



ASX Announcement

26 July 2013

Fully Underwritten Non-renounceable Rights Issue to Raise Approximately \$873,651

Rights Issue & Cleansing Notice and Consultancy Agreement

Rights Issue

AusNiCo Limited ACN 122 957 322 (**AusNiCo** or the **Company**) is pleased to announce a fully underwritten non-renounceable rights issue to eligible shareholders of 2 new shares for every 5 shares held (**New Shares**), at an issue price of \$0.005 per share (**Issue Price**), to raise approximately \$873,651 (before costs) (**Rights Issue**).

The Company intends that the funds raised from the Rights Issue will be used to progress development of the Taronga Tin Project, carry-out work across the Company's exploration portfolio, provide working capital, satisfy outstanding Director and CEO fees and pay the costs of the Rights Issue.

The Rights Issue will be available to all registered shareholders at 7pm AEDT on 6 August 2013 (**Record Date**) with registered addresses in Australia, New Zealand, Hong Kong, Cayman Islands and Papua New Guinea (**Prescribed Jurisdictions**) or any other jurisdiction in which the Company subsequently determines it may extend the Rights Issue (**Eligible Shareholders**). As at the date of this announcement the Company does not have any registered shareholders outside the Prescribed Jurisdictions.

Option holders need to exercise their options and be a registered holder of AusNiCo shares on the Record Date if they wish to participate in the Rights Issue.

The Rights Issue is being made without a disclosure document pursuant to 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**). AusNiCo will however send an Offer Booklet to all eligible shareholders on 8 August 2013.

In the event that there is less than full subscription by Eligible Shareholders for their Entitlements under the Offer Booklet, Eligible Shareholders may, in addition to applying for their Entitlement, apply for shortfall shares (**Shortfall Facility**). The Directors reserve the right to issue any shortfall shares at their discretion and any such issue would be at the Issue Price and within 3 months after the Closing Date.

The Entitlement Offer is underwritten by Mather Investments (Qld) Pty Ltd ACN 156 050 752 (**Underwriter**), an entity associated with Mr Nicholas Mather, a director of the Company. The Underwriter's obligations will not arise until after the exhaustion of the Shortfall Facility.

Approximately 174,730,211 New Shares will be offered under the Rights Issue (assuming no existing options on issue in the Company are exercised). Shares issued pursuant to the Rights Issue will rank equally with all shares on issue.

The proposed timetable for the Rights Issue is set out in the table below:

Announcement of Entitlement Offer; and Appendix 3B lodged with ASX	26 July 2013 (pre-market open)
Notice of Entitlement Offer sent to Option Holders	26 July 2013
Notice of Entitlement Offer sent to Shareholders	29 July 2013
Offer Booklet lodged with ASX	
Trading on Ex basis	30 July 2013
Record Date for the Entitlement Offer (7:00pm AEST)	6 August 2013
Despatch of Offer Booklet	8 August 2013
Opening Date of Entitlement Offer (9:00am AEST)	8 August 2013
Closing Date of Entitlement Offer (5:00pm AEST)	29 August 2013
Trading on deferred settlement basis commences	30 August 2013
Shortfall Notification Date (date by which notification of any Shortfall given to Underwriter)	2 September 2013
ASX notified of under subscriptions (no more than 3 business days after Closing Date)	2 September 2013
Settlement of shortfall shares	5 September 2013
Allotment Date - expected date of allotment of the New Shares issued under the Entitlement Offer and the Shortfall Share Offer (if any)	6 September 2013 (at the latest)
Normal trading begins	9 September 2013
Despatch Date - expected date of despatch of New Shares holding statements under the Entitlement Offer and the Shortfall Share Offer (if any), and deferred settlement trading ends	10 September 2013 (at the latest)

This timetable is indicative only and may be subject to change subject to the requirements of the *Corporations Act* and the ASX Listing Rules.

Consultancy Agreement

The Company has today entered into a Consultancy Agreement with Samuel Holdings Pty Ltd ACN 063 693 747 (**Samuel**) and Nicholas Mather (**Mather**). Samuel is a related party of the Company, being controlled by Mather.

The Agreement is to cause and procure the performance of all of the following duties and matters:

1. Provide executive and consulting services to AusNiCo;
2. Cause and procure the provision of a Non-Executive Director for the Company;
3. In consultation and conjunction with the Company CEO, provide assistance and advice services in relation to the following:
 - a. Capital raisings and marketing plans;
 - b. Exploration strategy development;
 - c. Corporate strategy development;
 - d. Developing a marketing plan for the Company;

- e. Developing a Strategic Plan;
- f. Review of new assets, development and implementation of acquisition and divestment strategies;
- g. Broker and investor liaison and promotional activities;
- h. Liaison with brokers and financiers to the Company; and
- i. Preparation for and execution of new capital raisings.

