

Eagle Nickel Limited

ABN 61 125 368 658

Annual Financial Report - 30 June 2014

Eagle Nickel Limited
Corporate directory
30 June 2014

Directors	Xuefeng Mei Non-executive Chairman Hui Guo Non-executive Director
Company secretary	Andrew Bursill
Registered office	Suite 4, Level 9 341 George Street Sydney NSW 2000 T: 02 9299 9690 F: 02 9299 9629
Principal place of business	Suite 4, Level 9 341 George Street Sydney NSW 2000 T: 02 9299 9690 F: 02 9299 9629
Share register	Computershare Investor Services Pty Limited 2/45 St Georges Terrace Perth WA 6000
Auditor	Rothsay 12 O'Connell Street Sydney NSW 2000 T: 02 8815 5400
Solicitors	Lawton Gillon Level 11, 161 St Georges Terrace Perth WA 6000
Stock exchange listing	Eagle Nickel Limited shares are listed on the Australian Securities Exchange (ASX code: ENL)
Website	www.eaglenickel.com.au

Eagle Nickel Limited
Directors' report
30 June 2014

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2014.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Xuefeng Mei
Hui Guo
Benjamin Jarvis (resigned 9 January 2014)
Robert Sebek (resigned 1 May 2014)

Principal activities

The principal activity of the company during the course of the financial year was mineral prospecting and exploration.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the company after providing for income tax amounted to \$215,493 (30 June 2013: \$358,164).

No exploration projects were undertaken during the year. The company continues to review its future exploration opportunities.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

The directors are still reviewing the future likely outlook of the company's operations.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Xuefeng Mei
Title:	Non-Executive Chairman
Qualifications:	MBA
Experience and expertise:	Mr Xuefeng Mei established and acted as the Managing Director of Shanghai Sky Chemical Co. Limited, Wuxi Sky Chemical Co. Limited and Hangzhou Sky Chemical Co. Limited. Mr Mei is currently a director of Shanghai Sky Chem Industrial Co. Ltd and is the controlling shareholder (either directly or indirectly) of Darshing International Holdings Limited and each of the associated companies.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	61,942,657
Interests in options:	27,376,645

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Name: Hui Guo
Title: Non-Executive Director
Qualifications: M.Fin
Experience and expertise: Ms Hui (Annie) Guo was a senior executive with more than 9 years' experience working with one of the world's leading consulting firms in finance and resources sectors. On behalf of some of China's largest private and state-owned corporations, she has facilitated a number of significant transactions involving large-scale Australian mining assets specifically in the coal, iron ore, manganese and precious metals markets. Ms Guo has worked with leading Chinese corporations including Yanzhou Coal, China Sinochem Group, China Yunnan Tin Group, Reignwood Group, Guangdong Asset Rising Management Group, China State Development and Investment Corporation, Hainan Airlines, Bank of China and Bank of Communications Ltd. Ms Guo is experienced in deal structuring, M&A and has a solid understanding of important cultural, technical, operational and business practices in both Australia and China. Ms Guo is the managing director of Columbus Minerals Pty Ltd.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: None
Interests in options: 2,000,000

Name: Benjamin Jarvis
Title: Executive Director
Qualifications: Politics
Experience and expertise: Mr Jarvis is the managing director and co-founder of Six Degrees Investor Relations, an Australian advisory firm that provides investor relations and investor communication services to a wide range of resources, technology, healthcare and industrial services companies listed on the Australian Securities Exchange. Mr Jarvis is also a non-executive director of Austral Gold Limited, which has gold mining operations in Chile, South American Tin Limited, a company focused on tin exploration and development in Bolivia, and Columbus Minerals Pty Ltd, a private company with a portfolio of precious metals projects in Latin America.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: None
Interests in options: 2,000,000

Name: Robert Sebek
Title: Non-Executive Director
Qualifications: B.App Sc, B.Sc (Hons), MBA, MAusIMM
Experience and expertise: Mr Sebek is a geologist with over 19 years experience in the resources sector including exposure to import/export analysis and negotiations. He has held senior mining and exploration positions as well as consulting roles in the fields of metals refining and tenement management. Prior to his appointment, Mr Sebek was employed as an analyst with CommSec (Commonwealth Bank of Australia) providing technical input on mining and exploration projects. Mr Sebek is also a Director of Iron Mounting Mining Ltd.

