



ASX Announcement

27th April 2011

AusNiCo Limited (the “Company”)

Recent Geophysical Survey Effective for Drill Targeting

Major RC Drilling Campaign Underway

Encouraging Metallurgical Recoveries

Highlights

- **Geophysical techniques utilising Induced Polarization “IP” have been successfully applied at Pembroke, Silver Valley and Mt Clara to identify zones of disseminated sulphide mineralisation.**
- **A 2,500 metre Reverse Circulation “RC” drilling campaign is underway to define the extent of mineralization and tonnage potential at Pembroke, Silver Valley, Mt Cobalt and Mt Clara.**
- **Samples of Pembroke drill core have been independently tested, returning very encouraging results with preliminary nickel recovery of 72.6% and a concentrate containing 11.8% nickel.**

Application of Geophysical Techniques

An initial Induced Polarisation “IP” survey has been conducted at Pembroke, Silver Valley and Mt Clara, to define zones of potential mineralisation, as shown in Figure 1.

Data from the previously completed airborne electromagnetic survey was modelled in 3D and defined a broad zone of interest with increased magnetic susceptibility. This was followed up early this year with laboratory test-work on core samples and field based down-hole IP (chargeability and resistivity) measurements. Ground IP survey, covering a broader area has now been undertaken at Pembroke, and resulting IP anomalies from the first five survey lines are shown in Figure 2.

AusNiCo has postulated the existence of a shell of disseminated sulphide mineralisation around the magnetic features at Pembroke and Mt Cobalt and therefore believes that the IP survey will help define zones of consistent disseminated sulphides such as were intersected in PEMD1, PEMD3 and PEMD4. The zone of strong IP chargeability response (at PEMD1, 3 & 4) is shown in Figure 3.

It is considered that the IP response reflects total sulphide content, which includes pyrite, pyrrhotite and any copper sulphides. There is an observable difference between disseminated magnetite dominant serpentinite and disseminated magnetite-(Fe-Cu-Ni-Co) sulphide (+/-Au) mineralised serpentinite. To support the IP survey data, a large reconnaissance gradient array survey will be completed over this area in Q2 2011.



The first line of the IP survey at Silver Valley, as shown in Figure 4, was completed to further confirm the effectiveness of the technique to display the location of known mineralised zones previously intersected in SVGD1. The second parallel line at 100m south (along strike) displays a strong chargeability zone at around 30m below surface. This result provides additional confidence that the Silver Valley intersection extends to the south as predicted from the Gossan corridor and soil anomalies previously reported. Additional IP survey lines will be completed in Q2 2011 along with a drilling program to confirm the strike extension and depth of the high-grade zone.

The detailed analysis of the IP survey data at Pembroke and Silver Valley provides confidence that this technique can be used effectively to identify drill targets that have a high probability of hosting mineralisation, and **significantly improving the effectiveness of the AusNiCo drilling programs.**

Commencement of RC Drilling Program

In Q1 2011 diamond drilling on AusNiCo's 100% owned Black Snake Project focused on the Pembroke and Silver Valley prospects. Following the recent IP survey a 2,500 metre RC drill program commenced to establish the tonnage potential at these prospects and at the nearby Mt Cobalt prospect. The IP survey has identified a number of new targets which will also be drilled during the RC program.

Drill testing will also proceed at the regional prospects of Boyne River, Kilkivan East and Poperima Creek.

Metallurgical Test-work

A sample of drill core from Pembroke was supplied to an independent metallurgical consultant for flotation test-work. The sample was taken from PEMD1 drill core, at a depth of 53m to 59m. The composite head grade of the test sample was 0.7% nickel.

A sighter flotation test has been completed and although the grind size, reagent dosage and flow sheet have not yet been optimized, a very positive and encouraging result was achieved. Refer to test flow-sheet as shown in Figure 5.

The nickel recovery to the combined rougher concentrate was **72.6% and the concentrate contained 11.8% nickel.**

AusNiCo has commenced further metallurgical testing of the other nickel mineralised zones intersected in the core drilling at Pembroke, completed during Q1 2011.

Prediction of final metallurgical performance will consider variability in flotation response within the mineralised zones.

A handwritten signature in blue ink, appearing to read "KM Schlobohm", is written over a horizontal line.

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 Capital 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.

