



ASX Announcement

26 November 2012

Replacement Bidder's Statement Lodged

Documents Being Despatched to Shareholders of Taronga Mines Limited

The Board of AusNiCo Limited (**AusNiCo, ASX:ANW**) advises of the lodgment of a Replacement Bidder's Statement with ASIC on Friday afternoon, 23 November 2012 (after market closing). The principal terms of the merger arrangement remain unchanged.

That is, AusNiCo is making an offer to acquire all the issued shares of Taronga Mines Limited (**Taronga**), with Taronga shareholders to be offered 5 AusNiCo shares for every 1 Taronga share (the **Offer**). As previously outlined, the Offer implies a value of \$0.12 per Taronga share or approximately \$6.9 million for all of Taronga's issued capital.

Taronga has 13,100,000 options on issue each exercisable at \$0.20 (**Taronga Options**). AusNiCo is offering 5 AusNiCo options exercisable at \$0.04 per option exercisable by 30 June 2015 to Taronga Option holders in exchange for the cancellation of every Taronga Option held.

The transaction will be implemented through an off-market takeover offer for Taronga, which will be subject to certain conditions summarised in Schedule 1 to AusNiCo's market release of 1 November 2012, including a 90 per cent minimum acceptance condition.

The Replacement Bidder's Statement and an Offer Acceptance Forms are being despatched today by AusNiCo to Taronga shareholders. The Offer opens tomorrow, 27 November 2012 and closes on 27 December 2012.

A copy of the Replacement Bidder's Statement is attached.

A handwritten signature in blue ink, appearing to read 'KM Schlobohm'.

On behalf of the Board
KM Schlobohm
Company Secretary

REPLACEMENT BIDDER'S STATEMENT

OFFER

BY AUSNICO LIMITED ACN 122 957 322

**TO ACQUIRE ALL OF YOUR FULLY PAID SHARES IN
TARONGA MINES LIMITED ACN 126 854 288**

**OFFER OF FIVE (5) AUSNICO SHARES FOR EVERY
ONE (1) OF YOUR TARONGA SHARES**

If you have any questions about the Offer or this document or about how to accept the Offer, please call AusNiCo Limited's Company Secretary on +61 7 3303 0661 (local call cost for callers within Australia). This document contains important information and requires your immediate attention. If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser immediately.



HopgoodGanim

Legal Advisor

IMPORTANT DATES

ANNOUNCEMENT DATE:	1 NOVEMBER 2012
LODGEMENT OF THE ORIGINAL BIDDERS STATEMENT DATE:	12 NOVEMBER 2012
REPLACEMENT BIDDER'S STATEMENT LODGEMENT DATE:	23 NOVEMBER 2012
REPLACEMENT BIDDER'S STATEMENT DATE:	23 NOVEMBER 2012
RECORD DATE:	12 NOVEMBER 2012
OFFER PERIOD ENDS, UNLESS EXTENDED (CLOSING DATE):	7:00PM (BRISBANE TIME) ON 27 DECEMBER 2012

IMPORTANT NOTICES

Bidder's Statement relating to a share offer from AusNiCo Limited ACN 122 957 322 to acquire all of the ordinary shares in Taronga Mines Limited ACN 126 854 288.

This Bidder's Statement is a Replacement Bidder's Statement dated 23 November 2012 given by AusNiCo to Taronga under Part 6.5 of Chapter 6 of the *Corporations Act* and in compliance with the requirements of Sections 636 and 637 of the *Corporations Act*. This Replacement Bidder's Statement replaces the original Bidder's Statement that was lodged with ASIC on 12 November 2012. The Offer contained in Section 10 of this Replacement Bidder's Statement, contains the formal terms of AusNiCo's Offer and other information relevant to your decision whether to accept the Offer. The terms used in this Bidder's Statement are defined in Section 12 below.

A copy of this Replacement Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 23 November 2012. Neither ASIC nor any of its officers takes any responsibility for the content of this Bidder's Statement.

Privacy

AusNiCo has obtained your information from the register of Taronga Shareholders for the purpose of making the Offer and, if accepted, administering your holding of AusNiCo Shares. The *Corporations Act* requires the names and addresses of AusNiCo Shareholders to be held in a public register. Your information may be disclosed to AusNiCo's related bodies corporate and external service providers. It may also be required to be disclosed to regulators such as ASIC.

AusNiCo details

The registered address of AusNiCo is Level 27, 111 Eagle Street, Brisbane Qld 4000.

Forward Looking Statements

This Bidder's Statement includes certain forward looking statements. If such statements relate to future matters, they are subject to inherent risks and uncertainties. These risks and uncertainties include factors and risks specific to the industry in which AusNiCo operates as well as matters such as general economic conditions, many of which are outside the control of AusNiCo and its directors. These factors may cause the actual results, performance or achievements of AusNiCo, the merged entity of AusNiCo and Taronga if the Offer is successful to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward looking statements. The past performance of AusNiCo is not a guarantee of future performance.

Investment Advice

In preparing this Bidder's Statement, AusNiCo has not taken into account the individual objectives, financial situation or needs of individual Taronga Shareholders. Accordingly, before making a decision whether or not to accept the Offer you may want to consult with your financial or other adviser.

Foreign Jurisdictions

The distribution of this Bidder's Statement in jurisdictions outside Australia or New Zealand may be restricted by law and any person who comes into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer to any person in any jurisdiction which it would not be lawful to make such an offer. No action has been taken to register or qualify AusNiCo or otherwise permit a public offering of AusNiCo Shares outside Australia.

Chairman's Letter

23 November 2012

Dear Taronga Shareholder,

On behalf of the directors of AusNiCo Limited, I am pleased to enclose AusNiCo's offer to acquire all of your ordinary shares in Taronga Mines Limited (**Taronga**). AusNiCo is offering five (5) AusNiCo Shares for every one (1) of your Taronga Shares. This gives your Taronga Shares an implied offer value of \$0.12 cents each, based on the 6 month VWAP of AusNiCo Shares leading up to the Announcement Date.

WHY YOU SHOULD ACCEPT THE OFFER

1. AusNiCo's Offer represents a 20% premium to the last price at which Taronga raised money;
2. The Offer provides Taronga Shareholders with liquidity;
3. The Offer will provide Taronga with greater access to capital markets;
4. The Takeover Bid will create an Australian base metals company with an increased market presence and potential growth opportunities with a complementary asset portfolio;
5. As at the date of this Bidder's Statement no competing or superior offer has emerged; and
6. As at the date of this Bidder's Statement AusNiCo already has a relevant interest in 19.99% of Taronga Shares, as a result of a pre-bid acceptance by a major shareholder YTC Resources Limited.

OUR INTENTIONS

AusNiCo's board believe that the Taronga projects represent significant value and AusNiCo's present intentions are to:

1. Contribute to a strategy to accelerate and develop Taronga's tin potential by committing a large proportion of managements, time and future capital to Taronga's projects;
2. Retain key personnel of Taronga including current Chief Executive Officer Peter Williams; and
3. Retain AusNiCo's existing key nickel projects.

The ability of AusNiCo to give effect to its present intentions may vary depending upon the size of its shareholding in Taronga.

Following the Merger, AusNiCo will seek to raise money through a private placement and/or an offer to existing shareholders in order to provide funding for the Merged Group's exploration activities.

BACKGROUND INFORMATION

AusNiCo is an ASX listed (code: ANW) nickel, copper, gold exploration company operating in Kilkivan and Marlborough areas in Queensland and Waratah region in Tasmania.

The acquisition of Taronga will complement AusNiCo's existing portfolio and enable Taronga Shareholders to realise the potential value of the Taronga projects and participate in the future growth of the Merged Group through exposure to a broader portfolio of base and precious metals assets via a listed entity.

We are confident that the Offer is in the best interests of all Taronga Shareholders and I encourage you to accept the offer as soon as possible. We look forward to receiving your acceptance and to welcoming you as an AusNiCo Shareholder.

Yours sincerely,



Brian Moller
Chairman
AusNiCo Limited

1. Why You Should Accept AusNiCo's Offer

1.1	AusNiCo’s Offer represents a 20% premium to the last price Taronga raised money at Based on an AusNiCo price of \$0.024¹, the implied acquisition price per Taronga Share is \$0.12. This represents a 20% premium to the last capital raising price of \$0.10 per Taronga Share and a 60% premium to the seed capital raising price of \$0.075 per Taronga Share undertaken by Taronga The chart displays three bars representing different capital raising prices for Taronga. The y-axis shows price in dollars from \$0 to \$0.150. The first bar, 'Taronga - Seed capital raising price (7.5 cents)', is grey and reaches approximately \$0.075. The second bar, 'Taronga - Last capital raising price (10 cents)', is also grey and reaches \$0.10. The third bar, 'AusNiCo bid price (12 cents)', is green and reaches \$0.12. A dashed horizontal line is drawn at the \$0.12 level. Green arrows indicate the premiums: a 60% increase from the seed price to the bid price, and a 20% increase from the last capital raising price to the bid price. <table><tr><th>Capital Raising Price</th><th>Price (\$)</th><th>Premium to Last Price (%)</th></tr><tr><td>Taronga - Seed capital raising price (7.5 cents)</td><td>\$0.075</td><td>60%</td></tr><tr><td>Taronga - Last capital raising price (10 cents)</td><td>\$0.10</td><td>20%</td></tr><tr><td>AusNiCo bid price (12 cents)</td><td>\$0.12</td><td>-</td></tr></table>	Capital Raising Price	Price (\$)	Premium to Last Price (%)	Taronga - Seed capital raising price (7.5 cents)	\$0.075	60%	Taronga - Last capital raising price (10 cents)	\$0.10	20%	AusNiCo bid price (12 cents)	\$0.12	-
Capital Raising Price	Price (\$)	Premium to Last Price (%)											
Taronga - Seed capital raising price (7.5 cents)	\$0.075	60%											
Taronga - Last capital raising price (10 cents)	\$0.10	20%											
AusNiCo bid price (12 cents)	\$0.12	-											
1.2	The Offer provides Taronga Shareholders with liquidity Taronga is an unlisted company while AusNiCo is listed on ASX. The Offer provides liquidity for Taronga Shareholders following completion of the Offer												
1.3	The Offer will provide Taronga with greater access to capital markets Taronga will gain greater access to capital markets to fund exploration programs by being a part of AusNiCo which is an ASX listed company												
1.4	The Takeover Bid will create an Australian base metals company with an increased market presence and potential growth opportunities with a complementary asset portfolio The enhanced scale and market position afforded by the Offer is expected to provide Taronga Shareholders with a wider range of growth opportunities and a wider range of prospective exploration assets. AusNiCo intends that after the transaction the Merged Group will focus its primary activities on the Taronga tin project while still maintaining exposure to AusNiCo’s current Nickel sulphide projects The Merged Group will hold a portfolio of assets with an advanced-stage tin project and suite of complementary nickel sulphide, copper and gold projects which have the potential to transform the company in the event of exploration success												

¹ This represents the 6 month VWAP of AusNiCo shares immediately prior to the announcement of the Offer rounded to two decimal places. The Directors note that VWAP is not the only method available for valuing the securities of listed companies. The Directors recently commissioned an Independent Expert's Report for the purposes of one or more of the Resolutions to be put to AusNiCo Shareholders at the AusNiCo EGM. In that report the Independent Expert uses an asset-based valuation. The IER is available on AusNiCo's website www.ausnico.com.au.

1.5	No competing or superior offer has emerged
	From the Announcement Date up to the date of this Bidder's Statement, AusNiCo's Offer is the only offer that has been announced for Taronga Shares
1.6	One of Taronga's largest shareholders, YTC Resources Limited, has committed to accepting the Offer
	YTC Resources Limited one of Taronga's largest shareholders (holding 23.65% of all Taronga Shares on issue) has entered into the Pre-Bid Agreement with AusNiCo in relation to the Offer for 19.99% of Taronga's issued capital

2. Summary of the Offer

This summary of the Offer provides a general overview only and should be read together with the detailed information set out in the remainder of this Bidder's Statement.

The Offer	AusNiCo Limited ACN 122 957 322 (AusNiCo) is offering to acquire all of the ordinary shares in Taronga Mines Limited ACN 122 957 322 (Taronga)
Offer price	The Bidder is offering five (5) AusNiCo Shares for every one (1) ordinary share in Taronga (the Taronga Shares). Entitlements to fractions shall be disregarded. No transfer duty or Brokers' commissions are payable by Taronga Shareholders who accept the Offer.
Key dates	Announcement Date 1 November 2012 Original Bidder's Statement lodged with ASIC 12 November 2012 Replacement Bidder's Statement lodged with ASIC 23 November 2012 Date of Offer 27 November 2012 Close of Offer (unless extended or withdrawn) 27 December 2012
Issue of AusNiCo Shares	You will be issued your AusNiCo Shares, following acceptance of the Offer by you (unless you are a Foreign Shareholder), by the end of whichever of the following periods ends earlier: (a) one (1) month after the later of your acceptance and the date the Offer becomes unconditional; or (b) 21 days after the end of the Offer period. Full details of when AusNiCo Shares will be issued are set out in section 10.
Conditions of the Offer	The Offer is subject to a number of conditions which are set out in full in section 10.2 of this Bidder's Statement.
How to accept the Offer	You may only accept the Offer in respect of all (and not part) of your Taronga Shares. You must complete, sign and return the enclosed Acceptance Form in accordance with the instructions so that it is received before the end of the Offer Period. Foreign Shareholders should return their Acceptance Form by airmail.
Close of Offer	The Offer is scheduled to close at 7:00pm Brisbane time on 27 December 2012, unless extended or withdrawn in accordance with the <i>Corporations Act</i> .
Enquiries about the Offer	If you have any questions about the Offer or how to accept the Offer, please call AusNiCo's Company Secretary, Mr Karl Schlobohm, on +61 7 3303 0661 (local call cost for callers within Australia) or consult your legal or other financial or professional adviser. For questions regarding your holding of shares in Taronga, please call Taronga's secretarial firm, Leydin Freyer & Associates on +61 3 9692 7222.

3. Bidders Statement – Table of Contents

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4. AusNiCo Limited

4.1 Overview of AusNiCo

AusNiCo is an ASX-listed base metals exploration company focused on the discovery and development of nickel-cobalt mineral deposits in southeast Queensland and Tasmania.

AusNiCo was incorporated on 1 December 2006 as a wholly owned subsidiary of ASX-listed DGR Global Limited. In line with DGR Global Limited's stated objective to foster growth within its subsidiaries and in order to provide working capital, \$2,270,000 of seed capital was raised by AusNiCo from May 2007 to December 2008, thereby reducing DGR Global Limited's interest in AusNiCo to approximately 80%.

AusNiCo was admitted to the Official List of ASX on 21 October 2010 (ASX Code: ANW) and raised \$4,000,000 for the furtherance of its corporate and exploration objectives.

AusNiCo is focusing on the continued exploration and development of its nickel sulphide discoveries in the Pembroke and Mt. Cobalt prospects, which have already returned an exploration drilling result of +180m @ 0.25% Ni sulphide (PEM D1), including 4m @ 1.1% Ni. At the Pembroke prospect, AusNiCo has reported Gold-Copper intersections of 21m @ 1% Cu and 2.1g/t gold. Silver Valley has also reported intersections of 21m @1%Cu and 99g/t Ag.

4.2 Summary of AusNiCo's operations

AusNiCo holds a 100% interest in three (3) mineral tenements in southeast Queensland and northwest Tasmania representing over 540km² of terrain with strong nickel cobalt potential, upon which AusNiCo proposes to further explore and, subject to receipt of successful exploration results and economic conditions, develop towards production.

From the commencement of exploration by AusNiCo in 2007 to date, AusNiCo has discovered potentially economic widths and grades of:

- (a) nickel-cobalt oxide mineralisation up to 115 m thick at Mount Cobalt, and drilling stopping in mineralized zones at the Ridley prospect;
- (b) nickel-cobalt sulphide mineralisation at least 90 m thick at Pembroke prospect;
- (c) copper-gold mineralisation up to 20 m thick at Pembroke prospect;
- (d) copper-silver mineralisation up to 11 m thick at Silver Valley prospect; and
- (e) high grade cobalt mineralisation lode at Mount Cobalt.

AusNiCo is the only independent company on the Australian market that has discovered completely new occurrences of nickel sulphide mineralisation in eastern mainland Australia at grades and widths that have been profitably mined in similar geological settings at the Avebury nickel mine near Zeehan, Tasmania and at the Aguablanca mine near Seville, Spain.

AusNiCo also has discovered nickel oxide occurrences within its tenements – possibly with nickel sulphide occurrences at depth beneath them. It is the only company with drill-defined nickel resources between Brisbane and Gladstone in southeast Queensland – an area of substantial industrial growth, especially in mineral processing, and excellent infrastructure facilities.

A brief summary of AusNiCo's key projects is provided below. Further details of AusNiCo's tenements can be found on the AusNiCo website and annual reports.

Project	Licence	Interest	Area (km ²)	Target Commodity
Kildanga ⁽¹⁾	EPM 19366	100%	301	NiS, NiO, Co, Au, Ag, Cu
Marlborough	EPMA 17768	100%	158	NiS, NiO, Co, Au, Ag, Cu
Heazlewood River	EL 50/2011	100%	64	NiS, NiO, Co, Au, Ag, Cu, Os, Sn

⁽¹⁾ This EPM is an aggregation of EPMs 13359, 13360, 14372, 14560, 17611 and 18107.

4.3 AusNiCo portfolio overview

Kildanga (Previously the Kilkivan Project)

The Kildanga Project (EPM 19366) is located in the mountainous terrain of southeast Queensland with the town of Kilkivan situated in the northern end of the project area. The Wide Bay Highway connects Kilkivan to the Bruce Highway, 36 km to the west. The town of Gympie is approximately 50 km to the south east of Kilkivan by sealed road.

The exploration and drilling programs at Kildanga 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.

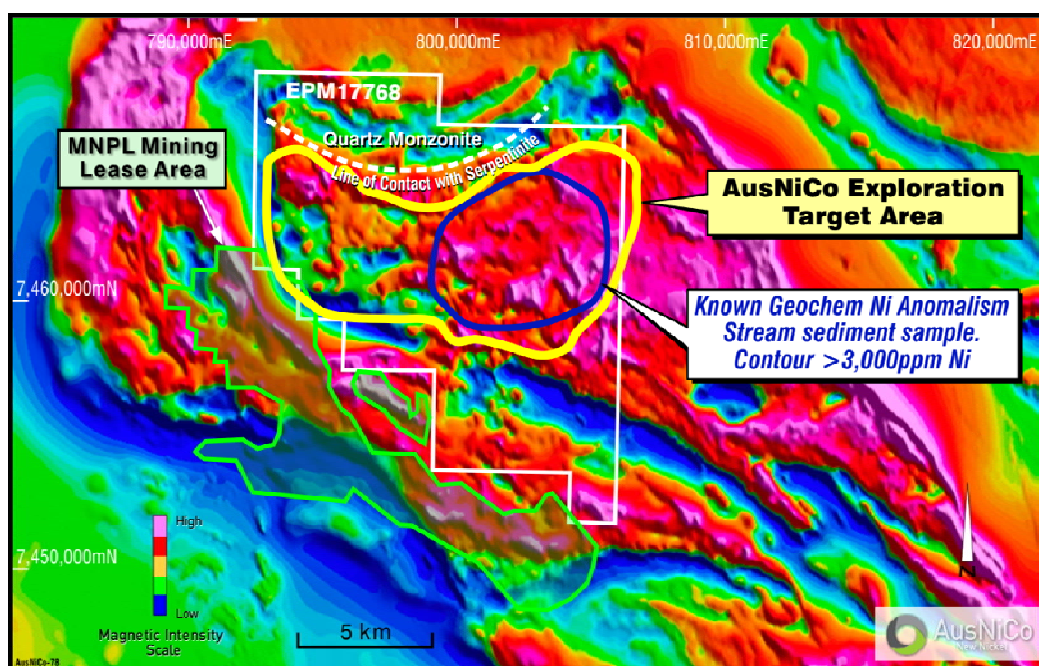
The most recent drill results confirm that near surface copper and gold at the Pembroke prospect remains open to the west and north and at a depth offering potential to increase the size of the system.

Historic underground workings at the Peak prospect 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 gold-anomalous rock chip (10m @ 1.38g/t Au) sample collected on the Peak prospect drill access track is required.

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

Marlborough

The Marlborough Project area is located approximately 70 kms northwest of Rockhampton near the town of Marlborough in central Queensland. The Bruce Highway and the Northern Railway pass through the area allowing easy access to the tenement EPM17768.



AusNiCo Marlborough South EPM 17768 adjacent to the large Marlborough Mines “MNPL” Laterite resource

Marlborough Nickel Pty Ltd, a wholly owned subsidiary of Gladstone Pacific Nickel Limited (GPNL), owns 12 mining leases and a number of exploration permits over lateritic nickel/cobalt deposits immediately southeast of EPM17768.

GNPL have recently completed the definitive feasibility study of a nickel mine and beneficiation plant to concentrate ores at Marlborough, and transport to the large nickel/cobalt refinery at Gladstone. Queensland Nickel Ltd have started mining in this area to supply ore to the Yabulu processing plant.

The target for the Marlborough is the nickel sulphide potential of the Princhester Serpentine. This large tenement is immediately adjacent to the Marlborough nickel laterite resource and has the same magnetic stratigraphy as highlighted at Avebury.

Heazlewood River

The Heazlewood River Project EL 50/2011 is located about 25 km west of Waratah and the Mt Bischoff tin deposit in the northwest region of Tasmania. Access to the tenement can be gained via the sealed Waratah road, which joins the north-south Murchison highway to the west. The largest population centre is the town of Burnie approximately 70 north of Waratah on the coast where there are port facilities and an airport linking the region to the major cities of Australia. The application is located in a historic mining area.

Past exploration work at Heazlewood River on EL 50/2011 has reported nickel sulphide breccia at Fenton's Knob containing up to 1.4% Ni sulphide (Avebury Style), surface rock chip values at Brassy Hill to 18.3g/t Au, 15%Pb, 8%Cu and 4.7%Ni and costeans at Fenton's prospect returned up to 6m @ 6.7ppm Pt and 9m @ 4.0ppm Pt.

4.4 Recent Highlights

(a) Completion of drilling program at the Black Snake Project

A 1,287m (12 hole) Reverse Circulation “RC” drilling campaign was completed in the Black Snake Plateau region to test geochemical and geophysical targets at the following prospects:- The Peak, Orion's Belt, Pembroke, Mt Coora North, Mt Cobalt, Mt Clara North and Silver Valley South.

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 Serpentine and Mt Clara Beds

metasediments with PEM7 reporting 4m @ 1.3g/t Au, 1.06% Cu & 12.6g/t Ag from 164m and PEM 14 (125m south) reporting 18m @ 1.3g/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 dimensions.