Other current directorships: Iron Mountain Mining Ltd
Former directorships (last 3 years):
Special responsibilities: None
Interests in shares: 1,500,000
Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Mr Bursill holds a Bachelor of Agricultural Economics from the University of Sydney, is a Chartered Accountant qualifying with PricewaterhouseCoopers (formerly Price Waterhouse) and has been with Franks & Associates for over 15 years.

Since commencing his career as an outsourced CFO and company secretary in 1998, Andrew has been CFO, company secretary and/or director for numerous ASX listed, unlisted public and private companies, in a range of industries covering mineral exploration, oil and gas exploration, biotechnology, technology, medical devices, retail, venture capital and wine manufacture and distribution.

Mr Bursill is also a director and company secretary of Argonaut Resources NL, and company secretary of Aguia Resources Limited, Austral Gold Limited, MOKO Social Limited, Elk Petroleum Limited, and several other unlisted public and private companies.

Meetings of directors

There were no formal meetings of directors held during the year ended 30 June 2014. Although the directors met regularly to discuss operational and strategic issues associated with the company, all board matters were resolved by way of circular resolutions.

There were no meetings of directors held during the year ended 30 June 2014.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The company's remuneration policy for executive directors is designed to promote superior performance and long term commitment to the company. Executives receive a base salary which is market related. Overall remuneration policies are subject to the discretion of the Board of Directors ('the Board') and can be changed to reflect competitive market and business conditions where it is in the best interests of the company and its shareholders to do so. The Board's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and retain appropriately qualified executive talent for the benefit of the company. The main principles of the policy are:

- reward reflects the competitive market in which the company operates
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Board recommends the actual payments to directors. The maximum aggregate remuneration approved for non-executive directors is currently \$150,000. Effective 1 July 2013, each non-executive director is entitled to receive \$25,000 per annum (plus statutory superannuation entitlements).

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

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The executive directors and executives receive a superannuation guarantee contribution required by the government, and do not receive any other retirement benefits.

The board policy is to remunerate non executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non executive directors are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in an employee option plan, where applicable.

Performance based remuneration

The company currently has no performance based remuneration component built into director and executive remuneration packages.

The board believes that as the company is in its start up phase of development, it is not feasible to establish Key Performance Indicators from which to base director and executive remuneration packages. Once the company is more fully established the board will reconsider this policy.

Voting and comments made at the company's last Annual General Meeting ('AGM')

The company received in excess of 75% of 'for' votes in relation to its remuneration report for the year ended 30 June 2013. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of the company are set out in the following tables.

The key management personnel of the company consisted of the following directors of the company:

- Xuefeng Mei
- Hui Guo
- Benjamin Jarvis (resigned 9 January 2014)
- Robert Sebek (resigned 1 May 2014)

And the following person:

- Andrew Bursill, company secretary

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2014	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Hui Guo	22,883	-	-	2,117	-	-	25,000
Robert Sebek **	7,628	-	-	706	-	-	8,334
<i>Executive Directors:</i>							
Benjamin Jarvis							
*	12,022	-	-	1,112	-	-	13,134
	42,533	-	-	3,935	-	-	46,468

* Resigned 9 January 2014

** Resigned 1 May 2014

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Xuefeng Mei did not receive any remuneration during the financial year ended 30 June 2014.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2013	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Hui Guo	49,694	-	-	4,472	-	-	54,166
Robert Sebek	45,000	-	-	4,050	-	-	49,050
David Zohar *	22,500	-	-	2,025	-	-	24,525
<i>Executive Directors:</i>							
Benjamin Jarvis	49,694	-	-	4,472	-	-	54,166
	166,888	-	-	15,019	-	-	181,907

* Resigned 31 January 2013

Xuefeng Mei did not receive any remuneration during the financial year ended 30 June 2013.

There was no proportion of remuneration linked to performance during 2014 and 2013.

Service agreements

The executive director's employment terms will form part of a formal service agreement.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Robert Sebek *	1,500,000	-	-	(1,500,000)	-
Xuefeng Mei	61,942,657	-	-	-	61,942,657
	63,442,657	-	-	(1,500,000)	61,942,657

* Held 1,500,000 ordinary shares at date of resignation

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Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Xuefeng Mei	27,376,645	-	-	-	27,376,645
Hui Guo	2,000,000	-	-	-	2,000,000
Benjamin Jarvis*	2,000,000	-	-	(2,000,000)	-
	<u>31,376,645</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>29,376,645</u>

* Held 2,000,000 options on date of resignation

Payment for company secretarial and accounting services paid to Franks & Associates Pty Ltd, a company related to Andrew Bursill, were \$54,165 (2013: \$31,000).

