



## ASX Announcement

3 September 2009

### Merger of AusNiCo Limited with Lionsgate Metals Inc

The Directors of D'Aguilar Gold and its 79% subsidiary AusNiCo have reached agreement to merge AusNiCo with the TSX listed tier 1 Canadian company, Lionsgate Metals Corporation Inc. (TSX-V: LGM). The merger of the two companies will create a listed base metals specialist with nickel, copper and molybdenum assets in British Columbia, Western Canada and south east Queensland, Australia.

#### The Proposed Merger Terms

Lionsgate will purchase all of the 90.16 million shares and 22 million options in AusNiCo for the issue of 10 million common shares and 3 million five (5) year warrants exercisable at CDN\$1.10 per share. The acquisition is subject to the completion of satisfactory reciprocal due diligence and applicable shareholder and regulatory approvals.

D'Aguilar will appoint three Directors to form a new Lionsgate Board of six. AusNiCo management and Directors Messrs Ian Levy, Brian Moller and D'Aguilar CEO Nick Mather are expected to contribute strongly to the growth and direction of Lionsgate. Messrs Mather and Moller's experience in the foundation and rapid emergence of Waratah Coal Inc as the TSX-V listed proprietor of one of the western world's largest undeveloped coal resources before its \$130m takeover in December 2008, is expected to be a strong factor in the growth of Lionsgate.

During his time at the previously ASX-listed Allegiance Mining, Ian Levy was in charge of the development of the Avebury nickel mine in Tasmania, with contained nickel of 172,000 tonnes (refer footnote). Strong geological similarities evident between the AusNiCo projects and Avebury are expected to develop into an exploration strategy with wide ranging global implications in previously untested nickeliferous terranes. Mr Levy said that he "expected that the experience would lead to the discovery of some new and very significant nickel camps for Lionsgate."

Commenting on the propose merger, Mr Mather said that "D'Aguilar's strategy of successfully bedding down its main resource exploration programs in independently listed financed and managed corporations with rapid growth strategies and undervalued assets was gathering momentum and that the proposed Ausnico-Lionsgate marriage presented D'Aguilar with an exciting opportunity to see its nickel exploration models financed and managed, in a company with complimentary marketing and financing skills."

Lionsgate Chairman, Mr Arni Johannson said "Lionsgate's goal is to execute on its global acquisition strategy targeting large base metals resources. The acquisition of AusNiCo and its exciting nickel base will complement Lionsgate's already impressive copper and molybdenum assets". The Board of Lionsgate also boasts Mr Damien Reynolds and Mr Mark Hewett from Canaccord, one of North America's largest broking houses with extensive experience in all levels of mining and exploration financing. The combined team will be dedicated to the continued growth and development of Lionsgate's asset portfolio.

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## About Lionsgate

Lionsgate has a quality portfolio of copper and molybdenum projects in British Columbia, Canada notably the **Hudson Bay** molybdenum project near Smithers located around Davidson molybdenum project, which is slated for near term development by Thompson Creek Metals. The proposed development brings into sharp focus the high prospectivity of the project. A program of Induced Polarisation (IP) and drilling is planned by Lionsgate to define additional material which may be treated at a future Thompson Creek development.

The **Poplar** copper gold porphyry is approximately 150km south of Smithers, British Columbia in an area of substantial infrastructure only 40km from the producing Huckleberry Mine. Poplar is a significant copper gold porphyry, and additional porphyry targets in the Canyon Creek area such as the China Creek stock are yet to be tested.

The **Kelly Creek** project, 30 km west of Terrace, British Columbia is a red-bed copper project similar in style to Calumet Mine in Michigan USA. There is considerable potential to define additional drilling targets, and a program of airborne geophysics and subsequent drilling has been planned to test the new targets at the Upper Kelly Creek and East Side prospects.

**Corporate:** Lionsgate has 10.487 million shares and 6.2 million options and warrants on issue. Of this total, 1 million options are exercisable at prices ranging between \$CDN 1.10 to \$1.40 at varying expiry dates from September 2011 to October 2013. Additionally, some 5,593,702 warrants are exercisable at \$CDN 0.72, with 4,393,702 expiring on 25 June 2012 and 1,200,000 expiring on 23 May 2013.

The company has significant holdings in TSX listed Nevada Copper Corp, in accordance with its growth plans in base metals. Total cash and current assets exceed CDN\$2.5 million. For further details on Lionsgate and its projects, see the company's website at [www.lionsgatemetals.com](http://www.lionsgatemetals.com)

## The AusNiCo Projects

From its inception, AusNiCo was designed to secure an extensive tenure position for nickel exploration in south east Queensland. The mineralisation model is based broadly on the process of sulphur introduced from nearby igneous intrusions scavenging nickel in olivine rich ultra basic igneous rocks, the precipitation of nickel sulphides disseminated through greenstone and iron magnesium skarn halos adjacent to the intrusions. This model is also evident at Avebury (Allegiance Mining) in Tasmania, where 172,000 tonnes of contained nickel (refer footnote) was defined and later developed at grades of approximately 1% nickel and concentrates containing more than 20% nickel were produced.

AusNiCo has secured a tenement position of 1,760 km<sup>2</sup> over 200km of strike of nickeliferous serpentinites intruded by sulphur bearing granites. Nickel sulphides are believed to have precipitated in select zones. AusNiCo's discovery of nickel sulphides in the Black Snake Plateau area at both Mt Clara and Pembroke exemplify the potential of the prospective province and offer 70 km strike length of prospectivity. At Mt Cobalt, oxidised and hydrothermally altered serpentinites yield nickel anomalies in soil over a 200m x 400m zone, with peak rock chip values to 1.6% nickel and 6% cobalt. The area has been drilled and encountered oxide nickel mineralisation to 0.8% nickel to a depth of 115m.

Deep magnetic geophysical targets at and surrounding Mt Clara have not yet been drill tested. Numerous other nickel, copper and silver zones are yet to be tested on the Black Snake Plateau, and at Kadanga, to the south east.

AusNiCo is targeting wide, high tonnage disseminated nickel sulphide targets above 0.5% nickel and oxide deposits above 0.7% nickel, with competitive development and operating economics.

For more information on the Company's projects, go to <http://www.daguilar.com.au/AusNiCo.html>

### The D'Aguilar Gold Strategy

D'Aguilar Gold intends to hold its position in Lionsgate Metals as a base for a global base metals company. At the 28 August 2009 closing price of CDN\$1.24 the stake is worth approximately A\$15 million to D'Aguilar Gold, or 15.29 cents per AusNiCo share. D'Aguilar Gold currently holds 72 million shares and 20 million 30 cent options in AusNiCo and will, following the merger, hold approximately 7.6 million shares and 2.88 million options in Lionsgate, after the deduction of transaction-related costs.

### Base Metals Outlook

The Boards of both Lionsgate and D'Aguilar consider the global base metals acquisition strategy to be well founded and believe that strong growth in the rapidly industrialising nations of China and India will underpin strong markets in construction and industrial base metals particularly copper, molybdenum and nickel.

### 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 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.

**Footnote:** Reference 22 October 2008, Oz Minerals Ltd presentation to the Australian Nickel Conference. Resources for the Avebury project were stated at Inferred Resource [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.

On behalf of the Board  
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Electronic copies of this release and more information are available on the Company website: [www.daguilar.com.au](http://www.daguilar.com.au)