(b) **New Nickel-prospective tenement in NW Tasmania**

EL 50/2011 Heazlewood River, Tasmania was granted on 21/5/2012. The tenement is located within the Devonian Meredith Granite and Cambrian Heazlewood Ultramafic complex and has numerous nickel (Avebury style nickel sulphide up to 1.4% Ni at Fenton's Knob) and platinoid prospects as well as enhanced Cu, Pb, Zn and Au prospectivity.

4.5 **Current Status**

The Kildanga Project is the most advanced area in the AusNiCo portfolio. The Kildanaga Project consists of EPM 19366 which is an amalgamation of the previous EPMs 13359, 13360, 14560, 14372, 17611 and 18107. EPM 19366 was granted on the 9 Aug 2012 for a period of 3 years. Rent has been paid, the relevant bond has been renewed and all annual reports have been filed with the department.

The expenditure commitment at Kildanga is as follows:

Year	Expenditure Commitment
Year 1	\$100,000
Year 2	\$120,000
Year 3	\$150,000

The Marlborough Project consists of EPMA 17768. EPMA 17768 has been notified to be subject to the expedited procedure under the *Native Title Act 1993* (Cth). The State issued a required notice indicating the intention to grant EPMA 17768, subject to the expedited procedure, on 24 October 2012. There is a 4 month period for native title parties to object to the grant of EPMA 17768 by way of the expedited procedure. If no objection is lodged within the 4 month period, EPMA 17768 can be granted. In the event an objection is lodged within the 4 months, then the Company will need to either negotiate an agreement with the native title parties or seek a determination from the National Native Title Tribunal that the tenement should be subject to the expedited procedure.

Marlborough is proposed to be granted for 3 years and with an exploration expenditure commitment as follows:

Year	Expenditure Commitment
Year 1	\$1,245,000
Year 2	\$1,620,000
Year 3	\$2,280,000

The Heazlewood River Project was granted on 21 May 2012 for a period of 2 years. The annual rental and bond has been paid to the department. The total expenditure commitment over the 2 years is \$668,500.

4.6 The Directors and senior management

DIRECTORS

The current Directors of AusNiCo are:

- Brian Moller;
- Nicholas Mather;
- John Downie; and
- Ben Harrison.

The details of the Directors in office at the date of this report are as follows:

Brian Moller – Non-Executive Chairman

LLB (Hons)

Brian Moller is a corporate partner in the Brisbane based law firm HopgoodGanim. He was admitted as a solicitor in 1981 and has been a partner since 1983. He practices almost exclusively in the corporate area with an emphasis on capital raising, mergers and acquisitions.

He holds an LLB Hons from the University of Queensland and is a member of the Australian Mining and Petroleum Law Association.

Mr Moller acts for many public listed resource and industrial companies and brings a wealth of experience and expertise to the board particularly in the corporate regulatory and governance areas. During the past three years Mr Moller has also served as a director of the following listed companies:

- DGR Global Limited;
- Platina Resources Limited;
- Navaho Gold Limited; and
- SolGold plc., which is listed on the London Stock Exchange (AIM).

Brian Moller has a relevant interest in 1.77% of Taronga Shares by virtue of his association with H & G Corporate Consulting Pty Ltd which is the holder of 1,018,742 Taronga Shares.

Nicholas Mather – Non-Executive Director

BSc (Hons, Geol), MAusIMM

Nick Mather's special area of experience and expertise is the generation of and entry into undervalued or unrecognized resource exploration opportunities. He has been involved in the junior resource sector at all levels for more than 25 years. In that time he has been instrumental in the delivery of major resource projects that have delivered significant gains to shareholders. As an investor, securing projects and financiers, leading exploration campaigns and managing emerging resource companies Mr Mather brings a wealth of valuable experience.

During the past three years Mr Mather has also served as a director of the following listed companies:

- DGR Global Limited;
- Orbis Gold Limited (formerly Mt Isa Metals Ltd);
- Navaho Gold Limited;

- Bow Energy Limited (resigned 11 January 2012);
- Armour Energy Limited;
- Lakes Oil NL (appointed 7 February 2012); and
- SolGold plc., which is listed on the London Stock Exchange (AIM).

Nicholas Mather, director of both AusNiCo and Taronga has a relevant interest in 12.44% of Taronga Shares by virtue of his association with Samuel Holdings Pty Ltd which is the holder of 7,173,388 Taronga Shares.

John Downie – CEO and Managing Director

BE (Mechanical), AICD

John Downie joined AusNiCo on listing of AusNiCo on the ASX. Mr. Downie was previously the CEO of Gladstone Pacific Nickel Ltd, which was dual-listed on the London and Toronto Stock Exchanges, following a USD40 million raising in 2007. During his time with Gladstone Pacific Nickel, Mr. Downie was instrumental in obtaining a project funding proposal for USD2.85 billion, and overseeing the completion of the Final Feasibility Studies and Environmental Impact Statement approval for the Company's projects.

Mr. Downie has extensive international corporate and project experience, having held the roles of Director of Mines, General Manager, Operations Manager, Managing Director, President and CEO for various resource companies including Barrack Mines, Alcoa, Boral and Austpac Resources in a career spanning 30 years. As mines director at the Vales Goro Mine in New Caledonia he developed an in depth understanding of both the nickel laterite and nickel sulphide technology and markets.

Mr. Downie was the Chairman of Goldminex Ltd (resigned 22 June 2012), which holds extensive exploration tenements in Papua New Guinea.

Ben Harrison – Non-Executive Director

BSc, M.App.Fin, FINSIA

Ben Harrison is an Executive Director with Bizzell Capital Partners. Prior to joining Bizzell Capital Partners he worked in the corporate finance team at a leading corporate advisory firm where he was involved in a number of high profile capital market and M&A transactions in the resources and industrial sectors. Prior to this, Mr. Harrison worked as an equities analyst specialising in the minerals and energy sectors.

Mr. Harrison commenced his career as a project manager for an international engineering consulting firm, working on a number of large infrastructure projects in Australia and South East Asia. Mr. Harrison has experience in project management, financial analysis, primary and secondary market transactions and M&A. He also has experience in private equity and direct investments and is involved at board and management level in investee companies on behalf of Bizzell Capital Partners and its related entities.

Mr. Harrison is a Non-Executive Director of ASX-listed Navaho Gold Limited and Renison Consolidated Mines NL.

SENIOR MANAGEMENT

Karl Schlobohm – Company Secretary

B.Comm, B.Econ, M.Tax, CA, AICD

Karl Schlobohm is a Chartered Accountant with over 20 years' experience across a wide range of industries and businesses. He has extensive experience with financial accounting, corporate governance, company secretarial duties and board reporting. Over the past 5 years, Mr. Schlobohm has contracted into roles as CFO and/or Company Secretary for a number of ASX-listed resource companies including Linc Energy, Discovery Metals and Meridian Minerals.

He currently acts as the Company Secretary for ASX-listed DGR Global Limited, Navaho Gold Limited, Armour Energy Limited and LSE (AIM)-listed SolGold Plc.

4.7 Financial profile of AusNiCo

This Section contains historical financial information for AusNiCo for the financial years ending 30 June 2011 and 2012. The historical financial information in this section has been prepared in abbreviated form. Therefore it does not contain all of the disclosures required by nor is prepared in accordance with the presentation standards required by the Corporations Act and Listing Rules.

For further financial information on AusNiCo please see AusNiCo's annual reports, available at AusNiCo's website (www.ausnico.com.au).

Summary income statements

The historical summary income statements are sourced from AusNiCo's audited financial statements for the financial years ending 30 June 2011 and 30 June 2012.

	Year ended 30 June 2011 Audited	Year ended 30 June 2012 Audited
Revenue and Other Income ²	77,606	536,355
EBITDA	(1,171,159)	(839,142)
EBIT	(1,171,159)	(855,417)
NPAT	(1,184,055)	(855,417)

Summary balance sheets

The summary balance sheets are sourced from AusNiCo's audited financial statements for the financial years ending 30 June 2011 and 30 June 2012.

	Year ended 30 June 2011 Audited	Year ended 30 June 2012 Audited
Current assets		
Cash	978,921	1,114,439
Trade and other receivables	79,244	15,288
Total current assets	1,058,165	1,129,727
Non-current assets		
Other financial assets	95,402	151,252
Property, plant and equipment	45,454	29,179
Exploration and evaluation assets	4,833,141	4,795,862
Total non-current assets	4,973,997	4,976,293
Total assets	6,032,162	6,106,020
Current liabilities		
Trade and other payables	580,883	86,604
Provisions	17,935	3,738
Other current liabilities	6,340	7,022

² Revenue and other income includes interest received and R&D refund

	Year ended 30 June 2011 Audited	Year ended 30 June 2012 Audited
Total current liabilities	605,158	97,364
Non-current liabilities		
Other non-current liabilities	27,272	20,250
Total non-current liabilities	27,272	20,250
Total liabilities	632,430	117,614
Net assets	5,399,732	5,988,406
Equity		
Issued capital	5,771,460	7,215,551
Reserves	2,412,055	2,412,055
Accumulated losses	(2,783,783)	(3,639,200)
Total equity	5,399,732	5,988,406

Summary cash flow statements

The summary cash flow statements are sourced from AusNiCo's audited financial statements for the financial years ending 30 June 2011 and 30 June 2012.

	Year ended 30 June 2011 Audited	Year ended 30 June 2012 Audited
Cash flows from operating activities		
Receipts in the ordinary course of business	3,145	4,306
Receipt of research and development concession	-	496,499
Payments to suppliers and employees	(767,973)	(508,363)
Interest received	70,742	35,550
Net cash flows from operating activities	(694,086)	27,992
Cash flows from investing activities		
Payments for security deposits	(61,250)	(55,850)
Purchase of property, plant and equipment	(2,611)	-
Payments for exploration and evaluation assets	(1,266,658)	(1,116,643)
Net cash flows from investing activities	(1,330,519)	(1,172,493)

Cash flows from financing activities		
Proceeds from the issue of shares	4,000,000	1,400,000
Transactions costs on the issue of shares	(448,541)	(110,484)
Proceeds from borrowings	144,637	-
Repayment of borrowings	(683,783)	-
Payments on leases	(8,869)	(9,497)
Net cash flows from financing activities	3,003,444	1,280,019
Net increase in cash and cash equivalents	978,839	135,518
Cash and cash equivalents at the beginning of the year	82	978,921
Cash and cash equivalents at the end of the year	978,921	1,114,439

4.8 Stock Market Trading

The consideration to be offered in exchange for shares in Taronga consists of fully paid ordinary shares in AusNiCo.

Shares of the same class are traded on the ASX.

The following information relates to trading on the ASX.

Event	Price (\$)
AusNiCo closing price at 9 November 2012	\$0.020
Previous high for the 3 month period ending 9 November 2012	\$0.023
Previous low for the 3 month period ending 9 November 2012	\$0.015
3 month VWAP of AusNiCo Shares	\$0.019
6 month VWAP of AusNiCo Shares	\$0.024

4.9 Rights of AusNiCo's Shares

The rights attaching to AusNiCo Shares are governed by the Constitution of AusNiCo, a copy of which may be inspected at AusNiCo's registered office being Level 27 111, Eagle Street, Brisbane Queensland 4000. Set out in Section 11.1 of this document is a summary of the principal rights attaching to the AusNiCo Shares offered as consideration.

4.10 AusNiCo ASX Announcements

A list of announcements made between 1 July 2012 and the date of this Bidder's Statement are set out in Annexure A. This information may be relevant to your assessment of the Offer. Copies of the announcements are also available from ASX.

4.11 Further information on AusNiCo

Further information about AusNiCo can be found on the ASX or alternatively AusNiCo's website (www.ausnico.com.au).

5. Taronga Mines Limited

5.1 Disclaimer

Information included in this Bidder's Statement about Taronga and its business has been prepared by AusNiCo derived solely from publicly available sources of information published by Taronga unless otherwise indicated below and has not been independently verified.

AusNiCo and its Directors make no representation about the accuracy or otherwise of information published by Taronga and do not accept any liability to the extent that the statements in this Bidder's Statement are based on information published by Taronga which is not true, accurate or complete.

The information regarding Taronga in this Bidder's Statement should not be considered comprehensive. Taronga Shareholders should form their own views about Taronga from the public information available. Further information about Taronga may be included in the Target's Statement.

5.2 Overview of Taronga

Taronga is a tin exploration company with interests in New South Wales. Taronga's tenements consist of the following Exploration Licences:

Taronga's Mining Interests

Project	Licence	Interest	Area (km ²)	Location
Taronga	EL 7348	100%	48	Approximately 8km northwest from Emmaville, New South Wales
Torrington	EL 7800	100%	200	Approximately 0.5km southeast of Torrington, New South Wales
Pond Flats	EL 7801	100%	102	Approximately 5km southwest from Emmaville, New South Wales
Emmaville	EL 6839	100%	18	Approximately 6km northwest from Emmaville, New South Wales

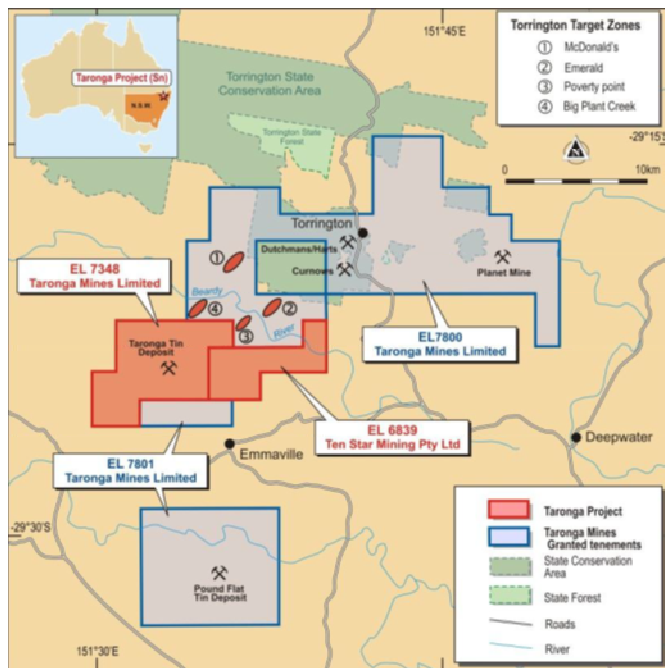
A summary of Taronga's key projects and Exploration Licences are provided below. Taronga's principle asset is the Taronga Project located at Emmaville in northern New South Wales. Taronga also owns a portfolio of exploration licences in the area immediately surrounding the Taronga Project.

The Taronga Project was evaluated by a joint venture led by Newmont Holdings (**Newmont JV**) between 1978 and 1984. Newmont completed a Preliminary Feasibility Study (**PFS**) in 1982, but with the tin price at historic lows, the Newmont JV ceased work in 1984 and relinquished the project.

Taronga acquired the Taronga Project in 2008. Following Taronga's re-evaluation of the PFS and historic resource estimate, Taronga identified areas of key potential upside, including (i) increased in-situ grade; (ii) higher grades at depth; (iii) increased tin recovery; and (iv) the recovery of by-product metal credits.

Taronga also owns a portfolio of granted exploration licences adjacent to the Taronga Project, of which each is prospective for tin and other minerals. Historic mining activities and more recent exploration programs provide evidence of mineralisation at Torrington, Emmaville and Pound Flat.

The Taronga Project and Taronga's portfolio of exploration licences are located near the historic mining town of Emmaville in northern New South Wales. Taronga holds a 100% interest in four granted exploration licences with a total area of approximately 368km². Taronga's exploration licences are located within the Clive 1:100,000 Sheet Area, reported at the centre of the most significant tin province in the New England Region, and prospective for other minerals including tungsten, base metals, molybdenite and gold.



Taronga's Exploration Licenses

Each of Taronga's exploration licences were issued for a period of two years and the following table provides respective expiry dates.

Tenement	Area (km ²)	Date of Grant	Expiry
EL 7348 - Taronga	48	29/05/2009	29/05/2013
EL 6839 - Emmaville	18	24/07/2007	24/07/2013
EL7800 - Torrington	201	23/03/2011	4/07/2013
EL7801 - Pound Flat	102	23/03/2011	4/07/2013

Taronga's exploration licences are situated on freehold and crown land.

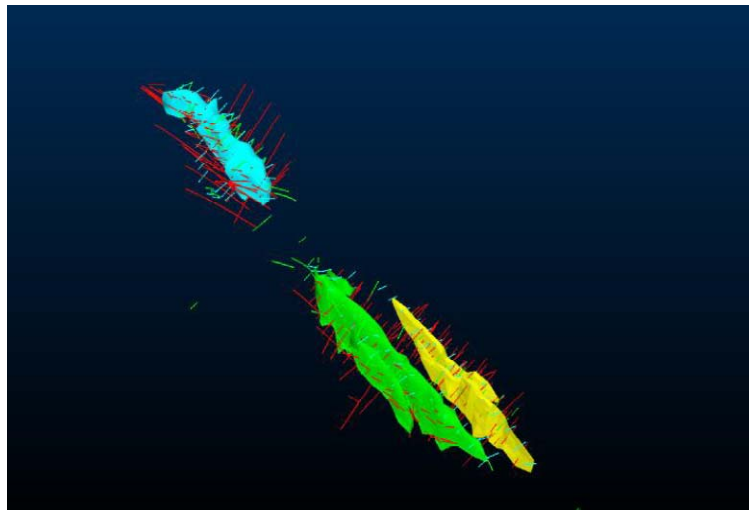
Project Details

(a) Taronga (EL 7348)

The Taronga Project is the principal project within EL 7348, albeit other mineralisation exists at Rob Griffiths Lode, Poverty Point Prospect, Arvid North and Stormer.

The Taronga deposit comprises two major zones of quartz-cassiterite, sheeted vein-style mineralisation; the Northern and Southern Zones. The two vein swarms in the Northern Zone are between 10 and 80 m wide over lengths of between 600 and 650 m and have been outlined in detail by historic (1979-1982) drilling to a depth of 200 m. The four separate vein swarms in the Southern Zone are 8 and 10 m wide over lengths of between 150 and 550 m, drilled to a depth of 150 m.

The Taronga deposit contains minor but potentially significant quantities of copper and silver but no historical estimates of the tenor of this mineralisation are reported.



Wireframes and drill hole locations showing zones of the mineralisation

In 1933, BHP undertook the first systematic testing at the Taronga Project with the driving of a 90m adit into the deposit, from which bulk samples were extracted. BHP treated three (3) parcels of mineralised material for a grade of 0.25 % Sn. It was reported that channel sampling in the adit wall of the section from which the mineralised material was removed had returned a much lower average grade of only 0.15% Sn. Between 1958 and 1964, BHP conducted extensive sampling in 11 shallow surface costeans and drilled 12 percussion drill holes into sections of the deposit.

In 1978, Endeavour Resources Ltd was granted an exploration licence over the area and subsequently farmed it out to the Newmont JV. The Newmont JV consisted of a consortium of Newmont Holdings Pty Ltd (as manager), ICI Australia, Endeavour Resources and Pelsart Holdings (collectively “**Newmont JV**”). The Newmont JV carried out extensive exploration and investigatory work between 1978 and 1984. They drilled 357 holes (178 diamond core and 179 reverse circulation percussion) for a total of 33,350 m of drilling in all. Notably only 18 holes failed to intersect tin mineralisation above the initial 0.1%Sn lower cut-off grade.

The Newmont JV also drove three adits, generating sufficient mineralised material to complete three (3) programs of metallurgical test work and an evaluation of the impact of sample size on resource grade. Newmont concluded in their study that the grade from the bulk samples was higher than the drilling data, thought to be due in part to volume variance effects.

The Newmont JV completed a Preliminary Feasibility Study (PFS) which included a historic resource estimate, open-cut mine design, conceptual metallurgical process flow sheet, processing plant design and project related infrastructure.

Following the acquisition of the Taronga Project in 2008, Taronga has completed additional work, including field investigations and studies. Most recently Taronga digitised and undertook a geostatistical review of all available historical drilling data, using the results to develop a proposed drilling program that will target the establishment of a JORC compliant resource. Taronga also completed a metallurgical review of the PFS and identified areas for future test work.

Taronga have identified a number of areas of key potential upside for the Taronga Project, including:

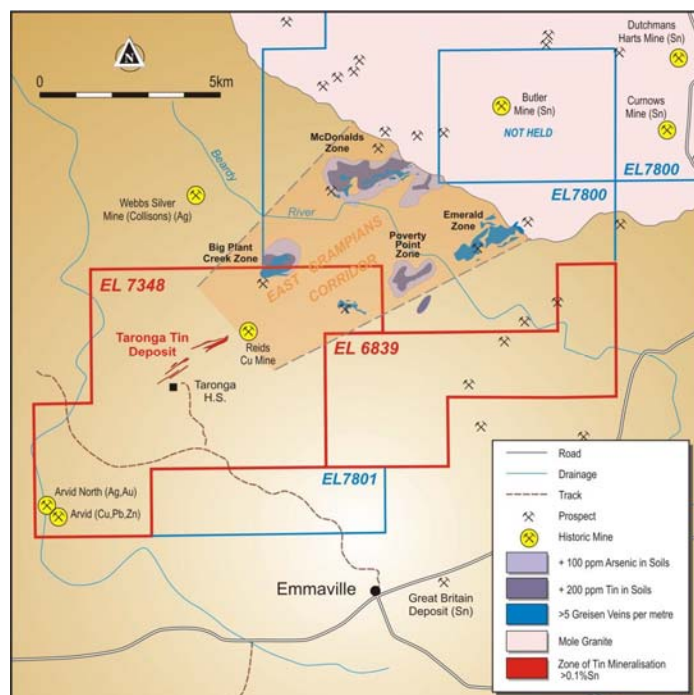
- (1) Increased in-situ grade – comparisons of Newmont data on bulk grade of underground sampling and adjacent drill holes supports the potential for actual resource grades to be higher than estimated;
- (2) Higher grades at depth – based upon a better understanding of the geological model, supported by historic drilling data at depth, including 2m* @ 1.0% Sn from 351m in DG402-7; 1m* @ 2.6% Sn from 169m and 1m* @ 2.1%Sn from 213m in hole DG410-3E (Note * down hole length, true widths are unknown);

- (3) Increased tin recovery – the application of modern comminution and gravity separation equipment developed since the Newmont work was completed;
- (4) By-product credits – the recovery of copper and silver through the adoption of fine grinding and flotation.
- (5) In addition to the Taronga Project, there are a number of exploration targets contained within EL 7348. Based on mapping and geochemical work completed in September 2012, the most prospective of these targets include Rob Griffiths Lode, Poverty Point Prospect, Arvid North and Stormer.

(b) Torrington (EL 7800)

EL 7800 is considered highly prospective for tin with numerous known occurrences of mineralisation, and recorded mining activities dating back to 1882. A number of the more advance projects include McDonalds Zone, Poverty Point, Emerald and Big Plant Creek.