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of the company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
17 December 2010	31 December 2015	\$0.20	7,651,718
16 March 2011	31 December 2015	\$0.20	2,651,333
13 May 2011	1 May 2016	\$0.20	7,000,000
9 May 2012	31 December 2015	\$0.20	10,723,584
9 May 2012	1 May 2016	\$0.20	7,285,714
9 May 2012	30 January 2015	\$0.03	<u>18,367,347</u>
			<u><u>53,679,696</u></u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of Rothsay

There are no officers of the company who are former audit partners of Rothsay.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

Rothsay continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Hui Guo
Director

30 September 2014



Level 1, 12 O'Connell Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001
Phone 8815 5400 Facsimile 8815 5401 E-mail swan2000@bigpond.com

The Directors
Eagle Nickel Ltd
Suite 4, Level 9
341 George St
Sydney NSW 2000

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2014 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 30th September 2014



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

Introduction

The company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The board of directors ("board") is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the company's needs. To the extent they are applicable; the company has adopted the *Eight Essential Corporate Governance Principles and Best Practice Recommendations* ("Recommendations") as published by ASX Corporate Governance Council. As the company's activities develop in size, nature and scope, the size of the board and the implementation of additional corporate governance structures will be given further consideration.

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the financial report and their term of office are detailed in the directors' report. There is no formal policy or procedure regarding the taking of professional advice by the independent directors; however no restrictions are placed on the independent directors to take advice on matters arising from their roles as independent directors of the company, or the reimbursement of the costs incurred by the company.

The board considers Ms Hui Guo to be an independent director. The determination by the board as to whether individual directors are independent is a matter of judgement. In making this determination the board has followed the guidance in Box 2.1 of the Recommendations and the *Guide to Reporting on Principle 2*. The board considers the relationships the independent directors have with the company do not materially impact on their independence. In determining the materiality of these relationships, the board has considered both quantitative and qualitative factors. In determining the quantitative factors the board considers that a relationship is immaterial where it is equal to or less than 5% of the base amount. In applying this level of materiality to the relationship of the independent directors in the case of shareholders and suppliers, the board considers that the independent directors' interest is less than 5% of the base amount. In respect to the qualitative measures the board has considered the factors affecting the independent directors' relationship with the company and consider these qualitative factors to be immaterial in the assessment of their independence.

Disclosure as to the nature and amount of remuneration paid to the directors of the company is included in the directors' report and notes to the financial statements in the company's annual report each year. The structure and objectives of the remuneration policy and its links to the company's performance is disclosed in the annual directors' report.

Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the board of directors. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Each member of senior management is responsible for ensuring that their associates, being immediate family, include spouse, children, parents, brothers and sisters, comply with the trading restrictions set out in the policy.

In addition to the provision in this policy regarding trading while in possession of inside information senior management and their associates are restricted from trading by this policy at the following times during the year.

- Two weeks prior to the release to the ASX of the preliminary financial report for the year end;
- Two weeks prior to the release to the ASX of the half year financial report;
- One week prior to the release to the ASX of the quarterly reports;
- Two weeks prior to any general meeting of shareholders held by the company and at no time after such meeting until the results of the meeting have been released to the ASX; and
- A period of two business days following the release to the ASX of any announcement deemed by the ASX to be price sensitive.

The board has the absolute discretion to place a trading restriction on the senior management and their associates of the company at any time during the year they deem necessary. Reasons for any trading restriction where this discretion is exercised should be included in the minutes of the meeting at which it occurs.

The board may in exceptional circumstances only, approve trading in a restricted period by a member of senior management of their associated parties. An exemption may be granted in periods of financial hardship or pressing financial commitments which cannot be satisfied by other means. An application to the board for an exemption, detailing the reasons for the application, should be included in the minutes of the meeting at which it is made. Approval or rejection of the application should be also included in the minutes detailing reasons for acceptance or rejection. Exemptions will not be granted by the board if it considers there is information not generally available which, if it were is likely to have a significantly material effect on the price of the company's securities. Each application will be assessed on a case by case basis.

Senior management of their associates are required to notify the chairman no more than one day after any dealings in the company's securities in writing by providing the following information;

- Name of security holder
- Date of trade
- Type of transaction; and
- Number of securities involved
- Price per security

The chairman will then instruct the company secretary to complete the required disclosure to the ASX.

