



Cover Story



Releasing its prospectus this month, AusNiCo holds a 100% interest in twelve mineral tenements in southeast Queensland representing over 700km² of terrane with strong nickel-cobalt potential, as well as applications for two further mineral tenements, upon which AusNiCo proposes to further explore and, subject to receipt of successful exploration results

The company was incorporated on 1 December 2006 as a wholly owned subsidiary of ASX-listed D'Aguiar and its discovery of ore-grade nickel sulphide mineralisation at the Pembroke Prospect on the Black Snake Plateau in mid 2008 was second in Australia to the AUD800 Million Avebury Project in Tasmania

These types of deposits are newly recognised, hard to discover and extremely valuable and therefore make highly prized, rare discoveries for AusNiCo.

The first discovery of its kind was the Avebury Nickel Mine in western Tasmania discovered by Allegiance Mining NL in January 1998, which was taken over by Zinifex Limited (now OZ Minerals Limited) for more than \$840 million in mid 2008. And a third discovery of ore-grade nickel sulphide mineralisation of similar geological age was made in Spain, and was successfully developed into the Aguablanca nickel mine near Seville.

Non Executive Director Nicholas Mather says AusNiCo's main project area is very similar to Avebury - characterised by large thicknesses of nickel mineralisation at low to moderate grades.

AusNiCo's discovery hole PEM2 at the Pembroke Prospect intersected 50 metres of nickel sulphide mineralisation averaging 0.34% nickel, and at the point that the hole was stopped it was still in the nickel sulphide mineralisation. Within that 50 metres of nickel mineralisation was a four (4) metre zone averaging 1.1% Ni which represents an intercept at ore-grades and widths. Mather believes Pembroke is the tip of the iceberg representing a huge Nickel deposit concealed under Mt Cobalt, over a 400 x 250m zone to the north

The company believes this discovery has strong similarities with the Avebury-style of nickel sulphide deposit.

AusNiCo has also discovered high-grade copper-silver sulphides at the Silver Valley prospect located two kilometres east of Pembroke. The first drill hole at Silver Valley, SG1 intersected 14 metres at a grade of 1.2% copper and 87g/t (2.8 ounces per tonne) of silver in primary sulphide mineralisation. The potential for high grade extensions to considerable depths is therefore encouraging.

At Mount Cobalt, a broad zone of nickel mineralisation has been identified above 0.3% Ni (open ended) over an area 400m long by 250m wide and more than 115m deep. The most recent

drilling at Mount Cobalt targeted significant extensions to the nickel oxide mineralised zone and significant nickel values have been intersected in all drill holes. Mather believes Pembroke is the surface exposed tip of a large ore body deep below Mt Cobalt.

While most explorers look for narrow high-grade material for underground mining – Mr Mather says AusNiCo's style of nickel sulphide is disseminated all throughout the rock at lower grades and shallow depths which is ideally suited to modern, large-scale mechanised open cut mining methods – which, he explained was quicker, cheaper and safer.

And while the company is primarily focussed on nickel, AusNiCo has also discovered potentially economic mineralised zones of copper, gold and silver.

"I'm very optimistic we can come up with a developable resource at the main project," Mr Mather commented.

He advised that the company's board, management and consultants all have a lot of experience and proven expertise to exploit the discovery of this newly recognised style of nickel mineralisation and other commodities.

"We know a lot about how to explore for nickel and develop and finance it."

Mr Mather told the Australian Investor that AusNiCo would apply its strong exploration expertise throughout its tenements and other districts that show potential.

"We discovered this style of mineralisation was not just a one shot wonder," he explained.

"It is a repetitive predictable model and we can see other areas we can apply it to."

Mr Mather added that the company was in an incredibly advantageous position to hold such an extensive tenement position.

"Starting with a large license area allows a couple of shots at discovery as a lot of other companies don't give themselves much room to move; title is vital" He said

Furthermore, the tenements are located in well known historic mining areas in South East Queensland – an area of substantial industrial growth potential and excellent infrastructure.

The Pembroke nickel sulphide discovery is at a drill-ready stage which will allow immediate drilling action post-IPO.

"We know that there is a big volume of nickel oxide mineralisation and we're very optimistic there is a mineral sulphide body very close," Mr Mather added.

Several copper-silver targets at Silver Valley will be drilled in early to mid 2011.

Sections of the Ridley's nickel zone saw that Pembroke and Mt Cobalt have only been drilled to shallow depths and nickel oxide occurrences have been discovered in two short sections of the nickel belt. Many holes bottomed in ore grade mineralisation.

Sections of the Mt Cobalt nickel oxide mineralisation have been drilled to 120 metres depth and a

large thickness lode has been identified. This lode is now ready for resource drilling and economic evaluation.

"There's going to be lots of drilling activity and metallurgy at Mt Cobalt and Pembroke as soon as the raising closes," Mr Mather advised.

"We're hoping to rapidly outline a nickel sulphide resource and proceed to feasibility stages."

"Ultimately, we believe we've got a great chance of finding and developing an Avebury style nickel sulphide project – only two to three hours from Brisbane on sealed road, in an area that is very sympathetic to mining development."

Mr Mather believes the nickel-cobalt market is an ever expanding one, citing the continual industrialisation of the large countries around the world such as China and India. He said these rapidly developing nations were going to need a lot of nickel for stainless steel construction:

"I can't see the demand for it slowing down."

AusNiCo's IPO opened on 4 August for the issue of 20,000,000 New Shares at 20 cents each to raise \$4,000,000 and is expected to close on 1 October 2010.

Mr Mather expects the offer - fully underwritten by Bizzell Capital Partners Pty Ltd – to go well:

"We've had a lot of interest in the float and expect it to be a successful capital raising so we can get into drilling and we look forward to an early news flow."

He further commented that upon listing, AusNiCo will have a market capitalisation of around \$22 million:

"Which will provide a strong position for future growth."

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