The south west corner of EL 7800 is referred to as the East Grampians Corridor and host a number of targets, including, McDonalds Zone, Poverty Point, Emerald and Big Plant Creek. The geology and mineralisation of these target zones is similar to Taronga. These targets were generated by exploration in the mid 1980's but have not been systematically tested by drilling, including the McDonalds and Emerald zones. These two targets are situated at the contact of the tin-bearing Mole Granite with hornfelsed host sediments, a very favourable position to host tin mineralisation. YTC found Sn values of 0.23% and 1.93% tin in rock chip samples at McDonalds.



East Grampians Corridor

Taronga has recently conducted a program of exploration on the McDonald's zone target in the Torrington area. The work, comprising grid soil sampling, Induced Polarisation-Resistivity geophysics and detailed ground gravity geophysics, has confirmed McDonald's zone as a viable target for Taronga-style tin mineralisation. Coincidence of Induced Polarisation anomalies with geochemical anomalies (tin-in-soil values peaking above 1200 parts per million (ppm) Sn) have defined a high priority drill target within the south-western portion of the 3000 metre by 1000 metre gridded area. The main anomaly so defined, a 700 metre by 150 metre target is one of three anomalies within the McDonald's target that are within the plus 400 ppm tin contour limits.

Accordingly, Taronga has only recently confirmed the earlier work by EZ Industries at McDonalds in the early 1980's. This provides confidence that similar tin-in-soil anomalies generated by the same explorer at other targets in the East Grampians Corridor (Emerald

Zone, Big Plant Creek and Poverty Point) will also be confirmed as genuine targets for more Taronga-style tin mineralisation.

The Torrington Exploration Licences also contain numerous historic lode tin workings where high-grade tin occurs in discreet, multiple, quartz lodes. Very little drilling has been done to test these historic quartz lodes, however YTC did obtain some significant tin intercepts in the area of the old 'Harts' and 'Dutchmans' lodes with 0.8m @ 3.64% Sn and 1.0m @ 1.23% Sn. In other drilling, at the 'Planet' lode, YTC achieved results of 1.0m @ 1.75% Sn, 25m @ 0.21% Sn plus 0.12% Cu.

In the period between November 2010 and April 2012, Taronga conducted extensive low impact investigations on the Torrington Exploration Licences including geochemical soil sampling, Induced Polarisation (IP) and Gravity geophysical surveys.

(c) Emmaville (EL 6839)

EL 6839 is considered highly prospective for tin. The area has been subject to extensive mining activity dating back more than a hundred years. The main activity was sluicing of the upper reaches of Vegetable Creek immediately west of Tent Hill and tributaries for alluvial cassiterite.

(d) Pound Flat (EL7801)

Pound Flat is situated in EL7801 some 15 kilometres south of the Taronga deposit. The Newmont JV obtained two large tin intercepts at Pound Flat in limited drilling. They intercepted 49 m @ 0.18% Sn from surface and 98.5 m @ 0.13% Sn from 13.5m down-hole.

5.3 The Directors and senior management

DIRECTORS

The current directors of Taronga are:

- William J (Bill) Ryan;
- Nicholas Mather;
- Teunis Kwak;
- John Bovard; and
- Richard Willson.

William J (Bill) Ryan - Chairman

Bill Ryan holds a Masters degree in chemical engineering and has over 40 years experience in mining, metallurgy and management. His career has included 4 years in metallurgical research at Amdel in Adelaide, 11 years at Endeavour Resources Limited in Melbourne, and a brief role at Bond Resources in 1981-82. Following this, Mr Ryan provided consultancy services through Rytech Pty Ltd. In 1987, Mr Ryan took control of what became Titan Resources NL and resigned from that position after 17 years in June 2004.

In 2010 Mr Ryan stepped down as Chairman of Ampella Mining, Brumby Resources and Vital Metals Limited.

Mr Ryan was the longest serving President of the influential mining lobby group AMEC for 5 years (1995 - 2000), a Councillor of the WA Chamber of Minerals and Energy for 2 years and an inaugural Councillor of the Australian Gold Council. He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors.

Nicholas Mather – Non-Executive Director

BSc (Hons, Geol), MAusIMM

Nick Mather's special area of experience and expertise is the generation of and entry into undervalued or unrecognized resource exploration opportunities. He has been involved in the junior resource sector at all levels for more than 25 years. In that time he has been instrumental in the delivery of major resource projects that have delivered significant gains to shareholders. As an investor, securing projects and financiers, leading exploration campaigns and managing emerging resource companies Mr Mather brings a wealth of valuable experience.

During the past three years Mr Mather has also served as a director of the following listed companies:

- DGR Global Limited;
- Orbis Gold Limited (formerly Mt Isa Metals Ltd);
- Navaho Gold Limited;
- Bow Energy Limited (resigned 11 January 2012);
- Armour Energy Limited;
- Lakes Oil NL (appointed 7 February 2012); and
- SolGold plc., which is listed on the London Stock Exchange (AIM).

Nicholas Mather is a director of both AusNiCo and Taronga.

Teunis Kwak - Non-Executive Director

Teunis Kwak has accumulated a wide range of experience in most aspects of the resource industry in the previous 38 years as a geologist, director, project manager, consultant, and educator.

Dr Kwak began his career in underground mining at Pitt Lake Mining, B.C. Canada, moved to regional metal exploration with American Metals Climax, Anaconda Ltd and Inco Ltd, then to Government regional mapping with the Canadian Geological Survey. He became involved in metallurgical consulting with Mining and Geological Services Ltd before moving to education as a Senior Lecturer at the University of Utrecht in the Netherlands and as an Associate Professor at LaTrobe University in Melbourne. He has given numerous courses to industry (Australian Mineral Foundation, Geol. Soc. of Canada).

More recently, Dr Kwak has been involved as a consultant to a number of companies particularly dealing with deposits of tin, tungsten, copper, and gold. As a consultant, he is considered to have played a major part in the discovery of the large, world class, Nui Phao tungsten-fluorine-bismuth deposit in North Vietnam.

Dr Kwak has a B.Sc. (Hons), an M.Sc (University of British Columbia, Canada) and PhD (McMaster University, Ontario, Canada).

Dr Kwak was previously a director of Canadian listed companies, Celtic Minerals Ltd, Tiberon Minerals Ltd and of Mineral and Geological Services (Australia).

John Bovard - Non-Executive Director

John is a Civil Engineer with 44 years experience in mining, major projects and corporate management. He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors.

John's history includes construction work at the Bougainville copper project (1969-1970) and as a site engineer on the Ok Tedi project in PNG eventually rising to Project Manager for Kennecott Copper (1970-1977). He was Project Manager for SMEC on an Australian government integrated rural development aid project in southern Thailand (1977-1980), was the registered mine manager

and chief engineer for a joint-venture quarry in Sydney, responsible for the feasibility, mining and operations supplying 70 percent of Sydney's sand and gravel (1980-1985).

John became General Manager (Projects) for Placer Pacific (now Placer Dome) responsible for projects throughout Australasia, included acting as Project Manager for the Porgera project responsible to the Joint-Venture and completion of the Porgera feasibility study (1985-1988). In 1988 he was appointed CEO of Gold Mines of Kalgoorlie and North Kalgurli Mines, initially recruited to implement the "Super Pit" but subsequently became CEO also responsible for exploration, mining operations and finance. And restructured and merged multiple organizations into new company, KCGM.

Currently John Bovard is a non-executive Director of SolGold plc (AIM listed), the non-executive Chairman of Orbis Gold Ltd and non-executive Chairman of Australian Pacific Coal Ltd.

Richard Willson - Non-Executive Director

Richard is an accountant with more than 15 years experience. He has worked in public practice and in various financial management and company secretarial roles within the resources and agricultural sectors for both publicly listed and private companies.

Richard has a bachelor of Accounting from the University of South Australia, is a member of CPA Australia, and is a member, and graduate, of the Institute of Company Directors Graduate Diploma Program. Richard has worked in senior financial roles within the BHP Billiton group and was the Finance Manager and Company Secretary for the Provimi Australia and Jumbuck Pastoral groups.

Peter Williams - Chief Executive Officer

B. Eng, Grad Dip Finance & Investment M.AusIMM

Peter is a Metallurgist with over 20 years' experience in mining and finance. He has operational and management experience in a range of commodities including precious & base metals and industrial minerals. Recent roles include banking, stockbroking and corporate advisory. Peter is also Chief Executive Officer for IronRidge Resources Ltd.

Melanie Leydin - Chief Financial Officer

Melanie Leydin is a Chartered Accountant and principal in a chartered accounting firm specializing in audit and company secretarial services.

Ms Leydin has 20 years' experience in the accounting profession and is a director and company secretary for a number of junior mining and exploration entities listed on the Australian Stock Exchange.

5.4 Taronga Financial Information

This section 5.4 includes historical financial information in relation to Taronga for the financial years ending 30 June 2011 and 30 June 2012.

All financial information relating to Taronga has been sourced from Taronga's audited financial statements for the financial years ending 30 June 2011 and 2012. The financial information for Taronga has been presented in abbreviated form.

AusNiCo has relied on the information in Taronga's financial reports to prepare this section 5.4.

Summary income statements

The historical summary income statements are sourced from Taronga's audited and reviewed financial statements for the financial years ending 30 June 2011 and 30 June 2012.

	Year ended 30 June 2011 Audited	Year ended 30 June 2012 Audited
Revenue from continuing operations ³	7,092	8,379
Loss before income tax	453,932	593,874
Loss after income tax	453,932	593,874

Summary balance sheets

The summary balance sheets are sourced from Taronga's audited and reviewed financial statements for the financial years ending 30 June 2011 and 30 June 2012.

	Year ended 30 June 2011 Audited	Year ended 30 June 2012 Audited
Current assets		
Cash and cash equivalents	87,067	278,419
Trade and other receivables	11,974	56,545
Other current assets	262,914	-
Total current assets	361,955	334,964
Non-current assets		
Property, plant and equipment	-	2,030
Exploration and evaluation expenditure	1,548,952	4,887,799
Other non-current assets	70,059	60,059
Total non-current assets	1,619,011	4,949,888
Total assets	1,980,966	5,284,852
Current liabilities		
Trade and other payables	226,532	71,847
Total current liabilities	226,532	71,847
Total liabilities	226,532	71,847
Net assets	1,754,434	5,213,005
Equity		
Issued capital	3,085,390	6,452,875
Reserves	228,640	913,600
Accumulated losses	(1,559,596)	(2,153,470)
Total equity	1,754,434	5,213,005

³ Revenue from continuing operations includes interest received

Summary cash flow statements

The summary cash flow statements are sourced from Taronga's audited and reviewed financial statements for the financial years ending 30 June 2011 and 30 June 2012.

	Year ended 30 June 2011 Audited	Year ended 30 June 2012 Audited
Cash flows from operating activities		
Payments to suppliers	(109,294)	(499,016)
Interest received	7,092	8,379
Net cash used in operating activities	(102,202)	(490,637)
Cash flows from investing activities		
Payments for exploration and evaluation	(340,641)	(213,240)
Refund of security deposits	-	10,000
Payments for property, plant & equipment	-	(2,256)
Net cash used in investing activities	(340,641)	(205,496)
Cash flows from financing activities		
Proceeds from issue of shares	500,000	961,333
Capital raising expenses	(110,093)	(73,848)
Net cash provided by financing activities	389,907	887,485
Net increase / (decrease) in cash held	(52,936)	191,352
Cash at the beginning of the financial year	140,003	87,067
Cash at the end of the financial year	87,067	278,419

5.5 Publicly available information on Taronga

Taronga is an unlisted public company. The Taronga annual report for the year ended 30 June 2012 was lodged with ASIC on 29 October 2012.

Further publicly available information about Taronga can be found on the Taronga website at www.tarongamines.com.au.

5.6 Taronga securities on issue

Based on documents lodged by Taronga with ASIC, and other information made available to AusNiCo by the company secretary of Taronga the total number of securities in each class in Taronga at the date of this Bidder's Statement is as follows:

Class of Security	Number on Issue
Taronga Shares	
Ordinary Shares	57,680,002
Taronga Options	
Options (<i>as at 1 June 2012</i>)	13,100,000

5.7 Relevant interests of AusNiCo in Taronga Shares

As of the date of this Bidder's Statement, the number of Taronga Shares in which AusNiCo had a relevant interest is set out below:

Class of Security	Total number in class	% of Taronga shares on issue
Taronga Shares	11,535,999	19.99

The relevant interest in the Taronga Shares listed above arises from the terms of the Pre-Bid Agreement.

Set out in section 11.12 is a summary of this agreement.

In addition:

- (a) Nick Mather, a director of both AusNiCo and Taronga has a relevant interest in 12.44% of Taronga Shares by virtue of his association with Samuel Holdings Pty Ltd which is the holder of 7,173,388 Taronga Shares; and
- (b) Brian Moller a director of AusNiCo has a relevant interest in 1.77% of Taronga Shares by virtue of his association with H&G Corporate Consulting Pty Ltd which is the holder of 1,018,742 Taronga Shares.

5.8 Voting power in Taronga

As of the date of this Bidder's Statement, AusNiCo has a voting power of 19.99% in Taronga. AusNiCo's voting power in Taronga arises from the relevant interest (as defined by the Corporations Act) in the Taronga Shares which is the subject of the Pre-Bid Agreement.

5.9 Consideration provided for Taronga Shares during previous four months

- (a) Four months before the date of the Bidder's Statement

Save for the obligations of AusNiCo under the Pre-Bid Agreement, neither AusNiCo nor any associate of AusNiCo has provided, or agreed to provide, consideration for Taronga Shares under any purchase or agreement during the four months before the date of this Bidder's Statement.

- (b) Period between the date of this Bidder's Statement and the date immediately before the Offer Date.

Neither AusNiCo nor any associate of AusNiCo has provided, or agreed to provide, consideration for Taronga Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the Offer Date.

5.10 Escalation Agreements

Neither AusNiCo nor any Associate of AusNiCo has entered into any escalation agreement that is prohibited by section 622 Corporations Act.

5.11 Collateral Benefits

Other than as set out in this Bidder's Statement, neither AusNiCo nor any Associate of AusNiCo during the four months before the Offer Date gave, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of Taronga Shares,

and which was not offered to all Taronga Shareholders under the Offer.

6. The intentions of AusNiCo relating to the Offer

6.1 Introduction

This section sets out the Bidder's intentions in relation to the following:

- (a) the continuation of the business of Taronga; and
- (b) any major changes to the business of Taronga and any redeployment of the fixed assets of Taronga.

These intentions are based on the information concerning Taronga, its business and the general business environment, which is known to the Bidder at the time of the preparation of this Bidder's Statement.

Final decisions will only be reached by the Bidder in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section 6 are statements of current intention only, which may change as new information becomes available or circumstances change.

The Offer is subject to a minimum acceptance condition of 90% of the Taronga Shares. Presently, AusNiCo has no intention to waive that condition though it is entitled to do so subject to compliance with the provisions in the Corporations Act. There are a range of potential outcomes arising from the Offer.

This section outlines these impacts on the basis that AusNiCo is successful in acquiring 90% of Taronga (and so can proceed to compulsorily acquire all remaining Taronga Shares) and also for the situation where AusNiCo were to acquire less than 90% but more than 50% of AusNiCo and waive the minimum acceptance condition at some future time during the course of the Offer.

Following a successful Merger, AusNiCo will seek to raise money through a private placement and/or through an offer to existing shareholders in order to provide funding for the Merged Group's exploration activities.

6.2 Review

AusNiCo and its advisors have reviewed information that has been publicly available about Taronga, its current activities and its plans for the future and have had limited discussion with Taronga in relation to its businesses. However, AusNiCo does not currently have knowledge of all material information, factors and circumstances that are necessary to assess the operation, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

Following the close of the Offer, AusNiCo will, to the extent that information is available to it, conduct a review of the operations, assets, structure and employees of Taronga in light of that information. Final decisions will only be reached after that review. As such, statements set out in this section are statements of current intention only which may change as new information becomes available to AusNiCo or circumstances change. The statements in this section should be read in this context.

6.3 Intentions upon acquiring control but less than 90%

The Offer is subject to a number of conditions and this section outlines AusNiCo's current intentions in the event that it was to acquire control of Taronga, but less than 90% of Taronga Shares. If AusNiCo obtains effective control of Taronga but is not able to proceed to compulsory acquisition, it will have some capacity to influence the action, operations and management of Taronga, subject to its obligations at law.

In this circumstance and in the absence of any defeating conditions, AusNiCo would, the extent to which it is able to do so, look to:

- (a) subject to the Corporations Act and the constitution of Taronga, seeking board representation to a level reflective of its shareholding;

- (b) if AusNiCo becomes entitled at some later time to exercising general compulsory acquisition rights under the Corporations Act, exercising those rights; and
- (c) seeking to implement such of the intentions as are detailed below in Section 6.4 as are consistent with Taronga being a controlled entity of AusNiCo but not a wholly-owned subsidiary.

6.4 **Intentions upon acquisition of 90% or more of Taronga Shares**

This section 6.4 sets out the Bidder's intentions if it acquires 90% or more of the Taronga Shares and it is entitled to proceed to compulsory acquisition of the outstanding Taronga Shares.

(a) Corporate matters

The Bidder intends to:

- (1) proceed with compulsory acquisition of the outstanding Taronga Shares in accordance with the provisions of Chapter 6A of the Corporations Act; and
- (2) appoint two (2) board directors of Taronga to the Board of AusNiCo.

(b) Head office and administration functions

AusNiCo intends to amalgamate the corporate head office and administrative functions of AusNiCo and Taronga, such as finance and accounting, company secretarial, risk management, as well as those functions involved in setting overall planning and control of the combined operations of AusNiCo and Taronga, with a view to eliminating duplication of tasks and reduce or eliminate costs where possible.

AusNiCo expects that in this way it will enable a reduction in corporate overhead for the combined entity.

(c) Exploration focus

AusNiCo believes that the combination of AusNiCo and Taronga is a logical move for both companies as the Merged Group provides access to an increased portfolio of exploration and appraisal projects.

Upon completion of the Offer, AusNiCo intends to focus its exploration efforts on the Taronga tin project. In particular, initially undertaking an exploration and test work program with the objective of defining a JORC compliant resource, identifying grade and recovery upside, and evaluating the potential for the recovery of by-product metal credits.

6.5 **Limitations on intentions**

AusNiCo would only make a decision on the above matters following receipt of appropriate legal and financial advice. The Bidder's intentions must be read as being subject to Taronga's Board, including any nominees of AusNiCo, to have regard to the interests of all Taronga Shareholders and would therefore be subject to its obligations to comply with the applicable provisions of the *Corporations Act* and the law generally.

7. Profile of Merged Group

7.1 Merged Group Disclaimer

The information on the Merged Group contained in this Bidder's Statement to the extent that it incorporates or reflects information on Taronga has also been prepared using publicly available information. Accordingly information in relation to the Merged Group is subject to the foregoing disclaimer to that extent.

7.2 Introduction

The profile of the Merged Group will vary depending on the outcome of the Offer. Unless otherwise indicated, the description of the Merged Group in this section 7 assumes that Taronga is a wholly-owned subsidiary of AusNiCo. If AusNiCo is not entitled to compulsorily acquire Taronga Shares during the Offer Period, some of the benefits that would otherwise accrue to AusNiCo if Taronga were to become a wholly owned subsidiary of AusNiCo may not be fully realised.

7.3 Merged Group Overview

Following the Offer the Merged Group will have an advanced-stage tin project with a suite of complementary nickel sulphide, copper and gold projects.

Taronga and AusNiCo shareholders will benefit from the Merged Group's portfolio:

Project	Licence	Interest	Area (km ²)	Description
Kildanga ⁽¹⁾	EPM19366	100%	301	Existing AusNiCo nickel sulphide project
Marlborough	EPMA17768	100%	158	Existing AusNiCo nickel sulphide project
Heazlewood River	EL50/2011	100%	64	Existing AusNiCo nickel sulphide project
Taronga	EL7348	100%	48	Existing Taronga tin project
Torrington	EL7800	100%	200	Existing Taronga tin project
Pond Flats	EL7801	100%	102	Existing Taronga tin project
Emmaville	EL6839	100%	18	Existing Taronga tin project

⁽¹⁾ This EPM is an aggregation of EPMs 13359, 13360, 14372, 14560, 17611 and 18107.

7.4 Pro-forma balance sheets

Summary Information

Pro-forma reviewed consolidated balance sheets as at 30 June 2012 have been compiled to present the financial position of the AusNiCo economic entity on the assumption that 100% of the shares in Taronga had been acquired as at 30 June 2012 in accordance with the terms of the Offer.

AusNiCo does not, except as required by law, make any representations or warranty, express or implied, as to the accuracy or completeness of this information.

AusNiCo has had limited access to the directors, management or staff of Taronga and has had limited access to working papers, accounting records or other documentation for the purposes of preparing this financial information. Therefore, it has not been possible to independently verify any of the financial information relating to Taronga used in this Bidder's Statement for providing pro forma financial information.

Financial information is provided for illustrative purposes only. In considering the pro-forma information, holders of Taronga Shares must take the following matters into account:

- (a) The pro-forma balance sheets have been prepared by aggregating the last audited balance sheet of AusNiCo as at 30 June 2012 and Taronga at 30 June 2012. In addition, a number of pro-forma adjustments have been made to reflect the acquisition of Taronga and estimated prorated related transaction costs. Details of these adjustments are set out in the Notes to the pro-forma balance sheet in the table below.
- (b) The actual date of the acquisition will be later than 30 June 2012. In accordance with the requirements of Australian Accounting Standard AASB No.3, *Business Combinations* it will be necessary to assess the fair value of the net assets of AusNiCo and Taronga on completion of the Merger. Consequently the actual fair values may differ from those reflected in the pro-forma balance sheet once a detailed examination is made as of the actual acquisition date.
- (c) The pro-forma balance sheets are indicative only. The AusNiCo Directors have drawn their conclusions based on the known facts and other publicly available information as at the date of this Bidder's Statement. If the facts, circumstances, assumptions and other information should prove different to that described, the conclusions may change accordingly.
- (d) Set out below are the pro-forma balance sheets of AusNiCo and where applicable Taronga as at 30 June 2012 assuming AusNiCo has acquired 100% of Taronga.

