

Quarterly Activities Report

March 2012

Quarter Highlights

- Wet season restricted on-ground exploration activities during the quarter.
- Detailed review of last quarter drilling program including magnetic susceptibility readings on all samples identifies additional targets.
- Amalgamation of the many Black Snake tenements into a single Kaldanga tenement.
- Review of recently granted Heazlewood River tenement in NW Tasmania show that several prospective targets remain untested.
- Encouraging results from deep drilling at Falcon Mineral's Saxby Project, north of Cloncurry, adjacent to magnetic/gravity anomalies on AusNiCo's tenements.

Summary of Achievements and Initial Exploration Results

The geophysical surveys at the Silver Valley Prospect and Mount Clara/Mount Coora environs identified a number of resistive and chargeable responses indicative of disseminated sulphide mineralisation.

Broad nickel intersections of 116m @ 0.29% Ni (previously reported) at Pembroke has already established the potential for a large open cut mineable region of mineralisation and the recent Reverse Circulation "RC" drilling has further delineated potentially open pit nickel, copper and gold mineralisation in the highly anomalous area.

Results from the Reverse Circulation "RC" drilling at Pembroke and Silver Valley report the following significant intercepts:

Pembroke Nickel

- (38-150m) 112m @ 0.27% Ni, incl (74-122m) 48m @ 0.4% Ni, and (92-98m) 6m @ 1.3% Ni, 517ppm Co, 0.17% Cu;
- (36-145m); 109m @ 0.22% Ni, incl (62-80m) 18m @ 0.4% Ni;
- (66-122m); 56m @ 0.21% Ni;
- (16-60m) 44m @ 0.21% Ni incl (34-38m) 4m @ 0.35% Ni, (52-54m) 2m @ 0.43g/t Au, (86-88m) 2m @ 0.9g/t Au;
- (48-60m) 12m @ 0.39% Ni.

Pembroke Gold Copper

- (92-108m); 18m @ 1.2g/t Au; incl (98-100m) 2m @ 7.64g/t Au;
- (142-150m); 8m @ 0.5g/t Au, 0.19% Ni, 0.39% Cu, 2.2g/t Ag;
- (164-168m); 4m @ 1.3g/t Au, 1.06% Cu, 12.6g/t Ag.

Silver Valley

As previously reported significant tonnage targeted with mapped surface gossan outcrop over a length of 500 metres and near surface intersections returned 21.0m @ 1.0% Cu, 99 g/t Ag; including 1.5m @ 6.2% Cu and 582 g/t Ag.

Silver Valley Copper-Silver intersections from current RC program are as follows:-

- (24-38m) 14m @ 6.2g/t Ag incl (30-32m) 2m @ 24g/t Ag, 0.2% Cu;
- (30-40m) 10m @ 22g/t Ag, 0.13% Cu;



Copper-Gold Intersections at Pembroke Prospect

- Landowner negotiations were finalised providing for shallow preliminary drilling (2 RC holes for 190m) beneath the historic Pembroke workings. Further open ended near-surface Cu-Au mineralisation was encountered.

Silver-Copper Potential Expanded at Silver Valley

- New interpretation of the IP data identified subtle linear chargeability features associated with scattered gossan, old workings and anomalous soil geochemistry to the east of the previously tested anomalies. An opportunistic drill hole (SVG12) partially tested the southern feature with anomalous silver (6m @ 4g/t Ag) encountered at shallow depths (12-18m) with >500m strike extent to be followed up.

IP Techniques Identify New Targets

- 1,273 m of drilling completed during the quarter (Mt Cobalt, Mt Clara, Mt Coora, The Peak, Silver Valley and Pembroke) using geophysics to support existing geochemistry.

Marlborough South a New Sulphide Target

- Equivalent magnetic stratigraphy to Marlborough Nickel Project.
- Stream sediments up to 0.45% Ni.

New Nickel Ground in NW Tasmania near to Waratah

- Past exploration has reported Avebury style nickel sulphide up to 1.4% Ni at Fenton's Knob prospect within the AusNiCo tenement.

Metallurgical Test Work Successful

- Confirmed low Arsenic in Nickel sulphide concentrate.
- Simple flotation process will recover Ni sulphides.

Drilling Program Update

Detailed Review of last Quarter Drilling Program including Magnetic Susceptibility Readings on all Samples Identified Additional Targets

The drill programs at the Black Snake Plateau region have been successful and moved AusNiCo closer to understanding the controls of mineralisation and upgrading the tonnage potential at Pembroke, Silver Valley and the nearby Mt. Clara/Mt. Coora/Peak prospects.

The most recent drill results confirm that the near surface Pembroke Cu-Au prospect remains open to the West and North and at depth offering potential to increase the size of the system.

