

ASX Release: 31 July 2013

Quarterly Activities Report - Period Ended 30 June 2013

ASX CODE: ANW

At Time of Publication

Shares on Issue

436.8 million

Unlisted Options

87.5 million

Performance Shares

8.9 million

Market Capitalisation

\$4.37M

DIRECTORS

Brian Moller (Chairman)
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HIGHLIGHTS

- Updated Preliminary Feasibility Study (Updated PFS) commenced for Taronga Tin Project including JORC resource estimation and metallurgical test work for copper and silver
- Exploration licence prospective for nickel, gold and graphite granted
- Fully Underwritten Entitlement Issue announced

REVIEW OF DEVELOPMENT & EXPLORATION ACTIVITIES

Updated PFS for the Taronga Tin Project

Following the previously announced positive economic evaluation for the Taronga Tin Project, the Company commenced an Updated PFS with the appointment of an independent geological consultant to calculate a JORC compliant resource. The Company also commenced initial metallurgical test work to evaluate the potential to recover copper and silver by-product credits.

The Company also completed Induced Polarisation (IP) geophysical surveys at two advanced tin exploration projects within close proximity to the Taronga Tin Project.

Prospective exploration licence granted

The Company was granted EL 31/1031, an area considered prospective for nickel sulphides based on an approximate 8km of ultramafics and a review of historic exploration activities.

Fully underwritten Entitlement Issue announced

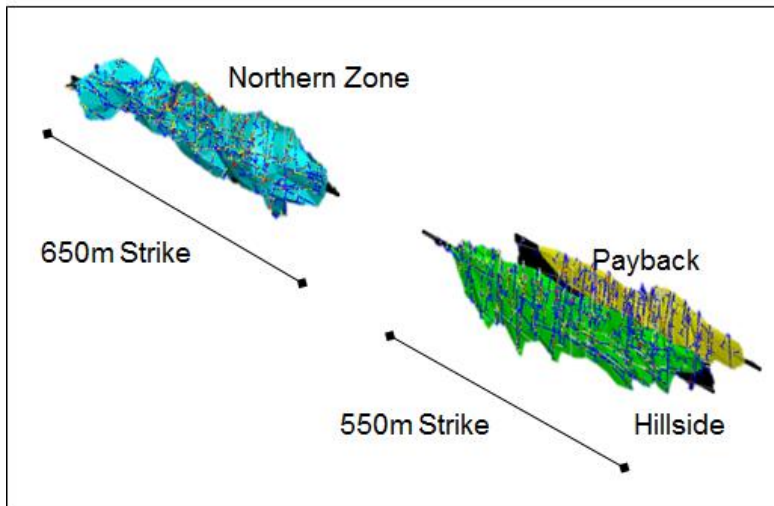
The Company announced a 2 for 5 non-renounceable Entitlement Offer to raise approximately \$870,000. Funds will be used to progress the Updated PFS, exploration activities and meet working capital. The Offer is fully underwritten by Mather Investments (QLD) Pty Ltd, an entity associated with Nick Mather, a Director of the Company.

JUNE QUARTER 2013 ACTIVITIES

Taronga Tin Project (NSW)

AusNiCo commenced work on the Updated PFS during the June 2013 quarter, with an independent consultant appointed to calculate a JORC compliant resource and an independent laboratory commencing initial metallurgical test work to evaluate the potential to recover copper and silver by-product credits.

During the quarter the Company appointed an independent geological consultant to estimate a JORC compliant resource for the Taronga Tin Project. Amongst other data, the consultants will use historic assay results from the 33,000m of drilling completed for the 1982 Pre-Feasibility Study prepared by Newmont Holdings Pty Ltd. It is anticipated that a JORC compliant resource will be completed in the September 2013 quarter, after which AusNiCo intend to appoint consultants to commence pre-feasibility work on mining,



processing and project infrastructure. Proposals to complete the Updated Pre-Feasibility have been received from a number of reputable consulting groups with indicative costs in line with expectations.

Figure 1: Wireframe and drill hole locations prepared for Taronga Tin Project from Newmont 1982 PFS

During the quarter the Company also undertook metallurgical test work to assess the recovery of copper and silver to potentially enhance the economics of the Taronga Tin Project. Initial results were very encouraging, with the recovery of copper to a sulphide concentrate ranging between 55.0% to 68.2%, and the recovery of silver between 49.1% and 51.2%. More recent test work increased the concentrate copper grade (8.1%Cu to 17.9%Cu) and reduced arsenic grades (24.5%As to 4.8%As) albeit at lower copper recoveries from those previously reported (down from 68% to 60%). Tests were based on limited sample size and on-going work to generate a saleable concentrate will be conducted when more drill sample is available. Silver results for the latest tests are pending.

An internal company assessment estimates copper and silver grades for the Taronga Tin Project to be 0.085% and 5g/t respectively based on extensive historic drill assay data (refer table 1 below) and an Exploration Target of 40kt copper and 7.5Moz of silver. The Exploration Target is based on a historical resource estimate and the calculated average copper grade (0.085%Cu) and silver grade (5 g/t Ag) from drill assay data reported from the 1982 Pre-feasibility Study prepared by Newmont Holdings Pty Ltd. However, the potential grades are conceptual and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Also refer to the Note at the end of this announcement.