Remuneration Policy

The company's remuneration policy was developed by and approved by the board. All executives receive a salary and statutory superannuation.

The company does not participate in share based remuneration for its executives but can issue share options to directors, employees and consultants. The terms of the share options to directors, employees and consultants are based on what similar sized companies in the mining industry are offering. All share options to be issued to directors require shareholder approval before being issued.

The amounts of remuneration for all directors, including monetary and non-monetary components, are detailed in the directors' report. All remuneration paid to executives is valued at the cost to the company and expenses. Shares given to executives are valued as the difference in the market value of those shares and the amount paid by the executive. Options given to executives are valued using the Black-Scholes methodology.

Corporate reporting

The managing director and financial controller have made the following certifications to the board:

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and are in accordance with relevant accounting standards.
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Code of Conduct

The company has developed a Code of Conduct (the Code) which has been fully endorsed by the board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the company's integrity.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity, in the best interests of the company and in compliance with the letter and the spirit of the law and company policies.

Any breaches of the Code are reported to the chairman in the first instance for notification to the board.

The directors are satisfied that the company has complied with its policies on ethical standards, including trading in securities.

Continuous disclosure and shareholder communication

The company has a policy that information concerning the company that a reasonable person would expect to have a material effect on the price of the company's securities is continuously disclosed as required under the Australian Stock Exchange (ASX) listing rules.

The company encourages communication with shareholders and the attendance and effective participation by shareholders at general meetings.

The company secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX.

Annual and half yearly reports are made available on the company's website and mailed to those shareholders who request a hard copy.

Explanations for Departures from Best Practice Recommendations

Principle 1 Recommendation 1.1, 1.2, 1.3

Notification of Departure:

The company has not: (1) formally disclosed the functions reserved to the board and those delegated to management; (2) the process for evaluating the performance of senior executives, and; (3) whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process which is to be disclosed.

Explanation for Departure:

The board recognises the importance of distinguishing between the respective roles and responsibilities of the board and management, and evaluating the performance of senior executives. The board has established a framework for the management of the company and the roles and responsibilities of the board and management. The board is responsible for the strategic direction of the company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the company and ensuring that shareholder value is increased.

Principle 2 Recommendation 2.1

Notification of Departure:

The board does not consist of a minimum of 3 directors.

Explanation of departure:

The board is actively looking for a replacement/additional director that would bring in valuable contribution to the board following the resignation of Robert Sebek during the year.

Notification of Departure:

The board does not consist of a majority of independent directors.

Explanation for Departure:

Ms Hui Guo is an independent director on the Board. However, the size and scope of the company's activities does not justify the cost of appointing further independent directors at this stage of its development.

Principle 2 Recommendation 2.2

Notification of Departure:

The board recognises that the chair should be an independent director. The current chair, Mr Zuefeng Mei, is considered a major shareholder through his indirect interests and can be argued does not meet the definition of independence.

Explanation for Departure:

The board believes Mr Mei is the most appropriate person to lead the board and he is able to bring quality judgement to all relevant issues falling within the scope of the role of chairman to the benefit of the entity as a whole.

Principle 2 Recommendation 2.4

Notification of Departure:

The full board carries out the role of a nomination committee, and therefore a charter relevant to the specific functions of a nomination committee have not been adopted.

Explanation for Departure:

The board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee, in particular at this early stage of the company's operations, where the company's focus is on the retention of directors and senior executives. In the future, as the company grows and increases in size and level of activity, the board will reconsider the establishment of a separate nomination committee.

Principle 2 Recommendation 2.5

Notification of Departure:

The company has not disclosed the process for evaluating the performance of the board, and individual directors.

Explanation for Departure:

The board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the company grows and increases in size and activity, the board will consider the establishment of formal board and individual director evaluation processes.

Principle 2 Recommendation 2.6

Notification of Departure:

The company has not disclosed whether a performance evaluation for the board, and directors has taken place in the reporting period and whether it was in accordance with a disclosed process.

Explanation for Departure:

The board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the company grows and increases in size and activity, the board will consider the establishment of formal board and individual director evaluation processes.

Principle 3 Recommendation 3.2, 3.3, 3.5

Notification of Departure:

The company has not established a policy concerning diversity.

