

**NICKEL AUSTRALIA LIMITED**  
**ACN 106 346 918**

**FINANCIAL REPORT**

**FOR THE PERIOD ENDED**

**31 DECEMBER 2003**

**NICKEL AUSTRALIA LIMITED**  
**ACN 106 346 918**

**FINANCIAL REPORT**  
**FOR THE PERIOD ENDED**  
**31 DECEMBER 2003**

<b><u>CONTENTS</u></b>	<b><u>PAGE NO.</u></b>
Directors' Report	1
Statement of Financial Performance	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Directors' Declaration	7
Independent Review Report	8

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with any public announcements made by Nickel Australia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**NICKEL AUSTRALIA LIMITED  
DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2003**

Your directors submit their report on the Company for the period from date of incorporation of the Company on 19 September 2003 to 31 December 2003.

**DIRECTORS**

The names of the directors of Nickel Australia Ltd in office during the period and at the date of this report are:

Campbell Ansell (Appointed upon incorporation: 19 September 2003)  
Anthony Rovira (Appointed on 20 October 2003)  
Michael Fowler (Appointed upon incorporation: 19 September 2003)  
John Saleeba (Appointed on 6 October 2003)

Graeme Smith was a director from incorporation until his resignation on 6 October 2003

**REVIEW OF OPERATIONS AND RESULTS**

Nickel Australia is a mineral exploration company with a focus on nickel exploration in Western Australia.

During the period the Company:

- Raised initial seed capital to assist with an IPO capital raising;
- Entered into a number of agreements for the acquisition of certain mineral rights - the major agreement being the acquisition of the rights to explore for nickel minerals on ground held by Croesus Mining NL; and
- Successfully listed on ASX at the completion of an IPO capital raising which closed oversubscribed in early December 2004.

The Operating Loss for the period amounted to \$43,275.

Signed in accordance with a resolution of the Board of Directors:



**Anthony Rovira**  
**Managing Director**

West Perth  
Date: 19 February 2004

**NICKEL AUSTRALIA LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE PERIOD ENDED 31 DECEMBER 2003**

	<b>19 Sep 2003 to 31 Dec 2003 \$</b>
Revenue from operating activities	-
Revenue from outside the operating activities	6,217
<b>Total Revenue</b>	<u>6,217</u>
Depreciation and amortization	-
Borrowing costs expense	-
Other expenses from ordinary activities	49,492
<b>Loss from ordinary activities before income tax expense</b>	<u>(43,275)</u>
Income tax expense	-
<b>Net loss</b>	<u><u>(43,275)</u></u>
<b>Basic loss (cents per share)</b>	(0.24)
<b>Diluted loss (cents per share)</b>	<u>(0.23)</u>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

**NICKEL AUSTRALIA LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2003**

	<b>31 December 2003</b>
	<b>\$</b>
<b><i>Current Assets</i></b>	
Cash assets	14,989,475
Receivables	65,637
<b>Total Current Assets</b>	<u><b>15,055,112</b></u>
 <b><i>Non-Current Assets</i></b>	
Mining tenements and capitalised exploration costs	3,980,000
<b>Total Non-Current Assets</b>	<u><b>3,980,000</b></u>
 <b>TOTAL ASSETS</b>	<u><b>19,035,112</b></u>
 <b><i>Current Liabilities</i></b>	
Payables	66,000
Accruals	899,229
<b>Total Current Liabilities</b>	<u><b>965,229</b></u>
 <b>TOTAL LIABILITIES</b>	<u><b>965,229</b></u>
 <b>NET ASSETS</b>	<u><b>18,069,883</b></u>
 <b><i>Equity</i></b>	
Contributed Equity	18,113,158
Accumulated losses	(43,275)
<b>TOTAL EQUITY</b>	<u><b>18,069,883</b></u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**NICKEL AUSTRALIA LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2003**