	AusNiCo 30 June 2012 Audited	Taronga 30 June 2012 Audited	Taronga Acquisition Unaudited	Pro Forma Unaudited
Current assets				
Cash	1,114,439	278,419	(443,000)	949,858
Other current assets	15,288	56,545	-	71,832
Total current assets	1,129,727	334,964	(443,000)	1,021,690
Non-current assets				
Exploration and evaluation expenditure	4,795,862	4,887,799	1,708,596	11,392,257
Other non-current assets	180,431	62,089	-	242,520
Total non-current assets	4,976,293	4,949,888	1,708,596	11,634,777
Total assets	6,106,020	5,284,852	1,265,596	12,656,467
Current liabilities				
Trade and other payables	97,364	71,847	-	189,461
Total current liabilities	97,364	71,847	-	189,461
Non-current liabilities				
Other non-current liabilities	20,250	-	-	20,250
Total non-current liabilities	20,250	-	-	20,250
Total liabilities	117,614	71,847	-	189,461
Net assets	5,988,406	5,213,005	1,265,596	12,467,007
Equity				
Issued capital	7,215,551	6,452,875	468,725	14,137,151
Reserves	2,412,055	913,600	(857,569)	2,468,086
Accumulated losses	(3,639,200)	(2,153,470)	1,654,440	(4,138,230)
Total equity	5,988,406	5,213,005	1,265,596	12,467,007

7.5 Pro-forma adjustments and assumptions

Key assumptions have been made in producing the pro-forma combined balance sheet in the Bidder's Statement:

- (a) The pro-forma information has not been audited and has been prepared using AIFRS and reflects the accounting policies of AusNiCo.
- (b) The pro-forma information has been prepared by aggregating AusNiCo's and Taronga's audited balance sheets as at 30 June 2012, assuming a number of pro-forma adjustments made to reflect the acquisition of 100% of Taronga shares and estimated prorated associated transaction costs.
- (c) The pro-forma information in the balance sheet excludes the impact of the general trading of AusNiCo and other AusNiCo transactions which have occurred since 30 June 2012, but are not considered to materially impact the financial position presented in the balance sheet.

7.6 Taronga acquisition

- (a) Financial information regarding Taronga has been obtained from publicly available sources. AusNiCo is not aware of any events subsequent to the Taronga balance date used in the 30 June 2012 accounts which would materially alter the information presented above.
- (b) The pro-forma information presented in the balance sheet assumes the acquisition of Taronga by AusNiCo had been completed by that date. The actual date of the acquisition will be at a later date. AASB 3 "Business Combinations" requires that the acquirer shall, at the acquisition date, allocate the costs of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at that date. Accordingly, AusNiCo will assess the fair value of identifiable net assets of Taronga on completion of the acquisition.
- (c) The calculation of purchase consideration payable by AusNiCo to Taronga in the balance sheet is based on the 6 month VWAP AusNiCo share price of \$0.024.
- (d) The pro-forma combined balance sheet of the Merged Group where AusNiCo is based on the assumption that the fair value of assets and liabilities of Taronga are equal to their book value. The difference between the book value of these assets and the purchase consideration at the acquisition date has been assumed to relate to the intangible exploration assets. A full purchase price allocation exercise will be undertaken post acquisition whereby the fair value of the assets and liabilities will be more accurately assessed at the time. This may impact the classification between tangible, intangible assets and goodwill.
- (e) A reduction in cash of \$443,000 in the balance sheet where AusNiCo, reflects transaction costs that may be incurred when acquiring 100% of Taronga Shares. These are estimates only.
- (f) Intangible assets recognised on acquisition may need to be amortised over the period of their economic benefit to the Merged Group and such amortisation charges reduce future reported earnings. Due to limited public information available, it is not possible for AusNiCo to identify these intangible assets and consequent amortisation at this time.

7.7 Effect on AusNiCo Capital Structure

Assuming that AusNiCo acquires 100% of the Taronga Shares, the following table shows the issued and fully paid share capital of AusNiCo as at the date of this Bidder's Statement and as it will be immediately following completion of the Offer.

Table A – Share Capital of AusNiCo at the date of this Bidder's Statement

Capital Structure	# of shares / options
AusNiCo Limited	
Shares on issue	144,994,142
Options ¹	22,000,000
Fully Diluted	166,994,142
Taronga Mining Ltd	
Shares on issue	57,680,002
Options	13,100,000
Fully Diluted	70,780,002
AusNiCo Limited (post-Merger)	assuming 100% acceptance
Shares on issue	433,394,152
Options ²	87,500,000
Fully Diluted	520,894,152
Ownership Composition (post-Merger, excluding options)	
AusNiCo Shareholders	33.46%
Taronga Shareholders	66.54%

Note:

1. All of AusNiCo's 22,000,000 options are currently unlisted as of the date of this Bidder's Statement and expiry on the 19 November 2013.
2. AusNiCo, Taronga and each of the Taronga Optionholders have entered into an Option Cancellation and Replacement Deed, pursuant to which the relevant Target Optionholder's Taronga Options are cancelled, and that Taronga Optionholder is instead issued with 5 New Bidder Options, subject to the obtainment of all AusNiCo shareholder approvals and regulatory approvals required.

7.8 Prospective Financial Information of the Merged Group

AusNiCo has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Group. The AusNiCo Board has concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the effect that variations in key variable inputs may have on future earnings performance.

8. Risk Factors

8.1 Introduction

In deciding whether or not to accept the Offer, you should read this entire Bidder's Statement carefully. You should also carefully consider the risk factors outlined in this Section 8. However the risks described below are not to be taken as exhaustive. The future performance of AusNiCo and the future investment performance of the AusNiCo Shares (and in particular the price at which the AusNiCo Shares trade on the ASX) may be influenced by a wide range of factors, many of which are outside the control of AusNiCo. The material risk factors summarised below are organised into three broad categories:

- (a) risk factors that pertain to the general economy and the stock market. These are clearly not risks that are peculiar to an investment in AusNiCo Shares, but rather are common to all investments in listed securities;
- (b) risk factors specific to AusNiCo. These are risks that are particular to an investment in AusNiCo Shares, and the securities of companies engaged in similar activities to AusNiCo and the Merged Group; and
- (c) risk factors that arise from the Offer. These are risks that arise primarily because of the issue of AusNiCo Shares as consideration for the acquisition of Taronga Shares, and the subsequent risks associated with an investment in the Merged Group.

8.2 Risk Factors that pertain to the General Economy and Stock Market

The AusNiCo Shares which form the consideration under the Offer do not carry any guarantee with respect to market value of the AusNiCo Shares or with respect to payment of dividends or the return of capital. Because of the very nature of the business of AusNiCo, AusNiCo Shares are a speculative investment.

Changes in general global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect the trading price of the AusNiCo Shares on the ASX. The future value of AusNiCo's listed Shares (including the AusNiCo Shares to be issued pursuant to the Offer) may fluctuate in accordance with movements in the foreign currency exchange rates and often unpredictable influences on the stock market generally.

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies in Australia, may also have an adverse affect on the assets, operations and ultimately the financial performance of both AusNiCo and the Merged Group, and the entities in which AusNiCo invests. These factors may ultimately affect the financial performance of AusNiCo and the market price of the AusNiCo Shares.

These are just some of a number of factors (both national and international) that may affect the market price for AusNiCo Shares and neither AusNiCo nor its Directors have control of those factors. AusNiCo's Board emphasises that the risk factors set out in this Section may not be the only risk factors that could affect the operations of AusNiCo, its financial position and the value of its securities.

As the holding of AusNiCo Shares involves certain risks, persons in doubt as to the course they should follow should consult their stockbroker, solicitor, accountant or other professional advisor without delay.

8.3 Risk Factors specific to AusNiCo

- (a) Financing

In order to proceed with the development of any of its projects, AusNiCo may be required to raise additional equity and/or debt capital in the future. There is no assurance that it will be able to raise such capital when it is required or that the terms associated with providing such capital will be satisfactory to AusNiCo, which may prejudice its ongoing ability to participate in these projects. In the event that AusNiCo fails to obtain sufficient financing when required, AusNiCo may be forced to delay or eliminate its future development

activities, sell existing assets or reduce its operations, and will not be able to take advantage of opportunities or otherwise respond to competitive pressures.

In this regard the Directors note that in the “Independent Auditor’s Report” included in AusNiCo’s Annual Report for the financial year ending 30 June 2012, AusNiCo’s independent auditors, BDO Audit Pty Ltd stated that while the accounts were prepared on a “going concern” basis there was material uncertainty regarding the ability of AusNiCo to continue as a going concern. BDO Audit Pty Ltd stated in particular:

“the ability of the Company to continue to adopt the going concern assumption will depend upon a number of matters including the successful raising in the future of necessary funding or the successful exploration and subsequent exploitation of the Company’s tenements. In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.”

The Directors believe that such statements by auditor’s are not uncommon in the annual reports of companies engaged in similar activities to AusNiCo at an early stage in their corporate life cycle. Further details in relation to the going concern of AusNiCo are provided in Note 1 of the Independent Auditor’s Report in AusNiCo’s 2012 Annual Report which can be viewed on AusNiCo’s website, www.ausnico.com.au.

(b) Dependence Upon Key Personnel

Whilst AusNiCo currently has a small core team of executives and senior personnel, its progress in pursuing its growing exploration and evaluation programs within the time frames and within the costs structure as currently envisaged could be dramatically influenced by the loss of existing key personnel and/or a failure to secure and retain additional key personnel as AusNiCo’s exploration program develops. The resulting impact from such loss would be dependent upon the quality and timing of the employee’s replacement.

Although the key personnel of AusNiCo have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in their objectives.

(c) Management Actions

Directors of AusNiCo will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of AusNiCo, but without assuming any personal liability for the same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of AusNiCo and the AusNiCo Shares.

(d) Contractual Risk

Development of the Merged Group’s projects and subsequent sale of material from the projects will be dependent on a number of key contractual arrangements including relevant constructions and off-take agreements.

AusNiCo and Taronga are parties to a number of material contracts and may be advanced in the finalisation of other contracts. Whilst AusNiCo will have various contractual rights in the event of non compliance by a contracting party, no assurance can be given that all contracts to which AusNiCo is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if a contracting party does not comply with any contractual provisions, that AusNiCo will be successful in securing compliance.

Failure by any other party to finalise and execute a contract which is presently under negotiation with AusNiCo or Taronga, or failure to comply with an obligation under a contract with AusNiCo or Taronga could have a material adverse effect on AusNiCo and the Merged Group.

A subsidiary of Taronga, New England Tin NL (**NET**) entered an agreement with Gordon Arthur Sheperdley (**Sheperdley**) on 23 August 1995 as varied on 22 September 1995 (the Sheperdley Agreement). This agreement appears to relate to a prior Exploration Licence 26 – Inverell, which has long expired.

There have from time to time been claims made by Sheperdley regarding the subject matter of the Sheperdley Agreement.

As at the date of this Bidder's Statement AusNiCo is not aware of the existence of any action against Taronga or any subsidiary by Mr Sheperdley.

AusNiCo has been informed by Taronga that it has in 2011 taken certain steps to attempt to secure a full release from Sheperdley, without success.

AusNiCo has been informed that the directors of Taronga formed the view that whatever the nature and extent of any contractual or other rights and obligations were or may have been under the Sheperdley Agreement or arising there from, the passage of time since the expiry of the prior tenement and other conduct and circumstances may have resulted in the loss or impairment of any enforceable rights or obligations of the contracting parties thereunder.

(e) Land Access Risk

Land access is critical for AusNiCo's and the Merged Group's exploration and evaluation programme to succeed. In all cases the acquisition of prospective tenements is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential.

Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral lease and native title land or claims under the Native Title Act 1993 (Cth) (**NTA**). NTA land ownership rights and obligations are set out immediately below.

In addition, rights to mineral tenements carry with them various obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area.

(f) Native Title

The NTA provides a regime that enables persons claiming to hold native title to lodge a claim to that effect for determination. The NTA also provides for the determination. The NTA also provides for the determination of native title rights, their extinguishment, and for processes to deal with those rights in accordance with specific categories of acts that have occurred including "past acts" (before 1 January 1994), "intermediate period acts" (occurring between 1 January 1994 and 23 December 1996), and "future acts". Under this regime, native title is extinguished by grants of private freehold title and exclusive possession tenures. The effect on each tenement will depend on the nature of the tenement, the date of its grant or proposed grant, and the nature of the underlying land tenures.

The effect of the NTA is that existing and new tenements held by AusNiCo and the Merged Group may be affected by native title claims and procedures. AusNiCo has not undertaken the historical, legal or anthropological research and investigations at the date of this Bidders Statement that would be required to form an opinion as to whether any existing or future claim for native title could be upheld over a particular parcel of land covered by a tenement. There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held by AusNiCo or the Merged Group which may affect the operation of AusNiCo's business and development activities. In the event that it is determined that native title does exist or a native title claim has been registered, AusNiCo may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights required. Such procedures may take considerable time, involve the negotiation of significant agreements, may involve

access rights, and require the payment of compensation to those persons holding or claiming native title in the land the subject of a tenement. The involvement in the administration and determination of native title issues may have a material adverse impact on the position of AusNiCo in terms of cash flows, financial performance, business development, ability to pay dividends and the share price.

The Directors believe that the impact of native title with respect to land access on the project for the purpose of exploration, other than causing delays, is likely to be minimal.

(g) Legislation and regulations

Both AusNiCo's and Taronga's activities in the nickel, copper, silver, gold and tin industries are subject to various legislation, regulation and approvals. The introduction of any new legislation, be it amendments, the application of developments in existing common law or policies or the interpretation of those laws or policies could have a material adverse effect on both AusNiCo and the Merged Group. Changes in government regulations may adversely affect the financial performance or the current and proposed operations generally of AusNiCo.

In addition, AusNiCo's and Taronga's projects may require from time to time various regulatory approvals by government for their operations and accordingly must comply with those approvals, applicable laws, regulations, guidelines and policies.

Specifically, AusNiCo and the Merged Group may require licenses and approvals in relation to environmental matters, exploration, development and production relating to nickel, copper, silver, gold and tin. There is a risk that AusNiCo or Taronga may not obtain, or may be delayed in obtaining the necessary licenses and approvals in relation to their operations. This may affect the timing and scope of AusNiCo or Taronga's operations. The loss of granted tenements or the delay in obtaining lease renewals may have a material adverse effect on AusNiCo and the Merged Group.

Having said all of that, apart from the Mineral Resources Rent Tax (**MRRT**) AusNiCo is not aware of any other current or proposed material changes in relevant regulations or policy. The MRRT is at this stage, expected to affect mining and resources companies involved in iron ore and coal exploration and development. As a result, AusNiCo does not anticipate that it will be affected by the MRRT. However, should further amendments to the MRRT be proposed, or another similar tax or policy is proposed by the Federal Government in the future, to the extent that any changes related to the minerals AusNiCo is exploring for, AusNiCo may be adversely affected by any such change.

(h) Government Policy

The availability and rights to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of AusNiCo.

AusNiCo is aware that State Governments conduct reviews from time to time of policies in connection with the granting and administration of mining tenements. At present AusNiCo is not aware of any proposed changes to policy that would affect its tenements.

In Queensland, the Aboriginal Cultural Heritage Act 2003 and the Torres Strait Islander Cultural Heritage Act 2003 (which commenced on 16 April 2004) impose duties of care which require persons, including AusNiCo, to take all reasonable and practical measures to avoid damaging or destroying Aboriginal cultural heritage. This obligation applies across the State and requires AusNiCo to develop suitable internal procedures to discharge its duty of care in order to avoid exposure to substantial financial penalties if its activities damage items of cultural significance. Under this legislation, indigenous people can exercise control over land with respect to cultural heritage without necessarily having established the connection element (as required under native title law). This creates a potential risk that the tenement holder may have to deal with several indigenous individuals or corporations, where no native title has been established, to identify and manage cultural heritage issues. This could result in tenement holders requiring lengthy lead times to manage cultural heritage for their projects.

Changing attitudes to environmental, land care, cultural heritage and indigenous land rights issues, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect AusNiCo's exploration plans or, indeed, its rights and/or obligations with respect to the tenements.

(i) Carbon tax

In 2011, the Australian Parliament enacted the Clean Energy Act (**CEA**) to introduce a mandatory emissions trading scheme (or **carbon tax**) with effect from 1 July 2012.

Under the CEA, emitters of greenhouse gases who emit in excess of set thresholds are liable to purchase and relinquish carbon units for each equivalent tonne of carbon dioxide released into the atmosphere. Additionally, retailers of natural gas are liable for the relinquishment of carbon units for the potential greenhouse gas emissions of the gas they supply.

Although neither AusNiCo nor the Merged Group are likely to be directly impacted by the CEA at this stage of their development, it is possible that they may be indirectly affected by increased operating costs for development work undertaken at later stages in their development, as a result of CEA compliance and permit costs being passed through by suppliers. There may also be an unquantifiable impact on the price of relevant commodities such as nickel, copper, silver, gold and tin.

(j) Environmental Risk

AusNiCo's operations and projects are subject to State and Federal laws and regulation regarding environmental hazards. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on AusNiCo for damages, clean up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by AusNiCo or its subsidiaries, or non compliance with environmental laws or regulations. AusNiCo proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

(k) Industrial Risk

Industrial disruptions, work stoppages and accidents in the course of AusNiCo's and the Merged Group's operations could result in losses and delays, which may adversely affect profitability.

(l) Changes in Commodity Price

AusNiCo's and the Merged Group's possible future revenues will probably be derived mainly from a range of metals and/or from royalties gained from potential joint ventures or from mineral projects sold. Consequently, AusNiCo's and the Merged Group's potential future earnings could be closely related to the price of these commodities.

The commodities that are being developed, explored and/or sold by AusNiCo and the Merged Group may be subject to price fluctuations. This could have a material impact on both the value of AusNiCo's assets and AusNiCo's Shares. Commodity prices react to a variety of forces that are outside of the control of AusNiCo and the Merged Group including demand for minerals, forward selling by producers, production cost levels in major producing regions and macroeconomic factors, e.g. inflation, interest rates, currency exchange rates and global and regional demand for, and supply of minerals. Accordingly the value of AusNiCo Shares can be influenced by price fluctuations.

If the market price of minerals explored for by AusNiCo and the Merged Group were to fall below the costs of production and remain at such a level for any sustained period, AusNiCo and the Merged Group may curtail or suspend some or all of its potential future exploration and/or mining activities.

(m) Insurance Arrangements

AusNiCo intends to ensure that insurance is maintained within ranges of coverage that AusNiCo believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that AusNiCo will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims

(n) Exploration Expenditure Risk

The terms of AusNiCo's granted tenements include minimum expenditure requirements. Whilst AusNiCo has raised and allocated funds for its exploration program to, in part, meet these expenditure requirements the actual expenditure AusNiCo undertakes following the completion of the Offer may be insufficient to meet those requirements. Whilst there is a risk that the terms of the tenements may not be able to be complied with, AusNiCo intends to mitigate this risk by re-evaluating their exploration program and budget, or considering other options including, where appropriate in accordance with normal industry practice, surrendering parts of its tenements in order to manage its minimum expenditure obligations.

(o) Exploration and Evaluation Risk

Mineral exploration and development are high-risk undertakings. While AusNiCo has attempted to reduce this risk by selecting some projects that have identified mineral targets, there is still no guarantee of success. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(p) Operational Risk

If AusNiCo is successful in its exploration efforts and decides to develop and commission a mine, the operations of AusNiCo including mining and processing may be affected by a range of factors. These include failure to achieve predicted grade in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.

(q) Sustainability of Growth and Margins

The sustainability of growth and the level of profit margins from operations are dependent on a number of factors outside of AusNiCo's control. Industry margins in all sectors of AusNiCo's activities are likely to be subject to continuing but varying pressures, including competition from other current or potential suppliers.

(r) Application Risk

From time to time, AusNiCo may make a number of applications for exploration permits or licences. Whilst AusNiCo is not aware of any reason why any such applications will not be granted (enabling AusNiCo to undertake activities on those tenements), the grant involves the exercise of administrative functions (including discretion), which are beyond the control of AusNiCo. Any failure of these applications to be granted may have a material adverse effect on the ability of AusNiCo to explore for minerals on the areas comprised in those applications.

(s) Unforeseen Expenses

While AusNiCo is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of AusNiCo may be adversely affected.

8.4 Risk Factors that arise from the Offer

(a) Less than 100% ownership in Taronga

The AusNiCo Offer contains a minimum acceptance condition of 90%. It is within AusNiCo's discretion to waive this condition. There is still a risk that the final level of ownership acquired by AusNiCo may be less than 100% which could have an impact on AusNiCo's intentions regarding Taronga (refer to Section 6). This impact could have a material adverse effect on the Merged Group.

(b) Issue of AusNiCo Shares as consideration

Under the AusNiCo Offer, AusNiCo will offer a significant number of its shares to Taronga Shareholders. If current Taronga shareholders or current AusNiCo Shareholders do not wish to hold shares in the Merged Group and seek to sell their shares, this may have a material adverse effect on the Merged Group and the price of AusNiCo Shares.

(c) Fluctuation in the market value of AusNiCo Shares

Taronga Shareholders are being offered consideration under the Offer that consists of a specified number of AusNiCo Shares (rather than a number of AusNiCo Shares with a specified market value). The market value of AusNiCo Shares at the time at which they are received by Taronga Shareholders may vary from their market value on the date that Taronga Shareholders accept the Offer.

Accordingly, market fluctuations could affect the value of the consideration paid (in the form of AusNiCo Shares) under the Offer and the value of an accepting shareholder's investment in AusNiCo. AusNiCo is not obliged to make any adjustment in the consideration payable under the Offer if the value of AusNiCo Shares changes during the Offer Period.

(d) Liquidity of AusNiCo Shares

The trading in AusNiCo Shares may not be as liquid as trading in shares of mineral exploration companies with larger market capitalisation. As a result, there is a risk that if AusNiCo Shareholders realise AusNiCo Shares on the market it may have a material impact on the sale price. AusNiCo cannot forecast or guarantee the value of AusNiCo Shares.

(e) Merger Integration Risks

Integrating two companies such as AusNiCo and Taronga may produce some risks, including integrating management, information systems and work practices. AusNiCo intends to continue current business strategy and operations after completion of the Offer.

Greater than expected integration costs could have a material adverse effect on AusNiCo.

(f) Synergy Risks

Whilst the Directors of AusNiCo expect to realise certain synergy benefits from the Merger, achievement of these synergies is not certain. The synergies may not be realised to their full extent or may be realised over a longer period of time than the Directors of AusNiCo expect. This could have a material adverse impact on the financial performance of AusNiCo.

(g) Taxation Risks

The tax consequences and risks of the Offer depend upon the specific circumstances of each Taronga Shareholder. Taronga Shareholders should obtain their own professional taxation advice regarding the applicable law in respect of the Offer. A summary of the taxation implications are set out in section 9.

(h) Impairment of Goodwill and other Intangible Assets

The financial statements of AusNiCo will be prepared in conformity with Australian International Financial Reporting Standards (AIFRS) and consistent with the current accounting policies of AusNiCo. Under AIFRS, intangible assets are reviewed semi-annually for impairment. Changes to the carrying amounts of intangible assets of AusNiCo or Taronga could have a material adverse impact on the financial performance of AusNiCo.