Explanation for Departure:

The company considers that at this time that it does not have adequate resources to introduce a formal diversity policy. In the future, as the company grows and increases in size and activity, the board will consider the establishment and disclosure of formal diversity policy.

The company currently employs Hui Guo as a non-executive director. There are no other females employed by the organisation in senior executive or board positions.

Principle 4 Recommendation 4.1, 4.2, 4.3, 4.4

Notification of Departure:

There is no separate audit committee.

Explanation for Departure:

The company's financial statements are prepared by the company secretary and reviewed in detail by the full board. The board also relies on the functions and capabilities of its external auditors to ensure proper audit of financial statements. While the board considers this process sufficient to ensure integrity in financial reporting in the current circumstances, it will continue to monitor whether any further safeguards are required and make changes as appropriate.

Principle 6 Recommendation 6.1, 6.2

Notification of Departure:

The company does not have a formal documented shareholder communication policy.

Explanation for Departure:

The company strongly encourages more communication between the shareholders and the company and board. All general meetings include briefings by board members to provide a deeper insight into the company, opportunities for the shareholders to have their questions answered, and following all general meetings, the directors encourage shareholders to chat informally with them. As the company grows in size, the board is very keen to develop more formal and expansive communications with shareholders.

Principle 7 Recommendation 7.1, 7.2, 7.4

Notification of Departure:

The company has not established policies for the oversight and management of business risks, or disclosed its risk management policies and assessment framework.

Explanation for Departure:

The board is aware of the various risks that affect the company and its particular business and has implemented a number of controls to mitigate or limit the effects of these risks. As the company grows and increases in size and activity, the board will develop formal policies to deal with risk oversight and management and internal compliance.

Principle 8 Recommendation 8.1, 8.2, 8.4

Notification of Departure:

The company has not established a separate remuneration committee.

Explanation for Departure:

Due to the early stage of development and small size of the company, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the directors and key executives. The board considers that it is more appropriate to set aside time at 2 board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Eagle Nickel Limited

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General information

The financial statements cover Eagle Nickel Limited as an individual entity. The financial statements are presented in Australian dollars, which is Eagle Nickel Limited's functional and presentation currency.

Eagle Nickel Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

A description of the nature of the company's operations and its principal activities are included in the notes to the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2014.

Eagle Nickel Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

Eagle Nickel Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	4	35,946	35,587
Expenses			
Depreciation and amortisation expense	5	(334)	(523)
Impairment of available for sale financial assets	11	(7,819)	(19,743)
Loss on disposal of assets		(9,642)	-
Administration expenses		(143,270)	(141,800)
Exploration costs		-	(2,236)
Employment costs		<u>(90,374)</u>	<u>(229,449)</u>
Loss before income tax expense		(215,493)	(358,164)
Income tax expense	6	<u>-</u>	<u>-</u>
Loss after income tax expense for the year attributable to the owners of Eagle Nickel Limited	16	(215,493)	(358,164)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Eagle Nickel Limited		<u><u>(215,493)</u></u>	<u><u>(358,164)</u></u>
		Cents	Cents
Basic earnings per share	26	(0.18)	(0.29)
Diluted earnings per share	26	(0.18)	(0.29)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Eagle Nickel Limited
Statement of financial position
As at 30 June 2014

	Note	2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	7	47,126	965,017
Trade and other receivables	8	41,376	3,124
Other	9	8,914	9,334
Total current assets		<u>97,416</u>	<u>977,475</u>
Non-current assets			
Receivables	10	700,000	-
Available-for-sale financial assets	11	6,611	36,123
Property, plant and equipment	12	822	1,156
Total non-current assets		<u>707,433</u>	<u>37,279</u>
Total assets		<u>804,849</u>	<u>1,014,754</u>
Liabilities			
Current liabilities			
Trade and other payables	13	58,004	52,416
Total current liabilities		<u>58,004</u>	<u>52,416</u>
Total liabilities		<u>58,004</u>	<u>52,416</u>
Net assets		<u>746,845</u>	<u>962,338</u>
Equity			
Issued capital	14	4,911,661	4,911,661
Reserves	15	2,467,753	2,467,753
Accumulated losses	16	(6,632,569)	(6,417,076)
Total equity		<u>746,845</u>	<u>962,338</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Eagle Nickel Limited
Statement of changes in equity
For the year ended 30 June 2014

