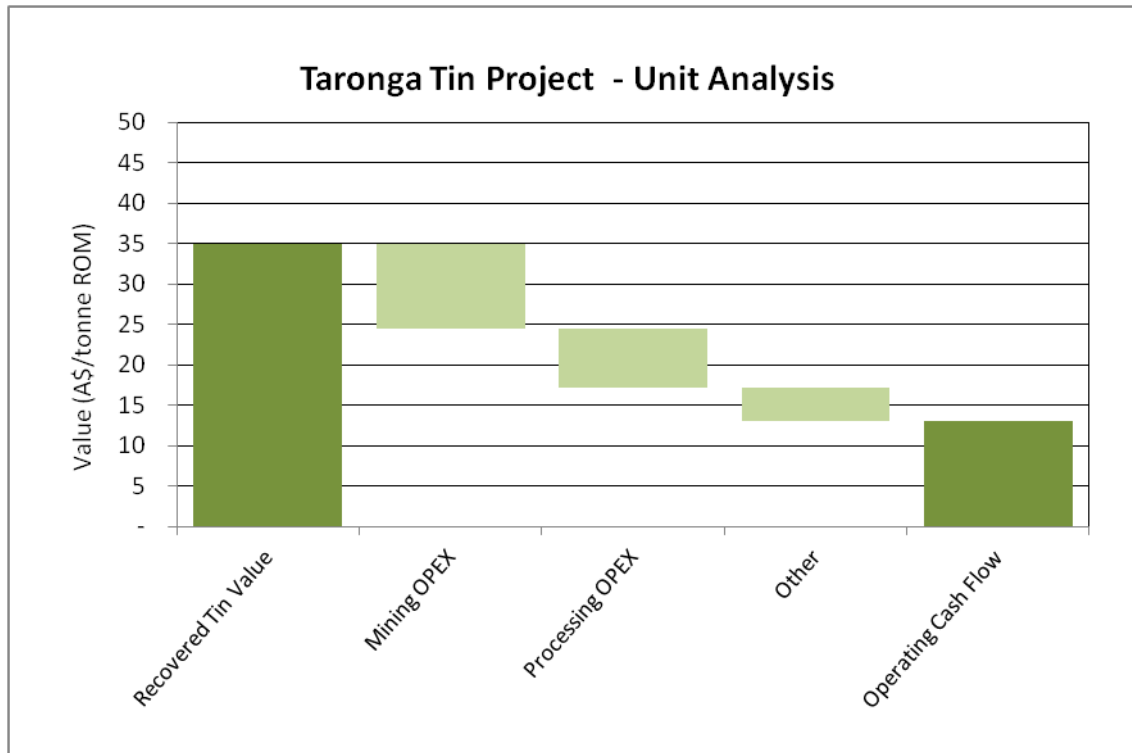
A comprehensive Preliminary Feasibility Study was completed by Newmont Holdings Pty Ltd between 1978 and 1983 (**Newmont PFS**), including drilling in excess of 33,000m of diamond and percussion holes, extraction of bulk samples, extensive metallurgical test work and detailed engineering design and equipment selection. A total of \$7.43m (1983 dollars) was spent on the Newmont PFS.

AusNiCo engaged DRA Pacific Pty Ltd (**DRA Pacific**) to complete a  $\pm 30\%$  estimate for capital and operating costs for the processing plant (tin recovery only) based on parameters reported in the Newmont PFS. DRA Pacific Pty Ltd, part of DRA International with over 2,000 employees, has significant expertise in the design of process plants. DRA Pacific were appointed in September 2012 to complete a Definitive Feasibility Study for the Achmmach Tin Project owned by Kasbah Resources Limited.

For the tin only processing plant at Taronga, DRA Pacific has estimated a plant capital cost of \$95M based upon a 3.7Mtpa ROM operation incorporating Heavy Medium Separation, and plant operating costs at A\$7.24/tonne ROM. An AusNiCo internal preliminary economic evaluation, assuming only tin revenues, indicates a potential operating cash flow of A\$13.08/tonne ROM (after mining, processing and other costs) averaged over an estimated 12 to 13 year Life of Mine<sup>1</sup>.

Following these positive results the AusNiCo Board has approved the immediate commencement of an updated Pre-Feasibility Study for the Taronga Tin Project.

The Taronga Tin Project is a world class tin project, ranked the 11<sup>th</sup> largest undeveloped hard rock tin project globally<sup>2</sup> with a historic resource estimate of 46.7Mt containing 68,000 tonnes of tin<sup>3</sup>. The Taronga Tin Project also contains significant copper and silver (up to 0.12%Cu and 6.5g/t respectively based upon bulk samples taken for the pre-feasibility study) and other minerals of possible by-product potential including tungsten, molybdenum, bismuth and indium.



Work undertaken on other tin projects has demonstrated the beneficial impact of by-product credits to improving the cash operating margin. AusNiCo is undertaking a metallurgical test work program and determining incremental costs to evaluate the potential inclusion of by-product credits into the updated Pre-Feasibility Study.



On behalf of the Board  
 KM Schlobohm  
 Company Secretary

Notes:

<sup>1</sup> Assumptions adopted for preliminary economic assessment are based upon (i) 0.2%Sn from 3 x 8 tonnes samples collected for pilot plant test work undertaken during the Newmont PFS (for which further details can be found at <http://digsopen.minerals.nsw.gov.au/>, Report GS1984/35); (ii) a tin price of US\$25,000/t and USD:AUD 1.00; and (iii) estimated operating costs obtained by AusNiCo.

<sup>2</sup>Source ITRI and Company Reports.

<sup>3</sup>Refer to the Half Yearly report released on 14<sup>th</sup> March 2013 for more information relating to the Historical Resource Estimate, which still applies and has not materially changed and that no new material information or data exists.

The Historical Resource Estimate is based upon work completed in the 1980s. The Historical Resource Estimate are not reported in accordance with the JORC Code; a competent person has not done sufficient work to classify the historical estimate as mineral resources or ore reserves in accordance with the JORC Code; and it is uncertain that following evaluation and/or further exploration work that the historical estimate will be reported an mineral resources or ore reserves in accordance with the JORC Code.

**COMPETENT PERSON STATEMENT**

The information in this Announcement 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 Ltd, which provides certain consultancy services including the provision of Mr Mather as the Managing Director of DGR Global Ltd 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 2012 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**

As a result of the merger transaction completed in January 2013 with Taronga Mines Limited, AusNiCo holds a 100% interest in the Taronga Tin Project as well as 368km<sup>2</sup> of granted exploration licences prospective for tin, tungsten, silver and copper. In addition, AusNiCo continues to hold and to explore a range of base and precious metals projects in various states in Australia, primarily focussed on nickel and nickel sulphides.

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