A new gold (Ag-Cu) target has been identified from interrogation of all Pembroke drilling data in the NW sector near the contact of Mt Mia Serpentinite and Mt Clara Beds metasediments with PEM7 reporting 4m @ 1.3g/t Au, 1.06% Cu and 12.6g/t Ag from 164m and PEM 14 (125m south) reporting 16m @ 1.2g/t Au from 92m including a significant 2m @ 7.64g/t Au. Follow-up drilling is required to define extent of the mineralisation which is open in all directions.

Historic underground workings at the Peak extended over 200m of strike and high silver values from rock chips (+700g/t Ag) report, intermittently along the same serpentinite/quartz monzonite contact, over 5km south to the Silver Valley prospect. Follow-up of Au-anomalous rock chip (10m @ 1.38g/t Au & 30m @ 0.34g/t Au) samples collected on the Peak drill access track is required.

The Peak is an exciting new Ag-Cu-Au prospect that will add to the already identified mineral endowment in the Black Snake Plateau region in close proximity to the non-operational Shamrock Mill.

Mt Slopea EPM 17817: Soil and stream sediment sampling programs have been designed to test the Ni-Co-Cu-PGE potential of a discrete mafic/ultramafic body with a mapped nickel occurrence. All field crews attended a Cultural Heritage induction with the traditional owners.

Green Rock EPM 17611 contains an untested 3km x 200m gold soil anomaly within pyritic dolerites on the northern portion of the zoned and differentiated Mt Mucki Complex.

Kandanga Gap has a gold stream sediment anomaly in the order of 1.2km by 800m (max 59ppb Au) and strongly elevated nickel-cobalt soil anomalies requiring source tracing.

Tewoo preliminary sampling at returned anomalous Ni in soils (>2,000ppm Ni) and rock chips (max 0.3% Ni) in a favorable ultramafic/intrusive setting.

The Widgee Project includes Mullaley's and Petersons workings with rock chips reporting up to 5.8% Cu, 290g/t Ag and 4.4g/t Au. AusNiCo is considering applicability of a Sub-Audio Magnetism (SAM) geophysical survey to target a drilling program.



Although there has been considerable exploration in the area several prospective targets remain untested. The Brassey North area has not been adequately tested, and several areas of soil geochemistry >3000ppm and up to 5600ppm Ni (Figure 2), remain untested. Several Pt and Os-Ir anomalies also require further investigation Fentons and north of Fentons. The copper and Pb-Zn prospects in the south of the tenement have received little attention and have not been tested for Ni or PGE mineralisation, and the north-western part of the tenement remains largely unexplored.



Tenement Update

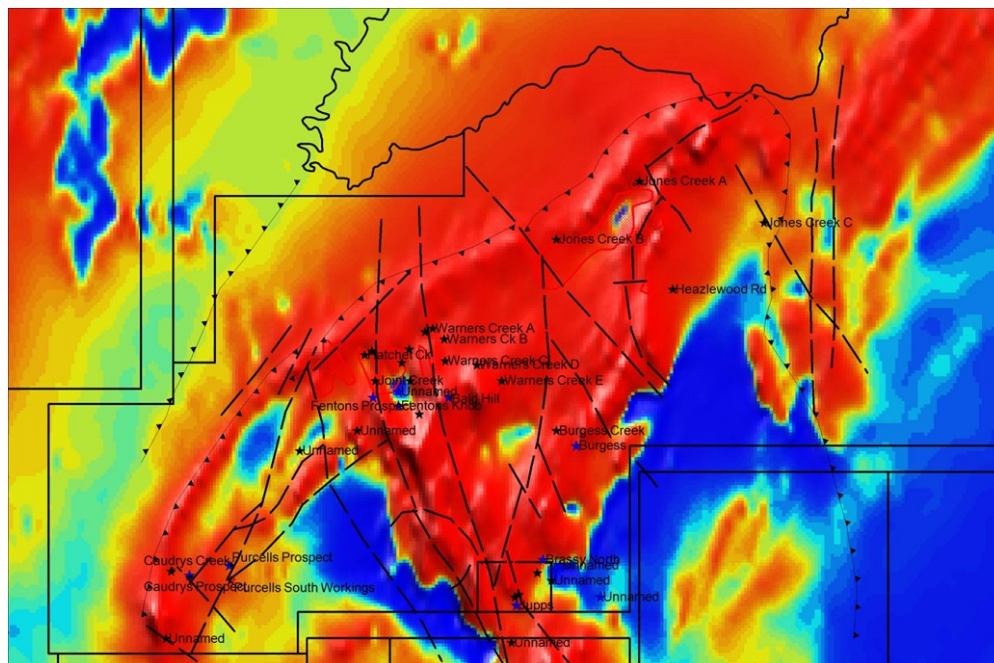


Figure 3 Southern part of EL 50/2011 government flown TMI image, structures and prospects. Several prominent maglows and mag high features are visible.