	Contributed equity \$	Asset revaluation reserve \$	Option reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2012	4,911,661	-	2,467,753	(6,058,912)	1,320,502
Loss after income tax expense for the year	-	-	-	(358,164)	(358,164)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(358,164)	(358,164)
Balance at 30 June 2013	<u>4,911,661</u>	<u>-</u>	<u>2,467,753</u>	<u>(6,417,076)</u>	<u>962,338</u>
	Contributed Equity \$	Asset revaluation reserve \$	Option Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2013	4,911,661	-	2,467,753	(6,417,076)	962,338
Loss after income tax expense for the year	-	-	-	(215,493)	(215,493)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(215,493)	(215,493)
Balance at 30 June 2014	<u>4,911,661</u>	<u>-</u>	<u>2,467,753</u>	<u>(6,632,569)</u>	<u>746,845</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Eagle Nickel Limited
Statement of cash flows
For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(230,612)	(400,391)
Interest received		<u>12,721</u>	<u>35,587</u>
Net cash used in operating activities	25	<u>(217,891)</u>	<u>(364,804)</u>
Cash flows from investing activities			
Loan to other entities		<u>(700,000)</u>	<u>-</u>
Net cash used in investing activities		<u>(700,000)</u>	<u>-</u>
Cash flows from financing activities			
Share issue transaction costs		<u>-</u>	<u>(20,115)</u>
Net cash used in financing activities		<u>-</u>	<u>(20,115)</u>
Net decrease in cash and cash equivalents		(917,891)	(384,919)
Cash and cash equivalents at the beginning of the financial year		<u>965,017</u>	<u>1,349,936</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>47,126</u></u>	<u><u>965,017</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The company has applied AASB 13 and its consequential amendments from 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The company has applied AASB 119 and its consequential amendments from 1 January 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The company has applied AASB 2012-2 from 1 January 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The company has applied AASB 2012-5 from 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

Note 1. Significant accounting policies (continued)

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The company has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The company has incurred net losses after tax of \$215,493 (2013: \$358,164) and net cash outflows from operating and investing activities of \$217,891 (2013: \$364,804) for the year ended 30 June 2014. For the reasons described below, conditions exist that indicate there is a material uncertainty as to the company's ability to continue as a going concern.

The directors have not prepared cash flow forecasts but there is indication that the current cash resources will not be sufficient to fund the company's principal activities and working capital requirements without part repayment of the loan principal and interest. The company will rely on repayment of the loan principal and interest to fund its current operations through to 30 September 2015.

Based on the above, the directors are confident in the company's ability to fund its activities and that the company will be able to continue as a going concern.

Should the company be unable to recover the loan principal and interest, there is a material uncertainty whether the company will be able to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Note 1. Significant accounting policies (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Property, plant and equipment

Each asset of property, plant and equipment is carried at cost less where applicable, any accumulated depreciation and impairment losses.

Plant & equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

Items of property, plant and equipment are depreciated using the diminishing value method over their estimated useful lives to the company. The depreciation rates used for each class of asset for the current period are as follows:

Plant and equipment	7.5% to 37.5%
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets continual use or subsequent disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Note 1. Significant accounting policies (continued)

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 1. Significant accounting policies (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Equity-settled awards by the parent to employees of subsidiaries are recognised in the parent's individual financial statements as an increase in investment in the subsidiary with a corresponding credit to equity and not as a charge to profit or loss. The investment in subsidiary is reduced by any contribution by the subsidiary.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Note 1. Significant accounting policies (continued)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Eagle Nickel Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2014. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the company.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 January 2014 may increase the disclosures by the company.

Note 1. Significant accounting policies (continued)

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 January 2015 will not have a material impact on the company.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 January 2015 will not have a material impact on the company.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Operating segments

Identification of reportable operating segments

The company operates in the mineral exploration industry in Australia only.

Given the nature of the company, its size and current operations, management does not treat any part of the company as a separate operating segment. Internal financial information used by the company's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The company's management operate the business as a whole without any special responsibilities for any separately identifiable segments of the business.