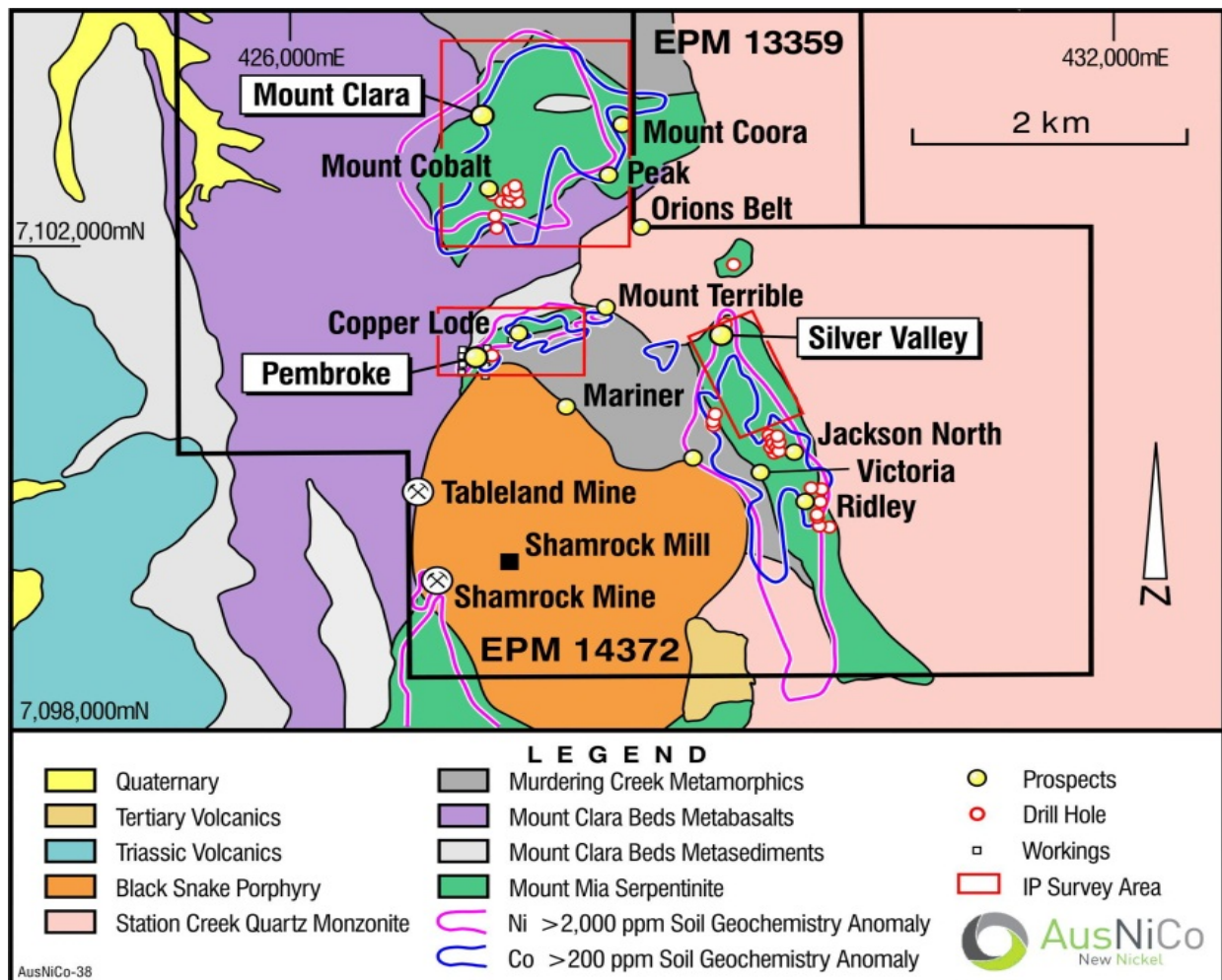


Fig 1. IP Survey sites at AusNiCo Black Snake project area.