	<b>19 Sep 2003 to 31 Dec 2003 \$</b>
<b>Cash flows from operating activities</b>	
Payments to suppliers and employees	(30,511)
Interest received	6,217
<b>Net cash from / (used in) operating activities</b>	<u>(24,294)</u>
<b>Cash flows from financing activities</b>	
Proceeds from share issues	15,050,000
Capital raising costs	(49,231)
Funds received on trust	13,000
<b>Net cash from / (used in) financing activities</b>	<u>15,013,769</u>
<b>Net increase / (decrease) in cash held</b>	<b>14,989,475</b>
Cash at the beginning of the reporting period	-
<b>Cash at the end of the reporting period</b>	<u><b>14,989,475</b></u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

**NICKEL AUSTRALIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2003**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

This general purpose financial report for the interim reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with any public announcements made by Nickel Australia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Company was incorporated during the half year on 19 September 2003. Accordingly, no comparative information for the period ended 31 December 2002 is provided.

**NOTE 2 LOSS FROM ORDINARY ACTIVITIES**

The following revenue and expense items are relevant in explaining the financial performance for the period:

Interest revenue	\$6,217
Directors Fees	\$22,500
Consultancy Fees	\$10,000

**NOTE 3 DIVIDENDS**

No dividends have been paid or provided for in the period.

**NOTE 4 SEGMENT INFORMATION**

The reporting entity operates within the exploration industry in Western Australia.

**NOTE 5 SUBSEQUENT EVENTS**

No matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity subsequent to the half year ended 31 December 2003.

**NICKEL AUSTRALIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2003**

**NOTE 6      MOVEMENTS IN SHARE CAPITAL**

During the period the Company :

	<b>Shares</b>	<b>\$</b>
• Issued Shares pursuant to a seed capital raising	10,000,004	50,001
• Issued Shares in consideration of the acquisition of mineral rights	15,000,000	3,750,000
• Issued Shares pursuant to a Prospectus	<u>60,000,000</u>	<u>15,000,000</u>
	<b><u>85,000,004</u></b>	<b><u>18,800,001</u></b>
<b>Less: Capital raising costs</b>		<b><u>(686,843)</u></b>
		<b><u>18,113,158</u></b>

In addition 8,250,000 options to acquire ordinary shares were issued during the period pursuant to a resolution of the members of the Company. The Options are exercisable at 25 cents per share and expire on dates from 30 November 2008 to 30 November 2010.

**NOTE 7      EARNINGS PER SHARE**

Weighted average number of ordinary shares used in calculation of basic earnings per share and diluted earnings per share is 22,281,553 and 28,223,301 respectively. Options to purchase ordinary shares not exercised at 31 December 2003 have been included in the determination of diluted earnings per share.

**NOTE 8      CONTINGENT LIABILITIES**

Native Title claims have been made with respect to areas that include tenements in which the Nickel Australia Limited has interests. The Company is unable to access whether or not and to what extent the claims may affect the Company or its projects.

Apart from the above matter, the Company is not aware of any contingent liabilities which existed as at the end of the half year or have arisen as at the date of this report.

**NOTE 9      COMPARATIVES**

No comparatives are disclosed as the Company was incorporated on 19 September 2003.

The directors declare that the financial statements and notes set out on pages 2 to 6:

- (i) Comply with Accounting Standard (AASB 1029; Interim Financial Reporting), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (ii) Give a true and fair view of the reporting entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows for the period ended on that date.

In the directors' opinion there are reasonable grounds to believe that Nickel Australia Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



**Anthony Rovira**  
**Managing Director**

West Perth  
Date: 19 February 2004



# STANTON PARTNERS

1 HAVELOCK STREET  
WEST PERTH 6005  
WESTERN AUSTRALIA

**TELEPHONE: (08) 9481 3188**

Facsimile: (08) 9321 1204

e-mail: [australia@stanton.com.au](mailto:australia@stanton.com.au)

## **INDEPENDENT REVIEW REPORT TO THE MEMBERS OF NICKEL AUSTRALIA LIMITED**

### Scope

We have reviewed the financial report of Nickel Australia Limited for the half-year ended 31 December 2003 as set out on pages 2 to 7. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 Interim Financial Reporting and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nickel Australia Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

**STANTON PARTNERS**

**J P Van Dieren**  
**Partner**

Perth, Western Australia  
19 February 2004