Accordingly the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Note 4. Revenue

	2014	2013
	\$	\$
Interest	<u>35,946</u>	<u>35,587</u>

Note 5. Expenses

	2014	2013
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	<u>334</u>	<u>523</u>

Note 6. Income tax expense

	2014 \$	2013 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(215,493)	(358,164)
Tax at the statutory tax rate of 30%	(64,648)	(107,449)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible expenses	2,348	5,923
Future income tax benefit not brought to account	62,300	101,526
Income tax expense	-	-
	2014 \$	2013 \$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	3,959,953	3,752,287
Potential tax benefit @ 30%	1,187,986	1,125,686

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 7. Current assets - cash and cash equivalents

	2014 \$	2013 \$
Cash on hand	47,126	965,017

The maximum exposure to credit risk of the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

Note 8. Current assets - trade and other receivables

	2014 \$	2013 \$
Other receivables	12,052	-
Interest receivable	23,225	-
Goods and services tax receivable	6,099	3,124
	41,376	3,124

Impairment of receivables

There are no past due but not impaired receivables.

Note 9. Current assets - other

	2014 \$	2013 \$
Prepayments	8,914	9,334

Note 10. Non-current assets - receivables

	2014 \$	2013 \$
Unsecured loan	<u>700,000</u>	<u>-</u>

In January 2014 the company made a loan of \$700,000 at 7% p.a to Shanghai Wenhua Chemical Co., Ltd. The loan is repayable within 24 months. The fair value of the loan approximates its carrying value.

Note 11. Non-current assets - available-for-sale financial assets

	2014 \$	2013 \$
Ordinary shares	<u>6,611</u>	<u>36,123</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current financial year are set out below:

Opening fair value	36,123	55,866
Additions	-	15,234
Disposals	(21,693)	(15,234)
Impairment of assets	<u>(7,819)</u>	<u>(19,743)</u>
Closing fair value	<u>6,611</u>	<u>36,123</u>

Refer to note 19 for further information on fair value measurement.

Fair value of investments in listed corporations is assessed as the last bid price on the Australian Securities Exchange prior to close of business on reporting date.

Disposals relate to a return of capital by Iron Mountain Mining Limited in January 2014. The closing fair value relates to listed investment held in Actinogen Ltd at year end.

Note 12. Non-current assets - property, plant and equipment

	2014 \$	2013 \$
Plant and equipment - at cost	5,009	5,009
Less: Accumulated depreciation	<u>(4,187)</u>	<u>(3,853)</u>
	<u>822</u>	<u>1,156</u>

Note 12. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Equipment \$	Total \$
Balance at 1 July 2012	1,679	1,679
Depreciation expense	(523)	(523)
Balance at 30 June 2013	1,156	1,156
Depreciation expense	(334)	(334)
Balance at 30 June 2014	822	822

Note 13. Current liabilities - trade and other payables

	2014 \$	2013 \$
Trade payables	58,004	52,416

Refer to note 18 for further information on financial instruments.

Note 14. Equity - issued capital

	2014 Shares	2013 Shares	2014 \$	2013 \$
Ordinary shares - fully paid	121,643,190	121,463,190	4,911,661	4,911,661

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern so that the company can provide returns to shareholders and benefits for other stakeholders whilst maintaining an optimal capital structure to reduce the cost of capital. The company considers capital to consist of cash reserves on hand and available for sale financial assets.

The company monitors its working capital position against expenditure requirements to undertake its planned exploration program and maintain its ongoing operations. Where required the company will sell assets, issue new securities, raise debt or modify its exploration program to ensure the company's working capital requirements are met.

The capital risk management policy remains unchanged from the 30 June 2013 Annual Report.

Note 15. Equity - reserves

	2014 \$	2013 \$
Options reserve	<u>2,467,753</u>	<u>2,467,753</u>

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Available- for-sale \$	Options \$	Total \$
Balance at 1 July 2012	-	2,467,753	2,467,753
Balance at 30 June 2014	<u>-</u>	<u>2,467,753</u>	<u>2,467,753</u>

Note 16. Equity - accumulated losses

	2014 \$	2013 \$
Accumulated losses at the beginning of the financial year	(6,417,076)	(6,058,912)
Loss after income tax expense for the year	<u>(215,493)</u>	<u>(358,164)</u>
Accumulated losses at the end of the financial year	<u>(6,632,569)</u>	<u>(6,417,076)</u>

Note 17. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 18. Financial instruments

Financial risk management objectives

The company's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

Risk management is carried out by senior executives in conjunction with the Board in their day to day function as the overseers of the business. Where necessary the Board provides principles for overall risk areas, as well as defined policies for specific risks such as foreign exchange and credit risk. Currently the Board has not deemed it necessary to issue written principals to cover financial risks.

Market risk

Foreign currency risk

The company's operations are limited to domestic activities within Australia. The company's profit would not be materially different due to changes in exchange rates.