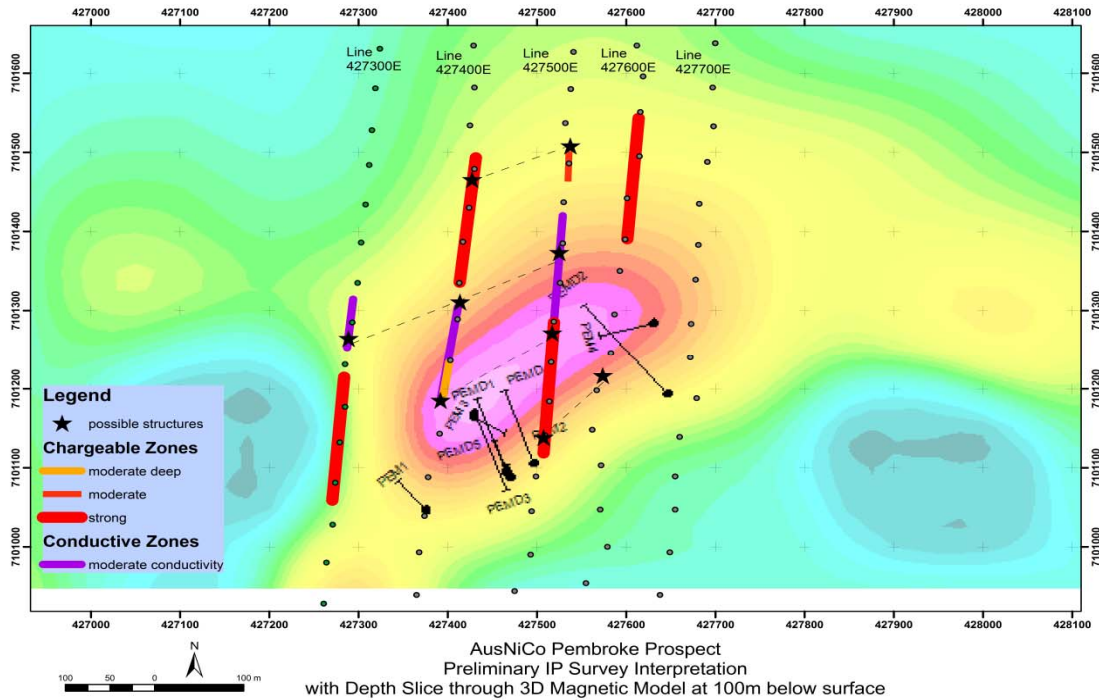


Fig 2. Plan view of IP Survey lines at Pembroke showing IP Anomalies.