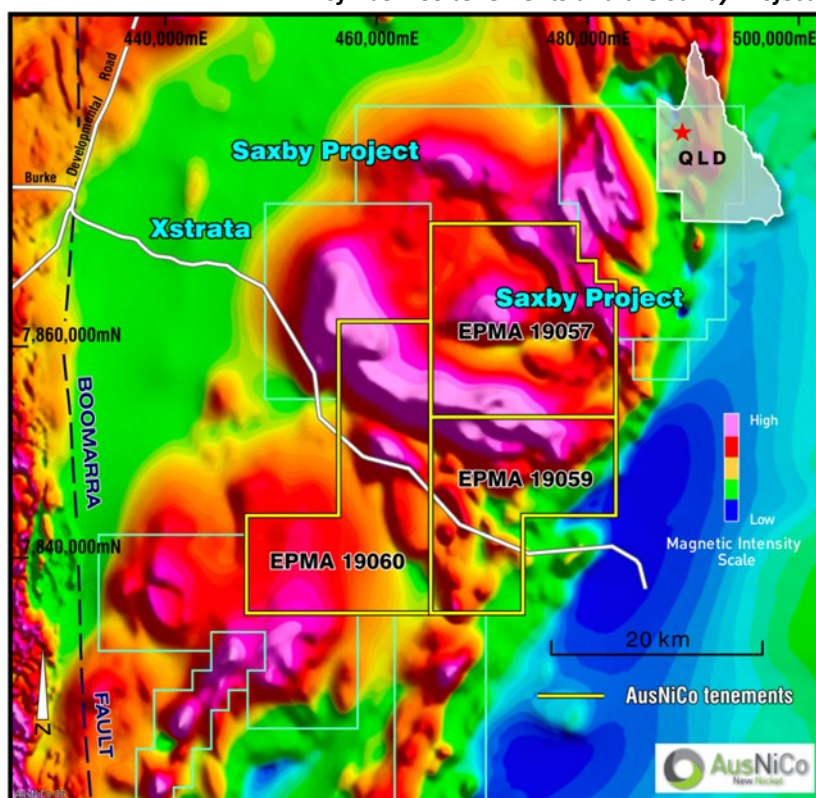
Encouraging results from deep drilling at Falcon Mineral's Saxby Project, north of Cloncurry, adjacent to magnetic/gravity anomalies on AusNiCo's tenements.

Compilation of all historic data for the Cloncurry tenements has been completed (Cloncurry River EPMA 19057; Charcoal Creek EPMA 19059; Gum Creek EPMA 19060).

In the adjoining Falcon Mineral's EPM, the Saxby gold discovery was originally made in 2008 where drill hole SXD005 intersected 17m at 6.75g/t Au from 631m. A follow-up hole in 2010 confirmed the importance of the gold discovery and intersected 15m at 9.09 g/t Au from 701m. Spatially the two gold intersections are about 180m apart and the gold mineralization is open in all directions.

A follow-up drill program will commence in early May 2012 and Falcon Minerals are planning to drill 6 deep holes at their Lucky Squid (Saxby) project in the EPM abutting the AusNiCo tenements, with first hole being supported by Qld Govt Drilling Initiative funding. Monitoring of their results will provide additional value-add to AusNiCo's EPM prospectivity..

Figure 4 Aeromagnetics and location of AusNiCo tenements and the Saxby Project



Opportunities in the Pipeline

Marlborough North EPM 17721, Marlborough South EPMA 17768 and Princhester EPM 17722 target nickel sulphide potential of the Princhester Serpentinite. AusNiCo is the priority applicant for EPMA 17768 and is expecting tenement grant during 2012.

The company is similarly awaiting grant of Gray Creek EPMA 19313 and Kettle Creek North EPMA 19030 to test Ni-anomalous ultramafics NW of Emerald and south of Greenvale respectively.

Poperima Creek EPM 15457 and Boyne River EPM 16077 offer limited mineralisation potential and the renewals were withdrawn and final reports were submitted to the

DEEDI. All drill pads were rehabilitated to industry standards.

During this current wet season routine inspection of explorations areas have been conducted with particular attention to ensuring run-off mitigation programs were implemented in any disturbed area.

The AusNiCo board will continue to seek out opportunities to improve shareholder value during the second Quarter of 2012 AusNiCo is currently reviewing a number of additional opportunities with a view to diversifying the company's project portfolio.

About AusNiCo

Since making its debut on the ASX in October 2010, AusNiCo has identified disseminated nickel sulphides, and copper, silver and gold potential in its South East Queensland tenement package. AusNiCo has also added to its tenement position in Queensland, and in the Waratah region of Tasmania with EPM's prospective for nickel sulphides.

- Multiple commodities, including nickel, gold, silver, copper and cobalt;
- 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 in the field of large Ni project exploration and development;
- Discovery of significant disseminated nickel sulphide mineralised zones in greenstone belts, initially in south east Queensland.

Email: info@ausnico.com.au

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

For Further Information Contact:

John Downie

CEO, AusNiCo Limited
Ph: 07 3303 0611

Karl Schlobohm

Company Secretary, AusNiCo Ltd
Ph: 07 3303 0680



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 the Managing Director of DGR Gold Ltd (and a 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