(i) Taronga shareholders will have limited withdrawal rights with respect to the Offer, which means that a decision to accept the Offer may be irrevocable

Once you have accepted the Offer for your Taronga Shares, you have the right to withdraw your acceptance of the Offer only in limited circumstances. Under Australian law, if after you have accepted the Offer and while it remains subject to conditions, the Offer is varied (such as by an extension of the Offer Period) so as to postpone for more than one month the time when the Bidder must meet its obligations under the Offer, you will be able to withdraw your acceptance. Otherwise, you will be unable to withdraw your acceptance of the Offer even if the market value of AusNiCo Shares varies significantly from their value on the date of your acceptance of the Offer.

(j) Bidder has not verified the reliability of the Taronga information included in, or which may have been omitted from, this Bidder's Statement

In respect of information relating to Taronga presented in, or omitted from, this Bidder's Statement, including all Taronga financial information, the Bidder has relied upon publicly available information and information provided to it by Taronga. The Bidder has not independently verified this information. Any inaccuracy in the Taronga information could adversely affect the anticipated results of operations of the Merged Group.

(k) Change of control provisions in each of Taronga's ELs 6839, 7800 and 7801 triggered upon the change of effective control of Taronga may lead to loss of those Exploration Licences

As stated in section 5.2, Taronga's tenements consist of four Exploration Licences held by either Taronga or its wholly owned subsidiary, Ten Star Mining Pty Ltd.

All four of these Exploration Licences contain a requirement that the NSW State Minister responsible for administering the Mining Act 1992 (NSW) provide his prior written approval before:

- (1) any change in effective control of the licence-holder; or
- (2) any foreign acquisition of substantial control in the licence-holder.

The terms "change in effective control" and "foreign acquisition of substantial control" are defined for these purposes in the Exploration Licences.

Taking into account the terms of the relevant definitions and the Offer, it is likely that were the Merger to be completed before the Minister either:

- (1) confirmed that successful completion of the Merger did not result in any change in effective control, and therefore did not require his consent; or
- (3) gave his prior written consent to the Merger, should it be required,

then Taronga or Ten Star Mining Pty Ltd as the case may be, would be in breach of these Exploration Licences.

Any breach were it to arise may be grounds for cancellation of the relevant Exploration Licences at the discretion of the Minister. Taronga and Ten Star Mining Pty Ltd have applied to the Minister an appropriate ruling or consent, as the case may be. It has not yet been granted. While neither AusNiCo nor Taronga can guarantee the outcome of that application, AusNiCo does know of no reason why a favourable ruling or consent from the Minister, as appropriate should not arise.

8.5 Change of control provisions in Taronga's agreements triggered upon the acquisition of control of Taronga may lead to adverse consequences

Apart from the provisions in the various Exploration Licences held by either Taronga or Ten Star Mining discussed above, the Bidder is not aware of any pre-emptive rights or change of control provisions affecting Taronga's assets or agreements which would be triggered by the Bidder obtaining control of Taronga.

However, Taronga may be a party to agreements that contain pre-emptive rights or change of control provisions that may be triggered if the Bidder acquires Taronga Shares representing a majority of the voting rights of Taronga, of which AusNiCo is not aware. The operation of these change of control provisions, if triggered, could have negative consequences including requiring Taronga to renegotiate its financings, or sell joint venture interests. These provisions may be waived with the consent of the other party and the Bidder would consider seeking such waivers if it discovered that pre-emptive rights or change of control provisions affecting Taronga's assets or agreements would be triggered upon the Bidder obtaining control of Taronga. In the absence of these waivers, the operation of any of these changes of control provisions could adversely affect the operations of the Merged Group.

8.6 Caution on Maps and Diagrams

AusNiCo has commissioned and produced numerous diagrams and maps in this Bidder's Statement to help identify and describe the tenements it holds and Taronga's tenements sought by AusNiCo (including potential sites for drilling) on those tenements.

Whilst AusNiCo has produced these diagrams and maps from available data to aid Taronga Shareholders in their consideration of the merits of AusNiCo's Offer, Taronga Shareholders should note that not all of the diagrams have been independently reviewed and therefore AusNiCo cannot guarantee the accuracy of the location of tenement boundaries or targets on maps, nor should maps identifying drilling be relied upon as a statement of AusNiCo's work program. Maps and diagrams should only be considered an indication of the current intention of the directors in relation to targets and potential areas for exploration and drilling, which may change.

8.7 General

Any combination of the above factors may materially affect any individual mineral project assets, operations or the financial performance of AusNiCo and the value of its securities. To that extent the AusNiCo Shares the subject of the Offer are subject to significant risk and uncertainty with respect to return or preservation of capital, the price (if any) at which the AusNiCo Shares may trade and the payment of dividends at any future time.

9. Tax Considerations

9.1 Introduction

The following is a general description of the Australian income and capital gains tax consequences to Taronga shareholders of the acceptance of the Offer. The comments set out below are primarily directed to those Taronga Shareholders who hold their Taronga Shares as capital assets for the purpose of investment. If you trade in shares or acquire them for profit making purposes then you may need to get further advice.

The following summary is intended only for Taronga Shareholders resident in Australia for income tax purposes. Taronga Shareholders who are not resident in Australia for tax purposes should take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer. Furthermore, this summary is not intended for Taronga Shareholders who acquired their shares in respect of their (or an associates) employment at Taronga (or an associated company).

The following description is based upon the law in effect at the date of this Bidder's Statement, but it is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every Taronga Shareholder. Taronga Shareholders should seek independent professional advice in relation to their own particular circumstances.

9.2 Taronga Shareholders resident in Australia

The Australian taxation consequences of the Offer will depend upon a number of factors, including:

- your tax residency status;
- whether you hold your Taronga Shares on capital account, revenue account or as trading stock; and
- whether capital gains tax (**CGT**) scrip for scrip rollover relief is available.

If you have any questions about the taxation aspects of holding or disposing Taronga Shares then you should seek specific advice from a professional taxation adviser before making a decision whether or not to accept the Offer.

(a) Taronga Shares held on capital account

If you acquired Taronga Shares for investment purposes with the intention of generating dividend income and long term capital growth, you may be considered to hold your shares on capital account for income tax purposes.

Acceptance of the Offer will involve the disposal of your Taronga Shares by way of transfer to AusNiCo. This change in the ownership of the Taronga Shares will constitute a capital gains tax event for Australian CGT purposes.

You will make a capital gain if the market value of the AusNiCo Shares received, calculated at the time the Offer is accepted, exceeds the cost base of the Taronga Shares. For CGT purposes, the cost base of the Taronga Shares would generally include the amount paid to acquire those Taronga Shares plus any incidental costs of acquisition (for example, brokerage fees and stamp duty). In some cases, the cost base may be indexed for inflation, which reduces the capital gain.

You will make a capital loss if the value of the capital proceeds received are less than the reduced cost base of the Taronga Shares. A capital loss may only be applied by you to offset any capital gains realised by you during the same year of income or during a later year of income. A capital loss cannot be offset against other income. There are specific rules in relation to losses for trusts.

If you are an individual, trust or complying superannuation fund that has held the Taronga Shares for twelve (12) months or longer at the time of your acceptance of the Offer, the capital gain derived may be a discount capital gain so that only half of the

gain for an individual or trust, or two-thirds of the gain for a complying superannuation fund, is included in assessable income.

If you are a company or have not held the Taronga Shares for at least twelve (12) months at the date of acceptance of the Offer, then you will not be eligible to claim a discount on the capital gain.

If you make a capital gain as a result of accepting this Offer and the other conditions of CGT scrip for scrip rollover are satisfied (refer below), you may be eligible for tax relief upon the disposal of your Taronga Shares under the CGT scrip for scrip rollover relief provisions.

CGT scrip for scrip rollover relief

You may be entitled to CGT scrip for scrip rollover relief if each of the following is satisfied:

- The Offer results in AusNiCo becoming the owner of 80% or more of the Taronga Shares;
- You would otherwise make a capital gain on the disposal of your Taronga Shares; and
- You elect to obtain rollover relief.

Rollover relief entitles a shareholder to elect to disregard the capital gain they make from a share that is disposed of as part of a corporate takeover or merger if the shareholder receives in exchange a replacement share.

The effect of a shareholder electing to claim rollover relief is that the capital gain that would otherwise arise to the shareholder from the disposal of their Taronga Shares will effectively be deferred until the disposal of replacement AusNiCo Shares (refer below).

If scrip for scrip rollover relief is available and you elect to claim it then the cost base of the AusNiCo Shares that you receive will be based upon the cost base of your Taronga Shares. You will be taken to have acquired the AusNiCo Shares at the original time the Taronga Shares were acquired for CGT purposes. The date of acquisition is particularly relevant for determining whether the twelve (12) month holding requirement is satisfied in order to obtain the discount capital gain referred to above.

Rollover relief is not available if you would realise a capital loss (as opposed to a capital gain) on acceptance of the Offer.

Where scrip for scrip rollover relief is not claimed or is not available in relation to the disposal of Taronga Shares

Where scrip for scrip rollover relief is not claimed or is not available in relation to the disposal of your Taronga Shares, you will make either a capital gain or capital loss equal to the difference between the cost base of your Taronga Shares and the market value of the AusNiCo Shares you receive under the Offer.

(b) Taronga Shares held on revenue account

If you originally acquired your Taronga Shares with the intention of reselling them at a profit you may be considered to hold your Taronga Shares on revenue account for income tax purposes.

Where this is the case, any gain or loss realised on disposal of your Taronga Shares will be assessable as ordinary income or claimed as a revenue deduction. The gain or loss will be calculated as the difference between the value of the consideration, being the original cost of acquiring the Taronga Shares and the market value of the replacement AusNiCo Shares.

In these circumstances scrip for scrip rollover relief will not be available.

(c) **Taronga Shares held as trading stock**

If you are engaged in the business of share trading, you may be holding your Taronga Shares as trading stock.

If you hold your Taronga Shares as trading stock, scrip for scrip rollover relief will not be available on acceptance of this Offer. The market value of the AusNiCo Shares you receive from accepting this Offer will be included in your assessable income.

9.3 **Taxation implications of holding AusNiCo Shares**

As a consequence of accepting the Offer, shareholders will cease to be shareholders of Taronga and will become shareholders of AusNiCo.

Dividends received by Australian resident shareholders of AusNiCo will generally be required to be included in the assessable income of such shareholders.

(a) **Subsequent disposal of AusNiCo Shares held on revenue account**

Australian resident shareholders who hold their AusNiCo Shares on revenue account (refer above) will generally be required to treat any gain or loss arising on a subsequent disposal of their AusNiCo Shares as assessable income or deductible revenue, respectively.

(b) **CGT on subsequent disposal of AusNiCo Shares**

The subsequent disposal of AusNiCo Shares by Australian resident shareholders will generally give rise to CGT implications.

These will differ depending upon whether or not scrip for scrip rollover relief was claimed in relation to the disposal of Taronga Shares pursuant to the Offer.

Where scrip for scrip rollover relief is not claimed or is not available in relation to the disposal of Taronga Shares

Where scrip for scrip rollover relief was not claimed or was not available in respect of the disposal of the Taronga Shares, the cost base of each AusNiCo Share will include the market value of the Taronga Shares disposed of under the Offer at the time of exchange.

If you are an individual, trust or complying superannuation fund that has held replacement AusNiCo Shares for twelve (12) months or longer at the time of the subsequent disposal, the capital gain derived will be a discount capital gain so that only half of the gain for an individual or trust, or two-thirds of the gain for a complying superannuation fund, is included in the shareholder's assessable income.

If you are a company or hold the replacement AusNiCo Shares for less than twelve (12) months, then you will not be eligible to claim the discount on the capital gain.

Where scrip for scrip rollover relief is claimed in relation to the disposal of Taronga Shares

Where scrip for scrip rollover relief was claimed in relation to the disposal of Taronga Shares, the cost base of the replacement AusNiCo Shares is calculated by reference to the original cost base of the Taronga Shares disposed of under the Offer.

For CGT purposes a shareholder will be taken to have acquired the replacement AusNiCo Shares at the time the Taronga Shares were originally acquired. Consequently, shareholders will be entitled to add together the ownership periods for both the Taronga Shares and replacement AusNiCo Shares to determine whether the twelve (12) month holding requirement is satisfied for the discount capital gain rules, or in applying indexation.

If you have any questions about the financial or taxation aspects of holding or selling AusNiCo Shares, you should seek your own independent advice from a professional advisor before making a decision whether or not to accept the Offer.

9.4 Foreign Shareholders

If you are a Foreign Shareholder and accept this Offer you will not be entitled to receive AusNiCo Shares in exchange for your Taronga Shares. As set out in section 10.7 of this Bidder's Statement, the nominee will arrange for the AusNiCo Shares that are exchanged for your Taronga Shares to be sold. You will receive the proceeds of sale (less brokerage and sale expenses) of the AusNiCo Shares calculated in accordance with the formula in section 10.7.

The taxation consequences of receiving cash instead of AusNiCo Shares will generally be the same as if you received the AusNiCo Shares directly and immediately sold them.

9.5 Goods and services tax (GST)

Holders of Taronga Shares should not be liable to GST in respect of a disposal of those shares.

10. Terms of the Offer

This section contains the terms of the Offer by AusNiCo to acquire all your Taronga Shares. The Offer Date is 27 November 2012.

10.1 The Offer

Persons to whom the Offer is made

The Offer is to all the holders of all of the ordinary shares of the capital of Taronga to which AusNiCo is not already entitled.

Offer

The Bidder hereby offers to acquire **all of your Taronga Shares** together with all Rights attaching to them.

The consideration offered is five (5) AusNiCo Shares for every one (1) Taronga Share, on the terms and conditions set out in this Offer.

If you become entitled to a fraction of an AusNiCo Share the fraction will be disregarded and you will receive the lowest next whole number of AusNiCo Shares.

Acceptance must be in respect of all your Taronga Shares

You may only accept the Offer in respect of all your Taronga Shares.

Offers to all holders of Taronga Shares

Offers on terms and conditions identical to those contained in this Offer have been dispatched or will be dispatched to all holders of Shares, registered as such in the register of members of Taronga at 8.00am (Brisbane Time) on the Record Date.

Improving the consideration

If AusNiCo improves the consideration offered, the *Corporations Act* contains provisions to ensure that any Taronga Shareholder who has already accepted the Offer receives the benefit of the improved consideration.

10.2 Conditions of the Offer

Offer subject to conditions

Subject to AusNiCo being able to free the Offer from conditions (as described below in this Section 10.2), any contract arising from acceptance of this Offer is subject to fulfilment of the following conditions.

(a) Minimum Acceptances

At the end of the Offer Period, AusNiCo has a relevant interest in at least 90% of Taronga Shares.

(b) AusNiCo Shareholder approval

Before the end of the Offer Period AusNiCo Shareholders approving the Resolutions.

(c) Option Cancellation and Replacement Deed

The execution by the Bidder, the Target and each of the Target Optionholders of the Option Cancellation and Replacement Deeds.

(d) **Regulatory Approvals**

All necessary Regulatory Approvals are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(e) **No regulatory actions**

Between the Announcement Date and the Closing Date, there being no Regulatory Action which may:

- (1) restrains or prohibits (or if granted could restrain or prohibit, or otherwise materially impact the making of the Offer or the completion of the Merger (whether subject to conditions or not); or
- (2) require the divestiture by AusNiCo of any the Target Securities, or the divestiture of any assets of the Target, or its respective Related Bodies Corporate.

(f) **Material adverse change**

Between the Announcement Date and the Closing Date (each inclusive) there being no Material Adverse Change in relation to the Target or any subsidiary of the Target.

(g) **No material mergers, acquisitions, disposals or new commitments**

Between the Announcement Date and the end Closing Date (each inclusive), neither Taronga nor any subsidiary of Taronga:

- (1) consolidates with or merges with or into any other person (other than, in the case of a subsidiary of the Taronga, a wholly-owned subsidiary of the Taronga) or announces an intention to do so;
- (2) acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$100,000, or announces an intention to do so;
- (3) disposes, offers to dispose or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value (as recorded in Taronga's consolidated statement of financial position as at 30 June 2012) is, in aggregate, greater than \$100,000, or announces an intention to do so;
- (4) with the exception of any ongoing expenditure required to meet minimum expenditure requirements to maintain tenements in good standing, enters, offers to enter or agrees to enter into any transaction or becomes the subject of any obligation which would require the capital expenditure, the foregoing of revenue or may result in the Taronga or any subsidiary of the Taronga incurring any actual or contingent liability of an amount which is, in aggregate, more than \$100,000, or announces its intention to do so;
- (5) enters, offers to enter or agrees to enter into, any agreement, joint venture or partnership, farm-in agreement, management agreement or commitment which would require expenditure, or the foregoing of revenue of an amount which is in aggregate is greater than \$100,000, other than in the ordinary course of business, or makes an announcement in relation to such entry, offer or agreement;

- (6) disposes of, offers to dispose of or agrees to enter into any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment involving the disposal of any legal beneficial or economic interest or right to or in connection with any mining tenements held by the Target or any of the Target's subsidiaries; carries on its business otherwise than in the ordinary and usual course; and
- (7) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including a petition for winding up or an application for appointment of a receiver or receiver and manager).

(h) **No Prescribed Occurrences**

Between the Announcement Date and the Closing Date (each inclusive) there being no Prescribed Occurrence happens in respect of Taronga or a subsidiary of Taronga.

(i) **Change of control and other rights under certain agreements**

Between the Announcement Date and the Closing Date (each inclusive), no person exercises or purports to exercise or states an intention to exercise, any rights under any provision of any agreement or other instrument to which Taronga or any subsidiary of Taronga is a party or by or to which Taronga or any subsidiary of Taronga or any of its assets may be bound or be subject, which results or could result to an extent which is material in the context of Taronga and Taronga's subsidiaries taken as a whole, in:

- (1) any monies borrowed by Taronga or any subsidiary of Taronga being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment or maturity date stated in such agreement or other instrument;
- (2) any other such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
- (3) the interest or rights of Taronga or any subsidiary of Taronga in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
- (4) the business of Taronga or any subsidiary of Taronga with any other person being adversely affected; or
- (5) Taronga or a subsidiary of Taronga being required to dispose of or offer to dispose of, any material asset of the Taronga Group or acquire any asset, as a result of the acquisition of Taronga Shares by AusNiCo.

Conditions are separate

Each of the conditions contained in Section 10.2 is a distinct and separate condition, and shall not merge on completion of any contract arising from acceptance of this Offer.

Conditions Subsequent

Each of the conditions contained in Sections 10.2 is a condition subsequent. The breach or non-fulfilment of such a condition shall not prevent a contract to purchase your shares arising from your acceptance of this Offer. However, if AusNiCo has not:

- (1) declared all Offers to be free from the conditions in Section 10.2 before the date applicable under Section 650F (1) of the Corporations Act; and
- (2) the conditions Section 10.2 have not been fulfilled at the end of the Offer Period,

all contracts resulting from the acceptance of Offers and all acceptances that have not resulted in binding contracts are void. In such case, AusNiCo will return the Acceptance Form (if any) together with all documents forwarded by you to you at the address provided by Taronga in accordance with Section 641(1) of the *Corporations Act*.

Benefit of conditions

Subject to the provisions of the *Corporations Act*, AusNiCo alone shall be entitled to the benefit of the conditions contained in Section 10.2 and any breach or non-fulfilment of any of those conditions may be relied upon only by AusNiCo which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that condition.

Freeing Offer from conditions

Subject to Section 650F of the *Corporations Act*, AusNiCo may, at any time at its sole discretion, declare the Offer free from all or any of the conditions referred to in Section 10.2 by giving notice in writing to Taronga. The notice may be given in relation to the conditions in:

- (1) Section 10.2(h) not later than three (3) Business Days after the end of the Offer Period; and
- (2) each other condition in Section 10.2 (other than the condition in paragraph 10.2(h), not later than seven (7) days before the end of the Offer Period.

Status notice

The date for giving the notice required by Section 630(3) of the *Corporations Act* on the status of the conditions to the Offer is the date seven (7) days before the end of the Offer Period, subject to variation in accordance with Section 630(2) of the *Corporations Act* if the period during which the Offer remains open for acceptance is extended.

10.3 Offer Period

Unless withdrawn or extended this Offer will remain open for acceptance by you during the period commencing on the Offer Date and ending at 7.00pm (Brisbane Time) on the 27 December 2012.

10.4 How to Accept this Offer

Acceptance must be in respect of all your Taronga Shares

You may accept this Offer in respect of all (but not less than all) of your Taronga Shares.

Time for acceptance

You may accept this Offer at any time during the Offer Period.

Manner of acceptance

In order to accept the Offer in respect of your Taronga Shares you must:

- (a) complete and sign the Acceptance Form attached to this Offer in accordance with the Instructions (which must be observed in accepting the Offer in respect of any Taronga Shares); and
- (b) ensure that the Acceptance Form and any documents required by the terms of the Offer and the Instructions on the Acceptance Form are received **NOT LATER THAN 7.00PM (BRISBANE TIME)** on 27 December 2012 at the following address:

<u>AusNiCo Limited</u>	Attention: Company Secretary
Street Address:	Level 27, 111 Eagle Street, Brisbane, QLD, 4000
Postal Address:	GPO Box 5261, Brisbane, Queensland 4001
Telephone Phone:	+61 7 3303 0611
Facsimile No:	+61 7 3303 0681

Overseas shareholders should return their Acceptance Form by airmail.

The method chosen to deliver the Acceptance Form and other documents is at the risk of each accepting shareholder.

Acceptance of the Offer in respect of your Taronga Shares shall not be complete until the properly completed Acceptance Form (including any documents required by the terms of the Offer and the Instructions on the Acceptance Form) has been received at the address specified above. AusNiCo may, however, in its sole discretion waive at any time, prior to the end of the Offer Period, all or any of those requirements.

If you have any questions about how to accept this Offer or need a replacement Acceptance Form, please contact AusNiCo's Company Secretary on +61 7 3303 0661 (local call cost for callers within Australia). Alternatively, you may consult your broker or other financial or professional adviser.

Authority to accept Offer

When accepting this Offer, you should also ensure that if the accepting shareholder:

- (a) is a corporation, the Acceptance Form is signed by two directors, a director and company secretary, or by the sole director in the case of an Australian company with a sole director who is also the sole company secretary;
- (b) is deceased, the Acceptance Form is signed by the person or persons authorised to administer the estate of the deceased shareholder;
- (c) is one or two or more joint holders, all such holders sign the Acceptance Form; or
- (d) is accepting through an attorney under power:
 - (1) the power of attorney has not been revoked;
 - (2) the donor of the power of attorney has not died;
 - (3) the power of attorney has been validly executed;
 - (4) the power of attorney duly empowers the attorney to sign such a form; and
 - (5) the attorney duly signs the Acceptance Form.

10.5 AusNiCo Shares

AusNiCo Shares to be allotted pursuant to the terms of this Offer will be fully paid ordinary shares ranking equally in all respects from the date of their issue with the existing ordinary shares in AusNiCo.

AusNiCo has been admitted to the official list of the ASX and shares of the same class as those to be issued as consideration under this Offer have been granted official quotation by the ASX.