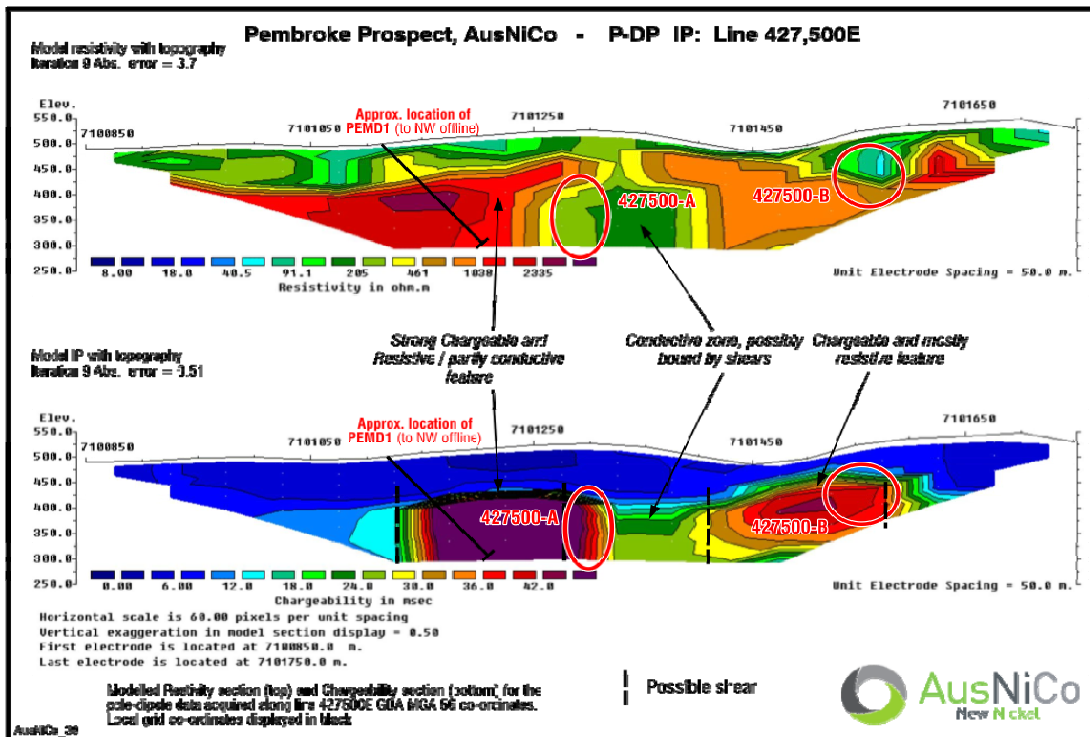


Fig 3. Modelled Resistivity section (top) and Chargeability section (bottom) from survey at Pembroke.



Fig 4. Section of IP survey at Silver Valley.

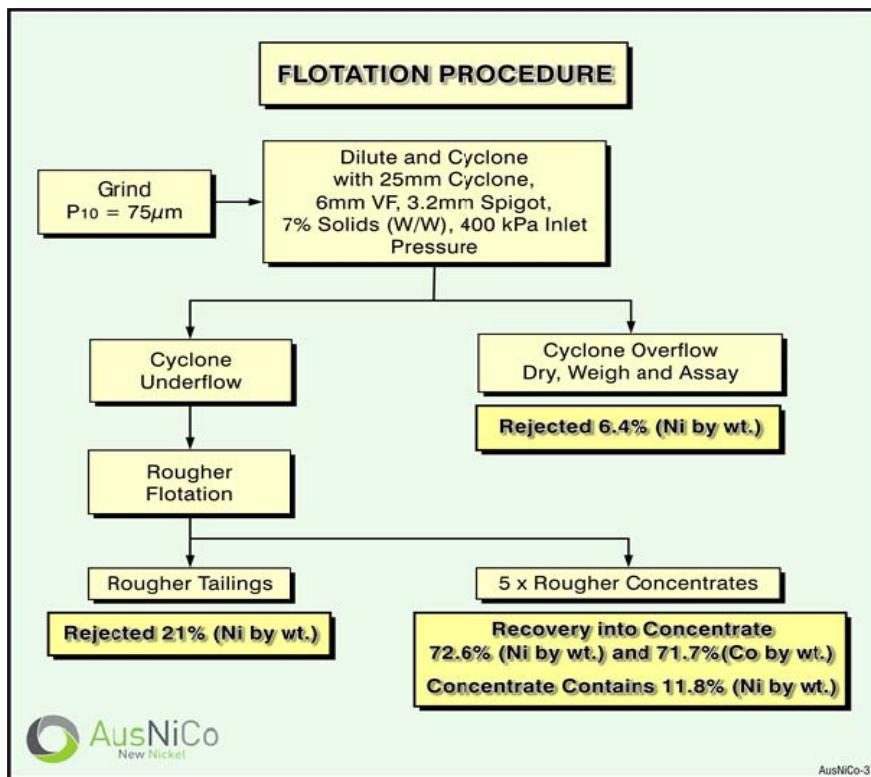


Fig 5: Flow Sheet used by Independent Consultant for the preliminary metallurgical recovery estimate.



About AusNiCo

AusNiCo is focused on the continued exploration and development of its nickel sulphide discovery at Pembroke, Silver Valley and Mt Cobalt, which has already returned an exploration drilling result of 50m @ 0.34% Ni, including 4m @ 1.1% Ni.

AusNiCo offers:

- multiple commodities, including nickel, gold, silver, copper, cobalt and platinum group metals;
- an extensive package of tenements with encouraging mineralisation in an area of continuing industrial growth and established infrastructure;
- advanced targets with the prospect of rapid drilling results;
- accomplished Board and Management with substantial experience; and
- discovery of significant disseminated nickel sulphide mineralised zones in greenstone belts, initially in south east Queensland.

Full details of the exploration programs are contained in the Company's Replacement Prospectus dated 4th August 2010 and the Quarterly Activities Reports issued since that date.

AusNiCo has 110,160,000 shares on issue.

Email: info@ausnico.com.au

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

For further information contact:

Mr John Downie
CEO, AusNiCo Limited
Ph: 07 3303 0611

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