Zone	Mineralised Intercepts			Average Contents		Maximum Values			
	All	Cu&Ag	%	Cu (%)	Ag (g/t)	Interval (m)	Cu (%)	Interval (m)	Ag (g/t)
Northern	145	95	65.5	0.085	5.1	11	0.398	11	33.8
Payback	63	42	66.7	0.085	4.1	9	0.436	16	7.9
Combined	208	137	65.9	0.085	5.0				

Table 1: Copper & Silver mineralised intercepts for the Taronga Tin Project

During the June 2013 quarter AusNiCo also completed two Induced Polarisation (IP) geophysical surveys at the Emerald and Pound Flat prospects. The surveys are intended to test the extension of potential tin mineralisation identified in previous surveys and assist in the design of a future drilling programs. Results are due during the September 2013 quarter.

The Emerald prospect is located approximately 8.4km ENE of the Taronga Tin Project and comprises sheeted veining tin mineralisation analogous to the Taronga Tin Project. Historic geochemical work defined a zone of mineralisation approximately 1,700m by a width of 200m to 500m, and the recently completed IP survey will seek to determine the extent of sulphide mineralisation beyond the geochemical survey previously completed.

The Pound Flat prospect is located approximately 15km SSE of the Taronga Tin Project. Previous work completed by Newmont Holdings Pty Ltd included two large tin intercepts from limited drilling, including 49m @ 0.18%Sn from surface and 98.5m @0.13%Sn from 13.5m down-hole. The recently completed Induced Polarisation survey will seek to determine the extent of mineralisation to the NE of the previously reported historic resource.

Kildanga (QLD)

During the June 2013 quarter the Company completed a geochemical soil survey across an extensive area at Pembroke near Kilkivan, Queensland. The previously identified gold / copper zone at Pembroke is now interpreted to dip to the south much shallower than previously thought. The geochemical program designed primarily to determine the extent of potential nickel mineralization, targeted the previously un-explored serpentinite and diorite to the south and south east. However, soil analyses from several areas contained elevated gold (>20PPB), which together with further examination of the drillhole data has led to a revised interpretation that the zone of gold / copper dips at a shallow angle to the south. Qualitative evidence at the nearby the historic Pembroke Copper Mine¹ also suggests indeed that a relatively shallow zone of gold / copper dips to the south.

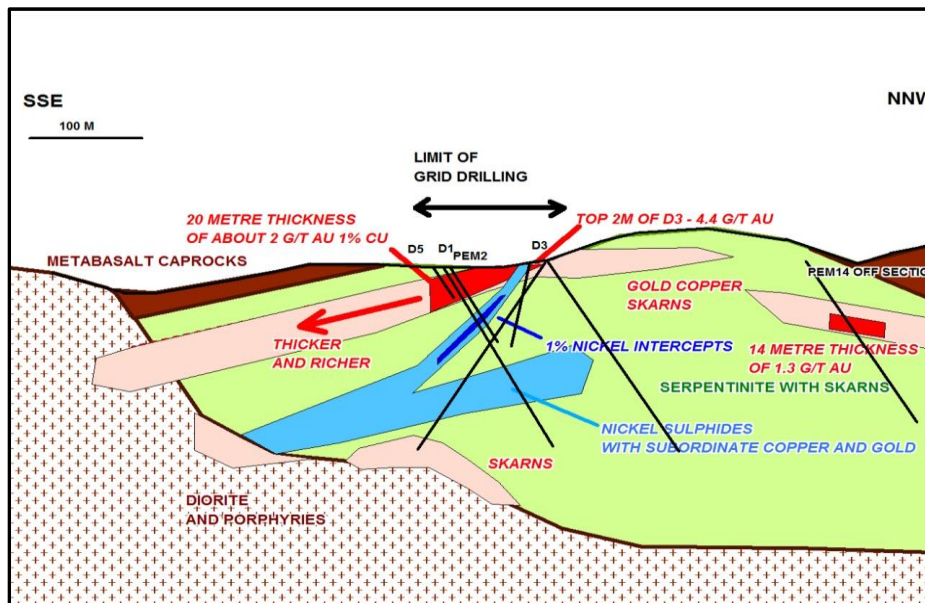


Figure 2: Section (SSE / NNW) of Pembroke

Planning is under way for a potential future drilling program, subject to availability of suitable resources to test the gold / copper zone of mineralisation down dip and across strike. The recent geochemical survey also confirmed the coincidence of elevated nickel assays at surface with higher nickel intercepts previously drilled, and provides numerous nickel targets for future drilling programs at depth

¹ Historic records indicate veinlets of mineralisation at Pembroke Mine dipping SSE at a shallow angle

Jump Up Dam (WA)

Subsequent to the end of the June 2013 quarter, the Company was granted EL 31/1031, an area of 142km², located approximately 100km NNE of Kalgoorlie. The Company considers the licence area to be prospective for nickel sulphides based on an approximate 8km of ultramafics and a review of historic exploration activities. Herron Resources' Jump Up Dam project containing a nickel laterite resource of over 67Mt containing 497,700t Ni and 27,400t Co² is fully contained within EL 31/1031.