AusNiCo will apply to the ASX for official quotation of the AusNiCo Shares to be issued pursuant to the Offer within seven (7) days after the date on which the Bidder's Statement is given to Taronga.

In accordance with Section 625(3) of the *Corporations Act*, the Offer is subject to a condition that application for admission to quotation of the AusNiCo Shares issued under the Offer is made within seven (7) days after the date on which the Bidder's Statement is given to Taronga and permission for admission to quotation will be granted no later than seven (7) days after the end of the Offer Period. This condition may not be waived.

10.6 Entitlement to Offer

Offer made to holders of Shares

This Offer is made to you as the holder of the Taronga Shares which are registered in your name in the register of members of Taronga at 8.00am (Brisbane Time) on the Offer Date. If at any time during the Offer Period another person is or is entitled to be registered as the holder of some or all of those Taronga Shares, then in accordance with section 653B(1)(a) of the *Corporations Act*:

- (a) an offer corresponding to this Offer shall be deemed to have been made to that person in respect of the Taronga Shares of which that person is, or is entitled to be, so registered as holder; and
- (b) this Offer shall be deemed to have been made to you in respect of the remainder (if any) of the Taronga Shares that were registered in your name at 8.00am (Brisbane Time) on the Offer Date.

The Taronga Shares in respect of which this Offer is made or deemed to be made to you, in accordance with this paragraph, are referred to in this document as "your Taronga Shares".

Shares held in separate parcels

If at any time during the Offer Period and before you accept this Offer, your Taronga Shares to which this Offer relates consist of two or more separate and distinct parcels for the purposes of Section 653B of the *Corporations Act* (for example because you are a trustee or nominee for several distinct beneficial owners), then in accordance with Section 653B of the *Corporations Act*:

- (a) this Offer shall be deemed at that time to consist of separate and distinct corresponding offers made to you in relation to the respective separate and distinct parcels of Taronga Shares; and
- (b) an acceptance by you of any of those separate and distinct corresponding offers is ineffective unless:
 - (1) you have given to AusNiCo notice indicating that your Taronga Shares consist of separate and distinct parcels; and
 - (2) the acceptance indicates the number of Taronga Shares in the separate and distinct parcels to which acceptance relates,

provided that you may at the one time, accept two or more such separate corresponding Offers as if they were a single offer in relation to separate parcels of shares.

For the purposes of paragraph (b) above, the notice required must be in writing.

If this applies to you, please contact AusNiCo's Company Secretary, Karl Schlobohm on +61 7 3303 0661 (local call cost for callers within Australia) for such additional copies of this Bidder's Statement and Acceptance Form as are necessary. Please note that, in accordance with legal requirements, calls to these numbers will be recorded.

Shares registered to broker or other nominee

Beneficial owners whose Taronga Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance and the service costs involved in accepting this Offer.

10.7 Effect of Acceptance

By signing and returning an Acceptance Form in accordance with the procedures set forth in section 10.4 and the Instructions on the Acceptance Form, you will be deemed to have:

- (a) irrevocably accepted this Offer (and any variation of it) in accordance with its terms in respect of all of your Taronga Shares;

- (b) subject to this Offer being declared free of the conditions set out in Section 10.2 or such conditions being fulfilled or waived, authorised the transfer of your Taronga Shares to AusNiCo for the consideration specified in this Offer;
- (c) represented and warranted to AusNiCo that on the date of registration of the transfer of your Taronga Shares to AusNiCo, your Taronga Shares shall be fully paid up and free from all mortgages, charges, liens and other encumbrances (whether legal or equitable) of any kind and that you have full power and authority to sell your Taronga Shares to AusNiCo;
- (c) authorised AusNiCo (by its directors, officers, servants or agents) to complete on the Acceptance Form correct details of your Taronga Shares, fill in any blanks remaining on the Acceptance Form and rectify any error in or omission from the Acceptance Form as may be necessary to make the Acceptance Form an effective acceptance of this Offer and enable registration of the transfer of your Taronga Shares to AusNiCo;
- (d) authorised AusNiCo (by its directors, officers, servants or agents) to alter the number of Taronga Shares said to be held by you if it is otherwise than as set out in the enclosed Acceptance Form;
- (e) represented and warranted to AusNiCo, and agreed with AusNiCo that your Taronga Shares will be purchased by AusNiCo with all Rights and that you will execute all such instruments as may be required for the purpose of vesting in it any such Rights;
- (f) irrevocably authorised and directed Taronga to pay to AusNiCo or to account to AusNiCo for all Rights, subject however to any such Rights received by AusNiCo being accounted for by AusNiCo to you in the event that this Offer is withdrawn or the contract resulting from your acceptance of this Offer is rendered void pursuant to Section 10.9 (effect of withdrawal);
- (g) except where Rights have been paid or accounted for under paragraph 10.7(f) irrevocably appointed AusNiCo and its directors from time to time jointly and severally as your attorney in your name and on your behalf, with effect from the Offer Date, or any contract resulting from your acceptance of this Offer, becomes unconditional, to execute all such instruments as AusNiCo may require for the purpose of vesting in it any such Rights;
- (h) represented and warranted to AusNiCo that, unless you have notified in accordance with Section 10.6 (Shares held in separate parcels), your Taronga Shares do not consist of separate parcels of Taronga Shares;
- (i) upon this Offer or any contract resulting from your acceptance of this Offer becoming unconditional, have irrevocably appointed each of AusNiCo and each of the directors of AusNiCo from time to time jointly and each of them severally as your attorney to:
 - (1) attend and vote (and otherwise participate) in respect of your Taronga Shares at any and all general meetings of Taronga, to receive notices of all such meetings and to requisition or join with other holders of Taronga Shares in requisitioning or to convene or to join with other holders of Taronga Shares in convening a general meeting or general meetings of Taronga;
 - (2) demand a poll for any vote to be taken at any meeting of Taronga shareholders;
 - (3) propose or second any resolutions to be considered at any and all meetings of Taronga shareholders;
 - (4) complete and execute all forms, notices, instruments (including instruments appointing AusNiCo or a director of AusNiCo as a proxy or representative in respect of any of those Taronga Shares), transfers (including further transfers of any of those Taronga Shares to any person) and resolutions relating to those Taronga Shares and generally to exercise all powers and rights which you may have as the registered holder or beneficial owner thereof;
 - (5) to request Taronga to register the name of AusNiCo or its nominee any of your Taronga Shares which you hold on any register of Taronga; and
 - (6) generally to exercise all your powers and rights in relation to your Taronga Shares; and

- (j) have agreed that in exercising the powers conferred by that power of attorney AusNiCo and any such director shall be entitled to act in the interests of AusNiCo as the beneficial owner and intended registered holder of your Taronga Shares.

Effect if Rights not received by Bidder

If, for any reason, AusNiCo does not receive any Rights referred to in paragraph 10.7(e) AusNiCo will be entitled to reduce the amount of consideration payable in accordance with this Offer by the amount of value (as reasonably assessed by AusNiCo) of such Rights.

Invalid acceptance

If you comply with some but not all, of the requirements for acceptance, AusNiCo may in its absolute discretion treat the Acceptance Form as valid notwithstanding your failure to comply with all requirements.

Partially valid acceptance

Where the requirements for acceptance have been complied with in respect of some but not all of the Taronga Shares, AusNiCo may in its sole discretion deem your acceptance of this Offer complete in respect of those Taronga Shares for which the requirements have been complied with (**Relevant Shares**) but not in respect of the remainder notwithstanding any other terms of this Offer. In that event, AusNiCo must provide the consideration in respect of the Relevant Shares but not any of the other Taronga Shares you may hold, notwithstanding any other terms of this Offer.

Indemnity, undertakings and authorisations

AusNiCo will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this Section 10.7. This appointment, being given for valuable consideration to secure the interest acquired in your Taronga Shares, is irrevocable and terminates upon registration of a transfer to AusNiCo or its nominee of your Taronga Shares and you will be deemed to have:

- (1) agreed not to attend or vote in person at any general meeting of Taronga or to purport to exercise any of the powers conferred on AusNiCo or its nominee in paragraph 10.7(i) ; and
- (2) authorised AusNiCo to notify Taronga on your behalf that your place of address for the purpose of serving notices upon you in respect of your Taronga Shares in respect of which you have accepted this Offer is at the address of AusNiCo as specified by AusNiCo in the notification, and that all such notices are to be marked care of AusNiCo and to have directed Taronga to serve all correspondence, payments or notifications in respect of any Rights and other communications and documents whatsoever in respect of those Taronga Shares to AusNiCo at that address.

Duration of authorisations and undertakings

The undertakings and authorities referred to in this Section 10.7 will (unless otherwise this document) remain in force after you receive the consideration for your Taronga Shares acquired by AusNiCo and after AusNiCo becomes registered holder of them.

10.8 Provision of Consideration

Form of consideration

The consideration for the acquisition of your Taronga Shares under the Offer is to be satisfied wholly by the issue of AusNiCo Shares.

Form and timing of payment

Subject to this Section 10.8, AusNiCo shall provide the consideration for your Taronga Shares on or before the earlier of:

- (a) Twenty-one (21) days after the expiry of the Offer Period; or
- (b) one (1) month after the later of your acceptance and the date the Offer becomes unconditional.

The obligation of AusNiCo to issue and allot any AusNiCo Shares to you to which you are entitled under the Offer will be satisfied by AusNiCo:

- (a) entering your name on the register of members of AusNiCo; and
- (b) by despatching or procuring the despatch to you of an uncertificated holding statement as set forth in the paragraph headed "Dispatch of AusNiCo Shares" below.

Dispatch of AusNiCo Shares

Subject to this Section 10.8, a Holding Statement in respect of the AusNiCo Shares to which you will become entitled by accepting this Offer will be posted to you at your risk by ordinary mail addressed to you at your address as shown in the Acceptance Form, or such other address as you may notify in writing to AusNiCo.

Foreign Shareholders

The distribution of this Bidder's Statement in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom it would not be lawful to make such an offer. No action has been taken to register or qualify AusNiCo or otherwise permit a public offering of AusNiCo Shares outside Australia.

If you are a resident of a jurisdiction other than Australia and its external territories or your address shown in Taronga's register of members is a place outside Australia and its external territories or you are acting on behalf of such a person then you are a **"Foreign Shareholder"**.

- (a) If you are a Foreign Shareholder then unless AusNiCo otherwise determines that:
 - (1) it is lawful and not unduly onerous or not unduly impractical to make the Offer to you and to issue you with AusNiCo Shares on acceptance of the Offer; and
 - (2) it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia and its external territories, then you will not be entitled to receive AusNiCo Shares as part of the consideration for your Taronga Shares by reason of your acceptance of the Offer and if you accept the Offer, AusNiCo will:
 - (A) arrange for the allotment to a nominee for all accepting Foreign Shareholders approved by ASIC (**nominee**) of the AusNiCo Shares to be issued in accordance with the Offer to which you and all other Foreign Shareholders would have been entitled but for this Section 10.8 (Foreign Shareholders);
 - (B) cause those AusNiCo Shares so allotted to be offered for sale on ASX within 30 days after the end of the Offer Period; and

(C) pay the amount ascertained in accordance with the following formula:

$$\text{Proceeds of sale} \times \frac{A}{B}$$

Where:

- Proceeds of sale is the amount which is received by the nominee upon the sale of all AusNiCo Shares under this Section less brokerage and other sale expenses;
 - A is the number of AusNiCo Shares which AusNiCo would otherwise be required to procure to be issued to you as a result of your acceptance of the Offer; and
 - B is the total number of AusNiCo Shares issued to the nominee under this Section 10.8 (Foreign Shareholders).
- (b) Payment will be made by cheque in Australian currency. The cheque will be sent to you at your risk by pre-paid air-mail to your address as shown on the copy of the Taronga register maintained by AusNiCo. Under no circumstances will interest be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.
- (c) Notwithstanding anything else contained in this Bidder's Statement, AusNiCo is not under any obligation to spend any money, or undertake any action, in order to satisfy itself of the illegibility of Foreign Shareholders to receive AusNiCo Shares.

10.9 Withdrawal

Power to withdraw

Subject to compliance with Section 652B of the *Corporations Act*, AusNiCo may only withdraw this Offer with the written consent of ASIC which consent may be given subject to such conditions (if any) as are specified in the consent of ASIC. If this happens, AusNiCo will comply with any conditions imposed by ASIC and send a notice of withdrawal to ASX and Taronga and to each person to whom the Offer has been made at their address as set out in the register of members of Taronga.

Effect of withdrawal

- (a) If, at the time this Offer is withdrawn, all conditions in Section 10.2 have been freed; all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (b) If this Offer is withdrawn, the Offer remains subject to one or more conditions in Section 10.2, all contracts arising from its acceptance become void.

10.10 Extension of Offer Period

AusNiCo may at any time, and from time to time, vary this Offer by extending the Offer Period, in accordance with Section 650C of the *Corporations Act*.

10.11 Variation

AusNiCo reserves the right to vary this Offer in accordance with the provisions of Section 650D of the *Corporations Act*.

11. Additional Information

11.1 Merger Implementation Deed

(a) Introduction

AusNiCo and Taronga have entered into a Merger Implementation Deed dated 31 October 2012 in relation to the Offer (as amended) (**MID**).

(b) Conditions Precedent and pre-implementation steps

The MID is conditional on all necessary Regulatory Approvals granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same;

- (1) There being no outstanding Regulatory Action which may:
 - (A) restrain or prohibit (or if granted could restrain or prohibit), or otherwise materially adversely impact the making of the Offer or the completion of the Merger (whether subject to conditions or not); or
 - (B) require the divestiture by the Bidder of any of the Target Securities, or the divestiture of any assets of the Target or its Related Bodies Corporate, the Bidder or its Related Bodies Corporate or otherwise;
- (2) the Bidder Shareholders approving the Resolutions;
- (3) the Bidder confirming in writing that it has completed and is satisfied (acting reasonably), with its due diligence investigations;
- (4) there being no Material Adverse Change or Prescribed Occurrence in relation to Target;
- (5) the Target confirming in writing that it has completed and is satisfied (acting reasonably, with its due diligence investigations;
- (6) the execution by the Bidder, the Target and each of the Target Optionholders of the Option Cancellation and Replacement Deeds and the issue of the New Bidder Options under the Option Cancellation and Replacement Deed to the Target Optionholders; and
- (7) there being no material adverse change or Prescribed Occurrence in relation to the Bidder (where that term has a similar but not identical definition to Material Adverse Change).

(c) Bidder's Obligations

The Bidder's obligations include:

- (1) proceeding with preparation of all such documents, acts and things as may be necessary or expedient to implement the Merger, including preparing and issuing the Bidder's Statement and making an Offer to each Target Securityholder as follows:
 - (A) an offer for all of the Target Securityholder's Target Shares on the basis of 5 New Bidder Shares for every 1 Target Share; and
 - (B) an offer to issue to the Target Optionholders 5 New Bidder Options for every 1 Target Option;
- (2) preparing a Bidder Independent Expert Report to accompany the notice for the meeting of the Bidder Shareholders;

- (3) preparing and dispatching a notice of meeting and proxy forms (accompanied by the Bidder Independent Expert Report commissioned by the Bidder and prepared in accordance with Listing Rule 10) to the Bidder Shareholders;
- (4) promptly convening a meeting of the Bidder Shareholders;
- (5) recommending the approval of the Resolutions and using reasonable endeavours to ensure the Resolutions are accepted;
- (6) procuring the independent directors of the Bidder Board to vote in favour of the Resolutions in respect of all the Taronga Shares in the Bidder they own or control, in the absence of a Bidder Competing Proposal that is more favourable to the Bidder Shareholders than the Merger;
- (7) conducting its Due Diligence Investigations of the Target and assisting the Target in its Due Diligence Investigations of the Bidder;
- (8) preparing and dispatching Bidder's Statements to Target Securityholders in accordance with the Corporations Act, and which must:
 - (A) contain all the necessary information to ensure that it complies with all applicable laws; and
 - (B) not to be misleading or deceptive in any material respect (whether by omission or otherwise);
- (9) using its best endeavours to procure that the Merger is implemented in accordance with the terms of this deed as soon as practicable after the Execution Date; and
- (10) at all times providing such information and assistance as the Target may reasonably require for that purpose and as may lawfully be provided to the Target.

(d) **The Target's Obligations**

The Target's obligations are to sign all such documents and do all such acts and things as may be within its power, and as may be necessary or expedient, to implement the Merger, including:

- (1) commissioning a Target Independent Expert to consider the Offer and to prepare a Target Independent Expert Report to accompany the Target's Statement in accordance with section 640 of the Corporations Act;
- (2) conducting its due diligence investigations of the Bidder and assisting the Bidder in its due diligence Investigations of the Target;
- (3) preparing and dispatching Target's Statements to Target Securityholders in accordance with the Corporations Act, and which must:
 - (A) contain all the necessary information to ensure that it complies with all applicable laws; and
 - (B) not to be misleading or deceptive in any material respect (whether by omission or otherwise);
- (4) recommending the acceptance of the Offer and using reasonable endeavours to procure the Target Securityholders to accept each Offer made to them by the Bidder under the Bidder's Statement;
- (5) using its best endeavours to procure that the Merger is implemented in accordance with the terms of this deed as soon as practicable after the Execution Date; and

- (6) at all times providing such information and assistance as the Bidder may reasonably require for that purpose and as may lawfully be provided to the Bidder.

(e) Obligations of both Bidder and Target

Before the Closing Date, each of the Bidder and the Target must not (other than as contemplated by the Merger and the MID):

- (1) acquire, offer to acquire or agree to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate more than \$100,000 (Acquisition), or make an announcement in relation to such an Acquisition, other than an Acquisition in relation to the other party, or in the case of the Bidder the Acquisition of the Heazlewood Exploration permit in Tasmania;
- (2) dispose of, offer to dispose of or agree to dispose of one or more companies, businesses or assets (or any interest in one or more companies, business or assets) in respect of which the book value is, in aggregate, greater than \$100,000 (Disposal), or make an announcement in relation to such a Disposal, other than in relation to the other party;
- (3) enter into, or offer to enter into or agree to enter into, any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment which would require expenditure, or the foregoing of revenue, by either party of an amount which is, in aggregate, more than \$100,000, other than in ordinary course of business, or make an announcement in relation to such entry, offer or agreement;
- (4) dispose of, offer to dispose of or agree to enter into any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment involving the disposal of any legal beneficial or economic interest or right to or in connection with any mining tenements held by either party; or
- (5) make or declare, or announce an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) except for any distribution which has been publicly announced by the Target on the ASX before the Announcement Date.

Before the Closing Date or earlier termination of the MID, each of the Target (and its Subsidiaries) and the Bidder (and its Subsidiaries) must not, without the prior written consent of the other party or as is contemplated by the terms of this deed:

- (1) make any changes to its constitution or pass any special resolution other than in the case of the Bidder, a change in the constitution of the Bidder to allow the issue of Bidder Performance Shares;
- (2) borrow or agree to borrow any money;
- (3) release, discharge or modify any substantial obligation to it of any person, firm or corporation or agree to do so, other than in the ordinary course of business;
- (4) appoint any additional directors to its board of directors, whether to fill a casual vacancy or otherwise;
- (5) except as required by law, do any of the following:
 - (A) enter or agree to enter into any contract of service, or vary or agree to vary any existing contract of service with any director or executive director;
 - (B) make or agree to make any substantial change in the basis or amount of remuneration of any director, executive officer or other employee; or

- (C) except as provided under any superannuation, provident or retirement scheme or contract in effect on the Announcement Date, pay or agree to pay any retirement benefit or allowance to any director, executive officer or other employee;
 - (6) conduct the Target Business or the Bidder Business (as the case may be) other than in the ordinary course;
 - (7) enter into, amend, or offer to enter into or amend any contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act) or agree to do so;
 - (8) do anything likely to have threatened against it any material claims or material proceedings in any court or tribunal, including a petition for winding up or an application for appointment of a receiver or receiver and manager; or
 - (9) do anything likely to cause it to become subject to an investigation by ASIC or any other Government Body.
- (f) **Conditions to the Merger and Offer**

The Merger and any contracts that result from the acceptance of the Offer will be subject to the Bid Conditions and the Conditions as summarised in section 10.1.

(g) **Option Cancellation and Replacement Deed and Performance Shares Issue Deed**

The parties will use their best endeavours to ensure that all relevant parties enter into:

- (1) the Option Cancellation and Replacement Deed; and
- (2) the Performance Shares Issue Deed,

and issue the corresponding New Bidder Options and Bidder Performance Shares, provided that in each case, the party's obligations will be subject to any shareholder approvals or Regulatory Approvals required being first obtained.

(h) **Target recommendations**

Prior to entering into the MID, the Target was advised by each of its Independent Directors that he or she intends to recommend the Offer to the Target Securityholders and he or she intends to accept the Offer in respect of all Target Securities held by the director or any Associate of the director, provided:

- (1) the Target Independent Expert does determine that the Offer is fair and is reasonable;
- (2) there is no Superior Proposal;
- (3) there is no Prescribed Occurrence or Material Adverse Change in relation to the Bidder; and
- (4) there is no event giving rise to a right of termination of this deed by the Target,

prior to the Closing Date.

The Independent Directors will not withdraw or change a recommendation or voting preference described above, except if:

- (1) the Independent Directors have determined in good faith and acting reasonably, after having obtained written advice from their legal and, if appropriate, their financial advisers, that:
 - (A) the Independent Directors, by virtue of their fiduciary or statutory duties:

- (i) are no longer able to recommend to the Target Securityholders that the Merger be approved; or
 - (ii) no longer consider that the Merger is in the best interest of the Target Securityholders and accordingly are required to withdraw such recommendation, provided that the Independent Directors may only withdraw or change their recommendation pursuant to this paragraph if the Target has first made reasonable endeavours to consult with the Bidder as to the matters, occurrences or events that would give rise to consideration of the withdrawal or change of recommendation; or
- (B) a Target Competing Proposal constitutes a Superior Proposal to the Merger from the perspective of the Target Securityholders;
- (2) there is a Prescribed Occurrence or Material Adverse Change in relation to the Bidder; or
- (3) there is an event giving rise to a right of termination of this deed by the Target, prior to the Closing Date.

(i) **Post-Merger board representation**

As soon as is practicable following Successful Completion, the Bidder must use its best endeavours:

- (1) the Bidder Board will be comprised of the following persons:
 - (A) Richard Willson;
 - (B) John Bovard;
 - (C) Brian Moller;
 - (D) Ben Harrison;
 - (E) Nicholas Mather; and
 - (F) John Downie.
- (2) Peter Williams will be appointed as the Chief Executive Officer of the Bidder under the terms of the CEO Consulting Agreement, effective on and from the Closing Date.