The Consultancy Agreement is subject to completion of the Rights Issue underwritten by the Underwriter.

The term of the Consultancy Agreement is for 2 years and the annual consultancy fee is \$60,000 plus \$40,000 while Mather is a Director of the Company.

Cleansing Notice under Section 708AA of the Corporations Act

Pursuant to section 708AA(7) of the *Corporations Act*, AusNiCo provides notice of the following:

1. AusNiCo will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the *Corporations Act*.
2. AusNiCo is providing this notice under section 708AA2(f) of the *Corporations Act*.
3. As at the date of this notice, AusNiCo has complied with:
 - (a) the provisions of Chapter 2M of the *Corporations Act* as they apply to AusNiCo; and
 - (b) section 674 of the *Corporations Act*.
4. As at the date of this notice there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules other than as set out below; and
 - (b) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (1) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (2) the rights and liabilities attaching to the New Shares.
5. If all shareholders take up their entitlement under the Rights Issue, the Rights Issue will have no effect on the control of AusNiCo. As the Rights Issue is being extended to all registered shareholders in the Prescribed Jurisdictions, being all the jurisdictions in which there are registered shareholders, no shareholder will be diluted if the offer is fully subscribed.

6. However if an Eligible Shareholder does not take up their entitlement in full there may be a dilutionary effect on that shareholder's proportionate shareholding. In the event of a shortfall, Shareholders may subscribe for shortfall shares and the Directors reserve the right to allocate the shortfall at their sole discretion. Acceptance of entitlements or the placement of any shortfall may also result in existing shareholders significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act, which restrict a person from having a relevant interest in voting shares in the Company where they would have voting power in the Company of 20.0% or more, subject to a number of exemptions, and Listing Rules, which restrict allocation of shortfall shares to a related party of the Company.
7. The Underwriter is a Related Party of the Company because Mr Nicholas Mather is a director of the Company and the sole director of the Underwriter. The Underwriter currently does not have a Relevant Interest in any Shares. However, Mr Nicholas Mather currently has a Relevant Interest in 39,365,152 Shares or 9.01% of the Company's issued share capital.

It is a Condition Precedent to the Underwriting Agreement that certain prescribed shareholders take up their Entitlement or a prescribed number of Shortfall Shares. If no other Shareholders take up any of their Entitlement or any Shortfall Shares, the maximum number of Shares that the Underwriter will be required to subscribe for is 84,318,774 New Shares (**Balance Shares**). This would result in the Underwriter acquiring a Relevant Interest in 13.79% of the Voting Shares on issue in the Company, on a diluted basis, and Mr Nicholas Mather acquiring a maximum Relevant Interest in 138,575,986 Shares or 22.66% of the Voting Shares on issue in the Company.

If the Underwriter were to waive the Conditions Precedent and if no Shareholders subscribed for their Entitlement or any Shortfall Shares, the Underwriter would be required to subscribe for 174,730,211 New Shares, resulting in the Underwriter acquiring a maximum Relevant Interest of 28.57%. This would cause Mr Nicholas Mather to acquire a Relevant Interest in 214,095,363 Shares or 35.01%.

If the Conditions Precedent were not satisfied and Underwriter was not required to take up any Shares two of the Company's existing major shareholders may exceed a 20% holding.

Further details are set out in the Offer Booklet.

Further information

The Company anticipates that approximately 174,730,211 New Shares will be issued (this number may have to be increased by 35,000,000 New Shares if existing option holders exercise their options prior to the Record Date). The New Shares will be issued for \$0.005 each.

Upon completion of the Rights Issue, and assuming it is fully subscribed and that existing options are not exercised, the issued capital of AusNiCo will comprise approximately 611,555,739 shares and 87,500,000 unlisted options exercisable at prices ranging from \$0.30 to \$0.04 each with expiry dates ranging from 19 November 2013 to 30 June 2015.



The New Shares will rank equally in all respects with AusNiCo's existing shares. If an Eligible Shareholder's entitlement results in a fraction of a New Share, the entitlement will be rounded up to the nearest whole number.

Trading in the New Shares is expected to commence on 9 September 2013.

An Appendix 3B applying for quotation of the New Shares is **attached** to this announcement.

The Directors of AusNiCo encourage all Eligible Shareholders to participate in the capital raising.

A handwritten signature in blue ink, appearing to read "K. Schlobohm", is positioned above the typed name of the Company Secretary.

On behalf of the Board
KM Schlobohm
Company Secretary

For further information contact:

Mr Peter Williams
CEO, AusNiCo Limited
Ph: 07 3303 0611

Karl Schlobohm
Company Secretary, AusNiCo Limited
Ph: 07 3303 0680

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

Email: info@ausnico.com.au