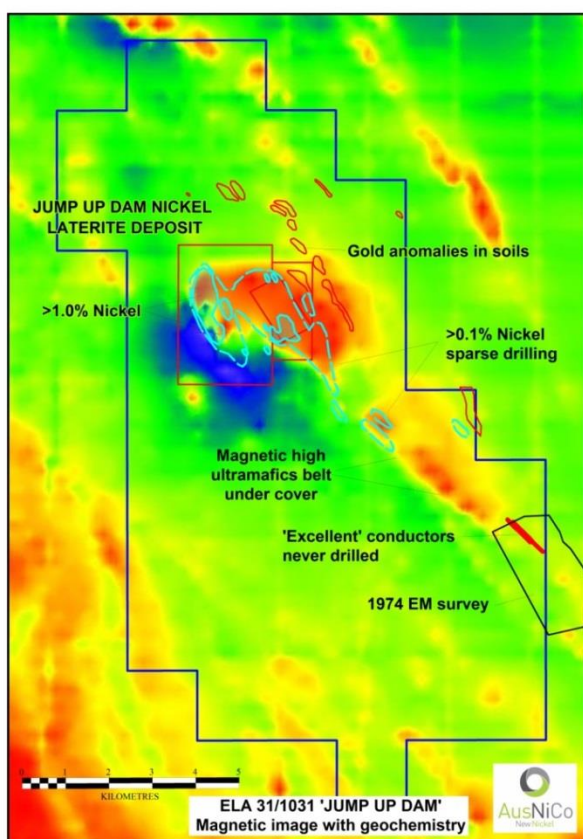


Figure 3: EL 31/1031 Magnetic Image with geochemistry

Previous magnetic surveys demonstrated ultramafics extend to southeast beneath shallow cover (Figure 3) and are coincident with high nickel anomalies on the edge of the ultramafics.

Significant exploration has previously been undertaken in the area but was principally focused on lateritic nickel and gold targets. AusNiCo will utilise the exploration strategy successfully employed to discover the Maggie Hay's Project in Western Australia the Company's Pembroke nickel sulphide project in Queensland, based on the association of PGM soil anomalies with nickel sulphides. From this work a targeted TEM survey is proposed to be undertaken.

Anomalous gold in soil assays of up to 137ppb Au plus a very strong electro-magnetic conductor thought to be graphite points to the exploration potential for gold and graphite respectively.

Other Projects

During the quarter the Company progressed a number of Exploration Licence applications prospective for nickel in Queensland and Western Australia.

Tenement Management

All statutory reporting was completed in order to preserve in good standing, the Company's extensive, highly prospective exploration tenements.

² Herron Resources Ltd Annual Report 2012

Corporate

On 26 July 2013 the Company announced a 2 for 5 non-renounceable Entitlement Offer to raise approximately \$870,000. Funds will be used to progress the Updated PFS, exploration activities and meet working capital. The Offer is fully underwritten by Mather Investments (QLD) Pty Ltd, an entity associated with Nick Mather, a Director of the Company.



On behalf of the Board
KM Schlobohm
Company Secretary

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 Holdings Pty Ltd which provides certain consultancy services including the provision of Mr Mather as a Non-Executive Director of AusNiCo Ltd.

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.

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Notes on Historical Resource Estimate

Pursuant to ASX Listing Rule 5.12, the following is applicable to reports of historical estimates of mineralisation for material mining projects included in this presentation

- The historical estimate is sourced from the relinquishment report submitted on behalf of the Taronga Joint Venture in October 1984. Further details can be found at <http://digsopen.minerals.nsw.gov.au/>, Report GS1984/35
- The historical estimate did not categorise the mineralisation
- The Company considers the historical estimate to be substantially material.
- Consultants for AusNiCo have previously considered the criteria in Appendix 5A of the JORC Code and concluded that whilst many of the parameters associated with mining have changed from 1982 to 2012, the intrinsic assessment strategies of the historic resource estimate per se are generally similar and are transparent and well documented.

- The historical estimate is based upon (i) 33,350m of percussion and diamond drilling; (ii) sampling practices in accordance with Pieree Gy's "Particulate Sampling Procedures"; (iii) three adits for bulk samples; (iv) geostatistical ore reserve estimation using inverse distance methodology; and (v) a 0.083% "break even" cut-off grade.
- No recent resources estimates have been completed, however, during the June 2013 quarter, AusNiCo appointed an independent consultant to prepare a JORC compliant resource. It is expected the consultant will advise AusNiCo what additional work, if any, is required to complete a JORC compliant resource estimation.
- AusNiCo intend, subject to satisfactory funding, to complete the above program during 2013.
- 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 as mineral resources or ore reserves in accordance with the JORC Code.
- 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 as mineral resources or ore reserves in accordance with the JORC Code. Further information can be found at <http://digsopen.minerals.nsw.gov.au/>, Report GS1984/35
- The information in this presentation 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 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.