(j) **Termination**

The MID may be terminated by either party by written notice to the other party if:

- (1) the other party is in material breach of this deed and that breach is not remedied by that other party within ten Business Days of it receiving notice from the non-defaulting party of the details of the breach and the non-defaulting party's intention to terminate this deed;
- (2) the Bidder withdraws the Takeover Bid as a result of the non-satisfaction of a Bid Condition (being a condition, the satisfaction of which is beyond the reasonable control of the Bidder);
- (3) the Conditions Precedent in the MID relating to the grant and continuation of all necessary regulatory approval and the absence of any regulatory action (clauses 2.1 (a) and 2.1(b) of the MID respectively) are not satisfied or waived by 5.00 pm on the Offer Date;

- (4) the Condition Precedent relating to approval of the Resolutions by the Bidder's Shareholders (clause 2.1(c)) is not satisfied or waived by 5.00 pm on the Closing Date; or
- (5) the Condition Precedent relating to the execution by the Bidder, the Target and Target Optionholders of the Option Cancellation and Replacement Deed (clause 2.1(a)) of the MID.

The Target may terminate the MID if:

- (1) a Bidder Competing Proposal is publically announced;
- (2) the Target Independent Expert concludes that the Offer by the Bidder is not fair or reasonable;
- (3) the Condition Precedent relating to confirmation in writing that the Target is satisfied with its due diligence investigations (clause 2.1(f) of the MID) is not satisfied or waived by 5.00 pm on 29 October 2012; or
- (4) the Condition Precedent relating to there being no Material Adverse Change or Prescribed Occurrence in relation to the Bidder (clause 2.1(h) of the MID) is not satisfied or waived by 5.00 pm on the Closing Date.

The Bidder may terminate the MID if:

- (1) a Superior Proposal is publically announced by a Third Party in respect of the Target and the proponent of the Superior Proposal receives acceptances in respect of not less than 50% of the Target Securities;
- (2) an Independent Director of the Target (unless otherwise permitted under this deed):
 - (i) does not recommend the Merger to the Target Securityholders;
 - (ii) having recommended the Merger, withdraws his or her recommendation of the Merger or does not vote; or
 - (iii) recommends a Superior Proposal;
- (3) the Condition Precedent relating to confirmation in writing that the Bidder is satisfied with its due diligence investigation (clause 2.1(d) of the MID) is not satisfied or waived by 5.00 pm on 29 October 2012; or
- (4) the Condition Precedent relating to there being no Material Adverse Change or Prescribed Occurrence in relation to the Bidder (clause 2.1(e) of the MID) is not satisfied or waived by 5.00 pm on the Closing Date.

(k) **Exclusivity**

During the Exclusivity Period, the Target must:

- (1) suspend any existing negotiations or discussions in respect of any Target Competing Proposal;
- (2) not, and ensure that its Related Bodies Corporate do not, directly or indirectly solicit, invite, facilitate or encourage any enquiries, negotiations or discussions with a view to obtaining an expression of interest, proposal or offer in relation to a Target Competing Proposal; and

- (3) not, and ensure that its Related Bodies Corporate do not:
 - (A) negotiate or enter into; or
 - (B) participate in negotiations or discussions in relation to,

a Target Competing Proposal even if the Target Competing Proposal is not solicited by the Target or publicly announced.

These obligations are subject to fiduciary carve outs which are usual for these types of transactions.

Opportunity to match

- (1) During the Exclusivity Period, if the Target receives a Target Competing Proposal that the Target Board considers may be a Superior Proposal, the Target must immediately notify the Bidder of the terms of the Superior Proposal and must allow the Bidder not less than five Business Days from the date of the notice in which to propose terms to vary the Offer to match or better the Superior Proposal.
- (2) Upon receiving notice of the Superior Proposal under clause 7.3(a), the Bidder may request that the Target provide the Bidder with copies of all the material given to the maker of the Superior Proposal unless either:
 - (A) that material has already been provided to the Bidder; or
 - (B) the Target receives legal advice that to do so would be likely to constitute a breach of the Target Board's fiduciary, statutory or confidentiality obligations, and then only to the extent of the material that may not breach those duties or obligations.

During the Exclusivity Period, the Bidder must:

- (1) suspend any existing negotiations or discussions in respect of a Bidder Competing Proposal;
- (2) not, and ensure that its Related Bodies Corporate do not, directly or indirectly solicit, invite, facilitate or encourage any enquiries, negotiations or discussions with a view to obtaining an expression of interest, proposal or offer in relation to a Bidder Competing Proposal; and
- (3) not, and ensure that its Related Bodies Corporate do not:
 - (A) negotiate or enter into; or
 - (B) participate in negotiations or discussions in relation to,

a Bidder Competing Proposal, even if the Bidder Competing Proposal is not solicited by the Bidder or publicly announced.

During the Exclusivity Period, Target must procure that the Independent Directors and such other senior executives of Target or its Related Bodies Corporate as is reasonably requested by Bidder participate in efforts reasonably required by Bidder to promote the merits of the Offer, including:

- (1) meeting with key Bidder Shareholders and Target Securityholders if requested to do so by Bidder;
- (2) communicating with Target's employees, customers and suppliers and the employees, customers and suppliers of Target's Related Bodies Corporate; and
- (3) meeting and communicating with Government Bodies together with Bidder,

subject only to:

- (4) the Target Independent Expert not having concluded in the Target Independent Expert Report (including in any update to that report) that the Offer is not in the best interests of Target Securityholders;
- (5) there being no Superior Proposal; and
- (6) the Target not receiving legal advice that to do so would be likely to constitute a breach of the Target Board's fiduciary, statutory or confidentiality obligations.

(l) Break fee payable by Taronga

Taronga has agreed to pay AusNiCo a break fee of \$60,000 if AusNiCo terminates the MID because:

- (1) Taronga is in material breach of the MID and that material breach is not remedied by AusNiCo within ten Business Days of receiving notice of the breach from Taronga;
- (2) a Superior Proposal (as defined in the MID) for Taronga is publically announced by a third party and the relevant third party receives acceptances in respect of not less than 50% of Taronga's securities (and AusNiCo fails to exercise its matching rights (discussed above) in response to that Superior Proposal);
- (3) an Independent Director of Taronga (subject to certain qualifications) does not recommend the merger to Taronga securityholders, withdraws his recommendation, does not accept the Offer in respect of the Taronga shares they hold or control, or recommends a Superior Proposal;
- (4) there is a material adverse change or prescribed occurrence occurring in relation to Taronga on or before 5 pm on the Closing Date.

(m) Break fee payable by AusNiCo

AusNiCo has agreed to pay Taronga a break fee of \$60,000, if Taronga terminates the MID because:

- (1) AusNiCo is in material breach of the MID and that material breach is not remedied by Taronga within ten Business Days of receiving notice of the breach from AusNiCo;
- (2) a Bidder Competing Proposal (as defined in the MID) is publically announced;
- (3) there is a material adverse change or prescribed occurrence occurring in relation to AusNiCo on or before 5 pm on the Closing Date.

(n) Other limitations

Taronga has agreed to conduct its business in the ordinary course and will not, without AusNiCo's consent (such consent not to be unreasonably withheld) acquire or dispose of assets, or enter into any other agreement where the amount payable under the agreement or the value of the subject matter of the agreement is in excess of \$100,000 in aggregate.

Taronga must consult with, and obtain AusNiCo's consent, in respect of certain material business decisions.

11.2 AusNiCo Shareholder approval

AusNiCo has convened the AusNiCo EGM to consider approval (by simple majority vote, subject to certain voting exclusions the following ordinary Resolutions:

- (a) approval of a change of scale of the Bidder's activities in accordance with Listing Rule 11.1.2;
- (b) approval of the Related Party Transaction in accordance with Listing Rule 10.1;
- (c) approval of the issue of the New Bidder Options under the Option Cancellation and Replacement Deed; and
- (d) approval of the issue of the Bidder Performance Shares.

In addition at the AusNiCo Annual General Meeting AusNiCo Shareholders will be asked to approve the resolution to change the constitution of AusNiCo to allow the issue of Bidder Performance Shares.

11.3 Listing Rule 11.1.3

By letter dated 2 October 2012, ASX confirmed that Listing Rule 11.1.3 does not apply to the Merger and that AusNiCo and the Merged Group is not required to re-comply with Chapters 1 and 2 of the Listing Rules.

11.4 Foreign Investment Review Board approval

The acquisition by AusNiCo of Taronga Shares pursuant to the Offer will not require Foreign Investment Review Board Approval.

11.5 Rights and liabilities attaching to AusNiCo Shares

From their date of issue, the AusNiCo Shares to be issued pursuant to the Offer will rank equally with the existing AusNiCo Shares.

The rights and restrictions attaching to AusNiCo Shares are set out in AusNiCo's Constitution and, in certain circumstances, are regulated by the *Corporations Act*, ASX Listing Rules and general law. Under Section 140(1) of the *Corporations Act*, the constitution of AusNiCo has effect as a contract between AusNiCo and each member and between a member of AusNiCo and each other member. Accordingly, if Taronga shareholders accept the Offer and are allotted AusNiCo Shares as consideration, they will become contractually bound to comply with the Constitution of AusNiCo.

A summary of the principal rights attaching to AusNiCo Shares based is set out below. It does not purport to be exhaustive or to constitute a definitive statement of the rights attaching to AusNiCo Shares. Such rights involve complex questions of law arising from interaction of the constitution and statutory and common law requirements. Shareholder should seek their own advice when trying to establish their rights in specific circumstances.

(a) Shares

Shares in AusNiCo may be issued with preferred, deferred or other special rights, obligations or restrictions in relation to dividends, voting, return of share capital, payment of calls or other matters, as determined by AusNiCo's Board from time to time. All unissued shares are under the control of AusNiCo's Board, which may grant options on the shares, issue option certificates and allot or dispose of the shares on the terms and conditions and for consideration it thinks fit. This power is subject to contract or any contrary rules in the constitution.

The constitution permits the issue of preference shares on terms determined by AusNiCo's Board.

(b) **Alteration of rights**

The rights and restrictions attaching to any class of shares (other than redeemable preference shares)), can only be varied with the consent in writing of members with at least three-quarters of the votes in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class (unless otherwise provided by the terms of issue of shares of that class).

(c) **Calls**

The Board of AusNiCo may from time to time call upon shareholders for unpaid monies on their shares except where the conditions of allotment in respect of the shares made payments payable at fixed times. If such a call is made, shareholders are liable to pay the amount of the call in the manner and at the time and place specified by AusNiCo's Board. Such calls may be payable by instalments. When a resolution of AusNiCo's Board authorising the call is passed, the call will be deemed to have been made. It may be revoked by notice in writing, at any time before the date nominated for the payment of the call, at the discretion of AusNiCo's Board.

(d) **Forfeiture and lien**

AusNiCo is empowered to forfeit shares in relation to any part of calls or instalments of calls, which remain unpaid following any notice sent to a shareholder. Such forfeiture must occur in accordance with the constitution, the Corporations Act and the ASX Listing Rules.

AusNiCo has a first lien or charge for unpaid calls, unpaid instalments, amounts owed for acquiring shares under an employee incentive scheme and any amount it is legally required to pay in relation to a shareholder's shares (as well as reasonable interest and expenses in relation to any of the above). The lien or charge extends to all dividends declared in respect of the shares. If AusNiCo registers a transfer of any share subject to this lien or charge, the transfer shall operate as a waiver of AusNiCo's lien provided that any the transferor shall remain liable to pay to AusNiCo all money which at the date of registration of the transfer, was payable to AusNiCo in respect of the share, but such liability shall cease upon AusNiCo receiving payment of all money outstanding in respect of the share.

(e) **Share transfers**

Shares may be transferred in any manner required or permitted by the Corporations Act, ASX Listing Rules or the ASTC Settlement Rules and by any instrument in writing in any usual or common form or in any other form that AusNiCo's Board approves. AusNiCo's Board may only refuse to register a transfer of securities of AusNiCo as permitted by the ASX Listing Rules or the ASTC Settlement Rules.

(f) **Directors need not issue share certificates**

Subject to the requirements of the ASX Listing Rules, the ASTC Settlement Rules and the Corporations Act, AusNiCo need not to issue share certificates.

(g) **Meeting procedure**

The ASX and each shareholder and director of AusNiCo are entitled to receive notice of and attend any general meeting of AusNiCo.

Subject to rule 23.4 of the ASX listing Rules, three shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a Chairman and an adjournment, unless the quorum required is present at the start of the business.

(h) **Voting rights**

Each shareholder has the right to receive notices of, and to attend, general meetings of AusNiCo.

Subject to restrictions on voting from time to time affecting any class of shares in AusNiCo, and any restrictions imposed by the Corporations Act, the shares in AusNiCo carry the right to cast one vote on a show of hands and, on a poll, one vote for each fully paid share held, and for each partly paid share held, a vote having the same proportionate value as the proportion to which the shares have been paid up. Voting may be in person or by proxy, attorney or representative.

(i) **Remuneration of directors**

Directors are to be remunerated out of company funds for their services. Such remuneration is determined by AusNiCo's board.

Director's fees are by a fixed sum and not a commission on a percentage of profits or operating revenue. It may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to shareholders. There is provision for directors who devote special attention to the business of AusNiCo or who perform services which are regarded as being outside the scope of their ordinary duties as directors, or who at the request of AusNiCo's Board engage in any journey on company business, to be paid extra remuneration determined by AusNiCo's Board. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending company or board meetings, or meetings of any committee engaged in AusNiCo's business.

Any director may be paid a retirement benefit as determined by AusNiCo's Board, consistent with the Corporations Act and the ASX Listing Rules.

A director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act. If such a director does vote, his or her vote will not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a general meeting if permitted by the Corporations Act.

(j) **Election of Directors**

The constitution states that there must be a minimum of three directors and a maximum of nine directors and AusNiCo may from time to time, by resolution passed at general meeting, increase or reduce the number of Directors.

11.6 No Brokerage

You will not incur brokerage if you accept the Offer. You may be required to pay brokerage if Taronga Shares are sold on the market.

11.7 Other benefits

During the four months prior to the date of this Bidder's Statement, neither AusNiCo nor any associate of AusNiCo gave, offered to give, or agreed to give another person a benefit which was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer under the bid; or
- (b) dispose of Shares,

that was not offered to all holders of Taronga Shares under the Offer.

11.8 ASIC Relief

(a) Class Orders

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including AusNiCo, in relation to the operation of Chapter 6 of the Corporations Act. AusNiCo may rely on this class order relief.

AusNiCo has relied on the modification to Section 636(3) of the Corporations Act set out in paragraph 11 of ASIC Class Order 01/1543 "Takeover Bids" to include references to certain statements by AusNiCo, Taronga and other persons in this Bidder's Statement without obtaining the consent of that person.

As required by Class Order 01/1543, AusNiCo will make available a copy of the documents containing these statements (or relevant extracts from these documents) free of charge to Taronga Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts), Taronga Shareholders may contact AusNiCo's Company Secretary, Karl Schlobohm, on 07 3303 0611.

(b) Approval of Nominee

Pursuant to section 619(3) of the Corporations Act AusNiCo will if required, appoint a nominee, subject to ASIC's prior consent, to act as the nominee appointed by AusNiCo in relation to the Offer (**Nominee**) on the conditions that the Nominee remains the holder of an appropriate financial services licence during the period of time necessary to complete the relevant procedure under section 619(3) of the Corporations Act and the Nominee only acts in its capacity as nominee under section 619(3) of the Corporations Act on behalf of Foreign Shareholders. If required, AusNiCo proposes to appoint the Nominee to act as nominee for the sales referred to in Section 10.8 (Foreign Shareholders).

11.9 AusNiCo is a Disclosing Entity

Due to the fact that AusNiCo is offering AusNiCo Shares as consideration for the acquisition of Taronga Shares, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of AusNiCo Shares under sections 710 to 713 of the Corporations Act. AusNiCo does not need to issue a prospectus for the Offer of the AusNiCo Shares as the Offer is occurring under a takeover bid.

AusNiCo is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, AusNiCo is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of AusNiCo Shares.

AusNiCo Shares have been quoted on the ASX during the 12 months prior to the date of this Bidder's Statement. For this reason, AusNiCo is only required to disclose information in this Bidder's Statement that would usually be required where its shares have been continuously quoted securities.

In general terms, where AusNiCo Shares are continuously quoted securities the Bidder's Statement is only required to contain information in relation to the effect of the Offer on AusNiCo and the rights and liabilities attaching to the AusNiCo Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of AusNiCo unless such information has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and it is information:

- (a) that investors and their professional advisors would reasonably require for the purposes of making an informed assessment of such matters; and
- (b) relating to the rights and liabilities attaching to the AusNiCo Shares.

Information that is already in the public domain has not been reported in this Bidder's Statement other than that information which is considered necessary to make this Bidder's Statement complete.

AusNiCo, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to AusNiCo (not being documents referred to in section 1274(2) (a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
 - (1) the financial statements of AusNiCo for the 12 months ended 30 June 2012 (being the annual financial report most recently lodged by AusNiCo with ASIC);
 - (2) the half-year financial report for the half-year ended 31 December 2012; and
 - (3) all continuous disclosure notices given by AusNiCo after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for free copies of these documents may be made by calling the AusNiCo Company Secretary, Karl Schlobohm, on 07 3303 0611.

Copies of all documents lodged with ASIC in relation to AusNiCo can be inspected at the registered office of AusNiCo during normal office hours. AusNiCo also has a website, www.AusNiCoenergy.com.au which includes a wide range of information on AusNiCo (including copies of the above documents) and its activities. A list of announcements made by AusNiCo on ASX between 1 July 2012 and the Announcement Date appears in Annexure A.

11.10 Corporate Governance

AusNiCo has adopted a corporate governance charter dated 28 May 2010 (**Corporate Governance Charter**) in order to implement and maintain a culture of good corporate governance both internally and in its external dealings. The Corporate Governance Charter can be found on AusNiCo's website at: www.ausnico.com.au. The statement outlines the key corporate governance practices that are in place for AusNiCo and its subsidiaries (**the Group**) and to which both the Board of AusNiCo collectively and the Directors individually are committed.

In formulating and adopting its corporate governance principles, the Directors of AusNiCo have adopted and complied with ASX Corporate Governance Council best practice recommendations. These recommendations comply with the Revised Corporate Governance Principles and Recommendations (Second edition) published by the ASX (ASX Guidelines) except where otherwise stated. AusNiCo's Board is of the view that with the exception of the departures from the ASX Guidelines as set out below; it otherwise complies with all of the ASX Guidelines.

ASX Principles and Recommendations	Summary of the company's position
<i>Principle 1 – Lay Solid Foundations for Management and Oversight</i>	
Recommendation 1.2 – Companies should disclose the process for evaluation the performance of senior executives	The Board of AusNiCo has not established a separate nomination committee. In the absence of a formally constituted nomination committee, the full Board of AusNiCo is responsible for the proper oversight of the Board, the Directors and senior management. The Board of AusNiCo considers that given its size, no efficiencies or other benefits would be gained by establishing a separate committee.
<i>Principle 2 – Structure board to add value</i>	
Recommendation 2.1 – A majority of the board should be independent directors	Presently under the ASX Guidelines it is considered that there is one independent director. While AusNiCo does not presently comply with this Recommendation 2.1, AusNiCo may consider appointing further independent Directors in the future. AusNiCo believes that given the size and scale of its operations, non-compliance by AusNiCo with this Recommendation 2.1 will not be detrimental to AusNiCo.
Recommendation 2.2 – The chair should be an independent director	Brian Moller is the Chairman of AusNiCo, but is not considered to be independent under the ASX Guidelines. AusNiCo is of the view that the size and scale of its current operations do not warrant the appointment of an independent Chairperson and that non-compliance with this Recommendation 2.2 will not be detrimental to AusNiCo.
Recommendation 2.4 – The board should establish a nomination committee	The Board of AusNiCo's view is that AusNiCo is not currently of the size to justify the formation of a separate nomination committee. The Board of AusNiCo currently performs the functions of a nomination committee and where necessary will seek the advice of external advisors in relation to this role. The Board of AusNiCo shall, upon AusNiCo reaching the requisite corporate and commercial maturity, approve the constitution of a nomination committee to assist the Board of AusNiCo in relation to the appointment of Directors and senior management.
<i>Principle 4 – Safeguard Integrity in Financial Reporting</i>	
Recommendation 4.2 – The audit committee should be structured so that it: • Consists only of non-executive Directors • Consists of a majority of independent Directors • Is chaired by an independent chair, who is not chair of the board • Has at least three members	The Audit Committee is currently comprised of Messrs Mather (who replaced Mr Roberts during the year), Moller and Harrison. Mr Harrison, as an independent director, chairs the Audit Committee. While AusNiCo does not presently comply with this Recommendation 4.2 (Messrs Mather and Moller are not considered independent under the ASX guidelines), AusNiCo may consider appointing further independent Directors in the future at which time it may reconsider the composition of the audit committee. AusNiCo believes that given the size and scale of its operations, non-compliance by AusNiCo with this Recommendation 4.2 will not be detrimental to AusNiCo.

ASX Principles and Recommendations	Summary of the company's position
<i>Principle 7 – Recognise and Manage Risk</i>	
7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Board of AusNiCo is responsible for reviewing and ratifying systems of risk management and internal compliance.
<i>Principle 8 – Remunerate Fairly and Responsibly</i>	
Recommendation 8.1 – The board should establish a remuneration committee.	The Board of AusNiCo has not established a remuneration committee. The Board of AusNiCo considers that given its size, no efficiencies or other benefits would be gained by the establishing of such a committee. The role of the remuneration committee is carried out by the full Board of AusNiCo. AusNiCo has adopted a Remuneration Committee Charter, which is set out in its Corporate Governance Charter.

11.11 Interests of AusNiCo Directors in AusNiCo Shares

The table below shows the interests of the directors of AusNiCo in AusNiCo Shares at the date of this Bidder's Statement and the number of AusNiCo Shares which the directors are expected to hold directly or indirectly following completion of the Offer assuming 100% acceptance.

	Number of ordinary shares	Number of options over ordinary shares
Brian Moller	793,056	500,000
John Downie	695,000	-
Nicholas Mather	2,762,917	500,000
Ben Harrison	657,917	-

Name	Interest in AusNiCo shares prior to Offer	% of interest in AusNiCo Shares held prior to Offer	Expected Interest in AusNiCo Shares immediately following Offer	Expected % of AusNiCo Shares held immediately following Offer	Voting power on completion of Offer
Nicholas Mather	2,762,917*	1.91%	38,629,857*	8.91%	8.91%
Brian Moller	793,056	0.55%	5,886,766**	1.36%	1.36%
John Downie	695,000	0.48%	695,000	0.48%	0.48%
Ben Harrison	657,917	0.45%	657,917	0.45%	0.45%

* This includes the relevant interest held by Nicholas Mather in the AusNiCo Shares held by Samuel Holdings Pty Ltd, Samuel Capital Pty Ltd, Mather Foundation Limited, Mrs Judith Mather, Mr Richard Mather, Mr Samuel Mather, Mr Stuart Mather, Mr Timothy Mather and Mr William Mather.

** This includes the relevant interest held by Brian Moller in the AusNiCo Shares held by H & G Corporate Consulting Pty Ltd.

Note no options have been issued to Directors.

Remuneration of AusNiCo Directors

In respect of the financial year ended 30 June 2012, the remuneration paid (including any contingent or deferred compensation) and benefits granted to the directors of AusNiCo by any member of the AusNiCo Group were as follows:

Directors	Short term benefits	Post-employment	Share based payments Equity settled		Total	% Consisting of options
	Salary & fees	Superannuation	Options	Shares		
	\$	\$	\$	\$	\$	
Brian Moller						
2012	40,000	-	-	-	40,000	-
2011	34,726	-	-	-	34,726	-
John Downie						
2012	96,976	50,437	-	-	147,413	-
2011	177,519	28,538	265,151	-	471,208	56%
Nicholas Mather						
2012	30,000	-	-	-	30,000	-
2011	27,872	-	-	-	27,872	-
Stephen Roberts ¹						
2012	12,500	-	-	-	12,500	-
2011	27,472	-	-	-	27,472	-
Ben Harrison						
2012	30,000	-	-	-	30,000	-
2011	24,945	-	-	-	24,945	-
Subtotal remuneration						
2012	209,476	50,437	-	-	259,913	
2011	292,534	28,538	265,151	-	586,223	

¹ Stephen Roberts resigned on 24 November 2011.

11.12 Pre-bid Agreement

The Offer is supported by Taronga's second largest shareholder YTC Resources Limited which entered into a pre-bid acceptance agreement with AusNiCo on 9 November 2012 in respect of 19.99% of Taronga's issued capital.

11.13 Disclosure of Fees or Benefits Received by Certain Persons

Except as set out in this Bidder's Statement, no person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement holds, or held at any time during the last two years, any interest in:

- (a) the formation or promotion of AusNiCo;
- (b) property acquired or proposed to be acquired by AusNiCo in connection with its formation or promotion or the Offer; or
- (c) the Offer of AusNiCo Shares.

Except as set out in this Bidder's Statement, no person has paid or agreed to pay an amount and no person has given or agreed to give any benefit to any person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement for services provided in connection with the formation or promotion of AusNiCo or the Offer.

HopgoodGanim has acted as legal advisor to AusNiCo in relation to the Offer. HopgoodGanim is entitled to professional fees in accordance with its time-based charges.

BDO Audit Pty Ltd has acted as auditor of AusNiCo.

11.14 Competent Person statement

Information in this Bidder's Statement relating to Exploration Results is based on information compiled by Nicholas Mather who is a Member of The Australasian Institute of Mining and Metallurgy.

Mr Mather has more than 25 years experience 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). Mr Mather consents to the inclusion in the report of the matters based on her information in the form and context in which it appears. Mr Mather consents to the inclusion of the matters based on his information in the form and context in which it appears.

11.15 Consents

- (a) Link Market Services Limited has given and has not withdrawn its consent to be named in this Bidder's Statement as the Share Registry of AusNiCo in the form and context in which it is named. It takes no responsibility for any part of the Bidder's Statement other than the references to its name.
- (b) BDO Audit Pty Ltd has given and has not withdrawn its consent to be named in this Bidder's Statement as the auditor of AusNiCo in the form and context in which it is named. It takes no responsibility for any part of the Bidder's Statement other than the references to its name.
- (c) BDO Corporate Finance (Qld) Ltd has given and has not withdrawn its consent to be named in this Bidder's Statement as providing AusNiCo with an independent expert's report in relation to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Bidder's Statement other than the references to its name.
- (d) HopgoodGanim are acting as solicitors to the Offer and have performed work in relation to the Bidder's Statement. In doing so, HopgoodGanim have placed reasonable reliance upon information provided to them by AusNiCo. HopgoodGanim does not make any statement in this Bidder's Statement. HopgoodGanim has given and has not withdrawn its consent to be named in this Bidder's Statement as solicitors to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Bidder's Statement other than references to its name.

11.16 Stock Exchange Announcements

A list of announcements made by AusNiCo to the ASX between 1 July 2012 and the date of this Bidder's Statement is set out in Annexure C. This information may be relevant to your assessment of the Offer. Copies of the announcements are available from the ASX Securities Exchange.

11.17 Further Information

Further information about AusNiCo can be found on AusNiCo's website – (www.ausnico.com.au).

11.18 Other material information

Except as disclosed in this Bidder's Statement, there is no other material information known to AusNiCo which is material to the making of the decision by a Taronga shareholder as to whether to accept the Offer.

The *Corporations Act* only requires that AusNiCo disclose information which is as up to date as is reasonable in the circumstances. Further, AusNiCo is not required to disclose information in this Bidder's Statement if it would be unreasonable to require AusNiCo to do so because the information had previously been disclosed to holders of Taronga Shares.

11.19 Costs and expenses

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer, and all transfer duty or brokerage charges payable on transfer of your Taronga Shares will be paid by the Bidder.

11.20 Governing Law

This Bidder's Statement and Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in Queensland.

11.21 Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution passed by the Directors of AusNiCo.

Dated this 23rd day of November 2012.



.....
Brian Moller

Director

12. Definitions and Interpretation

12.1 *Defined Terms*

In this Offer, the following words have these meanings unless the contrary intention or the context otherwise requires:

AASB means Australian Accounting Standards Board;

Acceptance Form means the form of acceptance and transfer enclosed with this Bidder's Statement and forms part of the Offer (the Instructions on which are for guidance only and do not form part of this Offer);

AIFRS means Australian International Financial Reporting Standards;

Announcement Date means the date on which the Offer was announced to ASX by AusNiCo, namely 1 November 2012;

ASIC means Australian Securities & Investments Commission;

Associate has the meaning given to that term in the Corporations Act;

ASTC means the ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532, the body which administers CHESS;

ASTC Settlement Rules or **Settlement Rules** means the settlement rules of ASTC;

ASX means ASX Limited;

ASX Listing Rules means the Official Listing Rules of ASX;

AusNiCo Annual General Meeting or AusNiCo AGM means the annual general meeting of AusNiCo Shareholders to be held on Wednesday, 28 November 2012;

AusNiCo EGM or **AusNiCo Extraordinary General Meeting** means the extraordinary general meeting of AusNiCo to be held on the 11 December 2012;

AusNiCo Group or **Group** means AusNiCo and its subsidiaries;

AusNiCo Shareholders or Bidder Shareholder means holders of AusNiCo Shares;

AusNiCo Shares or **Bidder Shares** means ordinary fully paid shares in AusNiCo;

A\$ or \$ means Australian dollars;

Bidder, AusNiCo or the **Company** means AusNiCo Limited ACN 122 957 322;

Bidder Business means the business carried on by the Bidder and its Subsidiaries at the date of the MID;

Bidder Competing Proposal means a transaction or proposed transaction which, if completed, would result in:

(a) a third party directly or indirectly, acquiring an interest or relevant interest in or becoming the holder of:

(1) 20% or more of all the shares in the Bidder; or

(2) all or a substantial part or a material part of the Bidder Business,

including by way of Takeover Bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;

- (b) the Bidder directly or indirectly, acquiring an interest or relevant interest in or becoming the holder of:
 - (1) 20% or more of all the shares in a Third Party; or
 - (3) all or a substantial part or a material part of a Third Party's business,
including by way of Takeover Bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;
- (c) a Third Party acquiring control of the Bidder within the meaning of section 50AA of the Corporations Act;
- (d) the Bidder acquiring control of a Third Party within the meaning of section 50AA of the Corporations Act;
- (e) a Third Party otherwise acquiring or merging with the Bidder; or
- (f) the Bidder otherwise acquiring or merging with a Third Party;

Bidder Independent Expert means the expert or experts appointed by Bidder to prepare the Bidder Independent Experts Report;

Bidder Independent Expert Report means a report prepared by the Bidder Independent Expert in accordance with the Corporations Act, and the Listing Rules;

Bidder Performance Shares means the 8,919,595 securities to be issued by the Bidder on the terms set out in Schedule 5 under the Performance Shares Issue Deed;

Bidder's Statement or **Statement** means this document, being the replacement statement of Bidder (including any supplementary or replacement bidder's statements) under Part 6.5 Division 2 of the *Corporations Act* relating to the Offer;

Board of AusNiCo or **AusNiCo's Board** means the board of directors of AusNiCo;

Board of Taronga or **Taronga's Board** means the board of directors of Taronga;

Break Fee means \$60,000;

Broker means a member organisation admitted to participate in the CHESS under the ASTC Settlement Rules;

Business Day means a day on which banks are open for business in Brisbane excluding a Saturday, Sunday or public holiday;

CEO Consulting Agreement means the agreement between the Bidder and PADIC Pty Ltd (A.C.N. 154 350 875) dated on or around the Execution Date;

CGT means Capital Gains Tax;

CHESS means Clearing House Electronic Subregister System, which provides for the electronic transfer of securities in Australia;

CHESS Holding means a holding of Taronga Shares on the CHESS Subregister of Taronga;

CHESS Subregister has the meaning set out in the ASTC Settlement Rules;

Closing Date means the last date on which the Offer is to open to Taronga Shareholders to accept namely 27 December 2012;

Constitution means the Constitution of AusNiCo;

Controlling Participant shall have the meaning set out in the ASTC Settlement Rules;

Corporations Act means the *Corporations Act 2001 (Cth)*;

Directors mean the directors of AusNiCo and Taronga (depending on its context) from time to time;

Due Diligence Investigations means the commercial, legal, technical and financial due diligence investigations carried out by either the Bidder or the Target in respect of the other;

Due Diligence Period means the period commencing on the Execution Date and ending at 5.00 pm on 2 November 2012;

EL means an exploration licence granted under the *Mineral Resources Development Act 1995* (Tas);

End Date means 31 January 2013;

EPM means an exploration permit for minerals granted under the *Mineral Resources Act 1989* (Qld);

EPMA means an application for an exploration permit for minerals granted under the *Mineral Resources Act 1989* (Qld);

Exclusivity Period means the period commencing on the date of Execution of the MID and expiring on the first to occur of the following:

- (a) the termination of the MID; or
- (b) at midnight Australian Eastern Standard Time on the End Date;

Execution Date means the date of execution of the MID;

Exploration Licences or Tenements or means each of the Exploration Licences held by the Target or any subsidiary of the Target, including but not limited to those referred to in Section 5.2;

FATA means the *Foreign Acquisition and Takeovers Act 1975* (Cth);

Foreign Shareholder has the meaning set out in Section 10.8 (Foreign Shareholders);

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state;

Implied Offer Value means the value offered for each Taronga Share at the conversion rate of 5 AusNiCo Shares for every 1 of your Taronga Shares at a given AusNiCo share price;

Independent Directors means the directors of the Target Board that are considered to be independent for the purposes of the Merger, being:

- (a) William Ryan;
- (b) Teunis Kwak;
- (c) John Bovard; and
- (d) Richard Willson;

Instructions mean those instructions on how to accept the Offer set out more particularly on the Acceptance Form;

Issuer Sponsored Holding means a holding of Taronga Shares on Taronga's issuer sponsored sub-register;

Listing Rules means the Official Listing Rules of the ASX;

Material Adverse Change means in respect of a party, an event or circumstance or matter that will or is likely to have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses or prospects of the relevant party and its Related Bodies Corporate (after taking into account any matters which offset the impact of the event or events giving rise to the adverse effect), other than:

- (a) a change in general economic or political conditions or the securities markets in general;
- (b) a change in generally accepted accounting principles or the interpretation of them; or
- (c) an event, circumstance, matter or information that is fairly disclosed, or that is reasonably apparent on its face as having the potential to flow from the event, occurrence, matter or information that is fairly disclosed, in information provided by a party to the other party or its representatives on or prior to the date of execution of the MID or otherwise disclosed in public filings by a party or any of its Related Bodies Corporate with ASIC or provided to ASX on or prior to the date of execution of the MID;

Merger means the merger of the Target and the Bidder by way of a Takeover Bid by the Bidder for all of the Target Shares in accordance with the Offer;

Merged Group means AusNiCo and its subsidiaries (including Taronga and Taronga's subsidiaries) which will exist as a result of the takeover bid as constituted by this Offer, should the Offer be successful;

Merger Implementation Deed or MID means the deed referred to in clause 11.1;

Minister means the Cabinet Minister of the Government of New South Wales responsible for approving the effective change of control under the Exploration Licences;

New Bidder Option means an option to subscribe for a Bidder Share (on the terms set out in the MID) that is to be issued by the Bidder to the Target Optionholders under the Option Cancellation and Replacement Deed;

New Bidder Share means a Bidder Share that is to be issued to the Target Securityholders by the Bidder as the consideration for the Target Shares in connection with the Offer;

Offer means AusNiCo's offer to acquire Taronga Shares as contained in Section 10 of this Bidder's Statement;

Offer Date means the date on which the Offer was first made to shareholders of Taronga, namely 27 November 2012;

Offer Period means the period during which the Offer will remain open for acceptance in accordance with Section 10.4 of this Bidder's Statement;

Option Cancellation and Replacement Deed means each of the deeds between AusNiCo, Taronga and one of the Taronga Optionholders, the cumulative effect of which is that all existing Target Options are cancelled and the holders of those options are instead issued with 5 New Bidder Options for each Target Option, subject to the obtainment of all AusNiCo shareholder approvals and regulatory approvals required in connection with the issue of New Bidder Options in accordance with those deeds;

pa means per annum;

Participant has the same meaning given to that term in the ASTC Settlement Rules;

Performance Shares Issue Deed means the deed pursuant to which the Bidder Performance Shares are to be issued to Peter Williams;

Peter Wifling Options means the 300,000 options to subscribe for ordinary shares in the Target granted to Peter Wifling on the same terms as the Target Directors and Management Options;

Pre-Bid Agreement means the agreement summarised in section 11.12;

Prescribed Occurrence means in respect of a party (or a subsidiary of the party), the occurrence of any of the following:

- (a) the party converts all or any of the shares into a larger or smaller number of shares;
- (b) the party or a subsidiary resolves to reduce its share capital in any way;
- (c) the party or a subsidiary:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
- (d) the party or a subsidiary issues shares (except in relation to any options disclosed in the latest Appendix 3B issued by the party to the ASX prior to the Execution Date), or grants an option over its shares, or agrees to make such an issue or grant such an option where such issue, grant or agreement relates (on an aggregate basis) to more than 5% of the total issued share capital in the party as at the Execution Date;
- (e) the party or a subsidiary issues, or agrees to issue, convertible notes;
- (f) the party or a subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of the party's business or property;
- (g) except in the ordinary course of its business, the party or a subsidiary charges, or agrees to charge, the whole, or a substantial part, of the party's business or property;
- (h) the party or a subsidiary resolves to be wound up;
- (i) a liquidator or provisional liquidator of the party or a subsidiary is appointed;
- (j) a court makes an order for the winding up of the party or a subsidiary;
- (k) an administrator of the party or a subsidiary is appointed under sections 436A, 436B, and 436C of the Corporations Act;
- (l) the party or a subsidiary executes a deed of company arrangement; or
- (m) a receiver or a receiver and manager are appointed in relation to the whole, or a substantial part, of the property of the party or a subsidiary;

Record Date means 12 November 2012;

Regulatory Action means:

- (a) any preliminary or final decision, order or decree issued by a Government Agency;
- (b) any enquiry, action or investigations, announced, commenced or threatened by any Government Agency; and
- (c) any request, application made to any Government Agency (other than by AusNiCo or any of its associates),

in consequence of or in connection with the Merger (other than a determination by ASIC or Takeovers Panel in exercise, of the powers and discretions conferred on it by the Corporations Act);

Regulatory Approvals means any approvals or consents required by law or from a Government Agency, including any approvals required under the:

- (a) the Tenements;
- (b) FATA;

- (c) Corporations Act;
- (d) Australian Securities and Investments Commission Act 2001 (Cth); and
- (e) Listing Rules,

as are necessary:

- (a) to permit the Offer to be lawfully made to and accepted by the Target Securityholders;
- (b) as a result of the Merger or the Bidder's acquisition of the Target Shares;
- (c) for the Target to continue to carry on the Target Business;
- (d) for the Bidder to continue to carry on the Bidder Business; or
- (e) to permit the transactions contemplated by the Bidder's Statement to be completed (including full, lawful and effectual implementation of the intentions set out in the Bidder's Statement) and the transactions contemplated by this deed;

Resolutions mean the

- (a) approval of the following ordinary resolutions:
 - (1) approval of a change of scale of the Bidder's activities in accordance with Listing Rule 11.1.2;
 - (4) approval of the Related Party Transaction in accordance with Listing Rule 10.1;
 - (5) approval of the issue of the New Bidder Options under the Option Cancellation and Replacement Deed;
 - (6) approval of the issue of the Bidder Performance Shares; and
- (b) approval of a special resolution to amend the Bidder's constitution (at the Bidder's AGM to allow the issue of the Bidder Performance Shares;

Related Bodies Corporate has the meaning given to that term in the Corporations Act;

Related Party Transaction means the acquisition of the Taronga Shares held by Samuel Holdings Pty Ltd A.C.N. 063 693 747 pursuant to the Offer;

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from Taronga Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by Taronga or any of its subsidiaries;

Stanley 13 Pty Ltd Options means the 300,000 options to subscribe for ordinary shares in the Target granted to Stanley 13 Pty Ltd on the same terms as the Target Directors and Management Options;

subsidiary has the meaning given to that term in the Corporations Act;

Successful Completion means the date on which the Bidder receives acceptances from not less than 90% of the Target Securityholders and the Offer has been declared free of the conditions set out in section 10.1;

Superior Proposal means a publicly announced Target Competing Proposal which the Target Board (acting in good faith and after taking advice from its legal advisors and after taking into account all terms and conditions of the Target Competing Proposal) determines is:

- (a) reasonably capable of being completed taking into account all aspects of the Target Competing Proposal; and
- (b) more favourable to Target Securityholders than the Offer;

Takeover Bid has the meaning given to that term in section 9 of Corporations Act;

Takeover Transferee Holding has the meaning given in the ASTC Settlement Rules;

Takeovers Panel means the takeovers panel having powers under Part 6.10 of the *Corporations Act*;

Target Business means the business or businesses carried on by the Target and its Subsidiaries at the date of execution of the MID;

Target Competing Proposal means a transaction or proposed transaction which, if completed, would result in:

- (a) a Third Party directly or indirectly, acquiring an interest or relevant interest in or becoming the holder of:
 - (1) 20% or more of all the shares in the Target; or
 - (2) all or a substantial part or a material part of the Target Business,including by way of Takeover Bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;
- (b) a Third Party acquiring control of the Target within the meaning of section 50AA of the Corporations Act; or

a Third Party otherwise acquiring or merging with the Target;

Target Directors and Management Options means the options to subscribe for ordinary shares in the Target granted to the directors and management of the Target;

Target Independent Expert means the expert or experts appointed by the Target to prepare the Target Independent Expert Report;

Target Independent Expert Report means a report prepared by the Target Independent Expert in accordance with the Corporations Act and the Listing Rules;

Target Options or **Taronga Options** means each of;

- (a) the Target Director and Management Options;
- (b) the Peter Wiffling Options;
- (c) the Stanley 13 Pty Ltd Options; and
- (d) the YTC Options,

and where the context requires, any of them;

Target Optionholder means a holder of the Target Options;

Target Securities means the Target Shares or Target Options, or both (as the context requires);

Target Securityholder means a holder of a Target Security;

Target's Statement shall have the meaning given to it in the *Corporations Act*;

Taronga or **Target** means Taronga Mines Limited ACN 126 854 288;

Taronga Shareholder means a holder of Taronga Shares;

Taronga Shares, Target Shares or Shares means the issued fully paid ordinary shares in the capital of Taronga and includes all Rights attaching to them and the term **Taronga Share, Target Share or Share** shall have a corresponding meaning;

Taronga's Statement means the Target's Statement to be issued by Taronga in response to this Bidder's Statement as required under the *Corporations Act*;

Third Party means a person or entity other than:

- (a) the Target;
- (b) any Related Bodies Corporate of the Target;
- (c) the Bidder; or
- (d) any Related Bodies Corporate of the Bidder;

VWAP means volume weighted average price;

YTC means YTC Resources Ltd;

YTC Options means the 5,500,000 options issued by the Target to YTC to subscribe for ordinary shares in the Target.

12.2 Interpretation

- (a) Terms used in this Bidder's Statement and Offer have the meaning (if any) given to them in Chapter 6 of the *Corporations Act* unless that meaning is inconsistent with the context in which the term is used.
- (b) In this Offer unless the context otherwise requires:
 - (1) headings are for convenience of reference only and do not affect the meaning of the sections they introduce;
 - (2) the singular includes the plural and vice versa;
 - (3) words importing any gender include all other genders;
 - (4) references to persons include corporations;
 - (5) appendices and annexures to this Offer form part of this Offer;
 - (6) references to paragraphs are to paragraphs in this Offer; and
 - (7) references to "dollar" or "\$" are references to Australian currency

ANNEXURE A – AUSNICO ANNOUNCEMENTS TO THE ASX SINCE 1 JULY 2012

Document Date	Price Sensitive	Headline
12/11/12		Notice of Extraordinary General Meeting/Proxy Form
12/11/12	Yes	AusNiCo Secures a 19.99% Relevant Interest in Taronga
01/11/12	Yes	AusNiCo Limited to Merge With Taronga Mines Limited
30/10/12	Yes	Quarterly Activities Report
30/10/12	Yes	Quarterly Cashflow Report
25/10/12		Notice of Annual General Meeting/Proxy Form
25/10/12	Yes	Annual Report to Shareholders
22/10/12		Appendix 3B (Release from Escrow)
03/10/12	Yes	Prospective Tenements Granted
28/09/12	Yes	Full year Statutory Accounts
25/09/12		Pending Release from Escrow
24/09/12		Details of Company Address
31/07/12		Change of Director's Interest Notice (Downie)
31/07/12		Expiry of Unlisted Options
30/07/12	Yes	Quarterly Activity Report
26/07/12	Yes	Quarterly Cashflow Report

Board of Directors

Brian Moller

Nicholas Mather

John Downie

Ben Harrison

Company Secretary

Karl Schlobohm

Issued Share Capital

AusNiCo Limited has 144,994,142 ordinary shares currently on issue.

Principal Office

AusNiCo Limited
Level 27,
111 Eagle Street
Brisbane QLD 4000

Registered Office

AusNiCo Limited
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111 Eagle Street
Brisbane QLD 4000

Phone +61 7 3303 0611
Fax +61 7 3303 0681

Postal Address

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GPO Box 5261
Brisbane QLD 4001

Solicitors to the Company

HopgoodGanim
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1 Eagle Street
Brisbane Qld 4000
Ph (07) 3024 0000
Fax (07) 3024 0300

Share Registry

Link Market Services Ltd
Level 15, 324 Queen Street
Brisbane QLD 4000
Phone: 1300 554 474