Price risk

The company is exposed to equity securities price risk. This arises from investments held by the company and classified in the statement of financial position as available-for-sale. The company is not exposed to commodity price risk. The company manages equity securities price risk by only investing in companies where the Board has a detailed understanding of its financial and operating position.

Note 18. Financial instruments (continued)

Interest rate risk

The company's main interest rate risk arises from funds on interest bearing deposits. Interest bearing deposits at variable rates expose the company to cash flow interest rate risk. The company's funds on deposit at variable rate were denominated in Australian Dollars only. No material amounts were held on deposits with banks during the year. Sensitivity analysis to interest rate risk is considered negligible for disclosure.

Credit risk

Credit risk is managed on a company basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and other receivables. Other receivables relate to amounts due from the Australian Taxation Office and accordingly the directors believe there is negligible credit risk with these receivables.

The directors believe that there is negligible credit risk with the cash and cash equivalents, as funds are held at call with a reputable Australian banking institution.

	2014 \$	2013 \$
Credit Risk		
Financial Assets:		
Cash and cash equivalents	47,126	965,017
Trade and other receivables	41,376	3,124
	<u>88,502</u>	<u>968,141</u>
Total	<u>88,502</u>	<u>968,141</u>

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested at call interest bearing deposit or in bank bills that are highly liquid and with maturities of less than six months.

Remaining contractual maturities

The following tables detail the company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2014						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-%	58,004	-	-	-	58,004
Total non-derivatives		58,004	-	-	-	58,004
	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2013						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-%	52,416	-	-	-	52,416
Total non-derivatives		52,416	-	-	-	52,416

Note 18. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 19. Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2014				
<i>Assets</i>				
Equity securities	6,611	-	-	6,611
Loan receivables	-	-	700,000	700,000
Total assets	6,611	-	700,000	706,611
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2013				
<i>Assets</i>				
Equity securities	36,123	-	-	36,123
Total assets	36,123	-	-	36,123

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The carrying value of the loan receivable approximates its fair value measured at amortised cost using the effective interest method.

Note 20. Key management personnel disclosures

Directors

The following persons were directors of Eagle Nickel Limited during the financial year:

Xuefeng Mei
Hui Guo
Benjamin Jarvis (resigned 9 January 2014)
Robert Sebek (resigned 1 May 2014)

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the company, directly or indirectly, during the financial year:

Andrew Bursill

Note 20. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2014	2013
	\$	\$
Short-term employee benefits	42,533	166,888
Post-employment benefits	3,935	15,019
	<u>46,468</u>	<u>181,907</u>

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Rothsay, the auditor of the company:

	2014	2013
	\$	\$
<i>Audit services - Rothsay</i>		
Audit or review of the financial statements	<u>22,000</u>	<u>20,000</u>

Note 22. Contingent liabilities

The directors are not aware of any contingent liabilities or assets as at 30 June 2014 and 30 June 2013.

Note 23. Related party transactions

Parent entity

Eagle Nickel Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 20 and the remuneration report in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	2014	2013
	\$	\$
Payment for goods and services:		
Payment for services from Franks & Associates Pty Ltd - finance and company secretarial services	54,165	31,000

The above table details the company's total services provided and expenses recharged (excl GST) and total services provided and expenses paid (excl GST) for the year on normal commercial terms.

Eagle Nickel Limited neither provided employment services to related parties, nor paying for numerous expenses on their behalf, which are recharged to that company throughout the year.

Note 23. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2014	2013
	\$	\$
Current payables:		
Trade payables to Franks & Associates Pty Ltd	7,700	3,850

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	2014	2013
	\$	\$
Loss after income tax expense for the year	(215,493)	(358,164)
Adjustments for:		
Depreciation and amortisation	334	523
Net fair value loss on available-for-sale financial assets	9,642	-
Impairment of available for sale financial assets	7,819	19,743
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(25,781)	5,984
Decrease in trade and other payables	-	(32,890)
Increase in trade and other payables	5,588	-
Net cash used in operating activities	<u>(217,891)</u>	<u>(364,804)</u>

As at 30 June 2014 the company had no financing facilities available.

Note 26. Earnings per share

	2014 \$	2013 \$
Loss after income tax attributable to the owners of Eagle Nickel Limited	<u>(215,493)</u>	<u>(358,164)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>121,463,190</u>	<u>121,463,190</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>121,463,190</u>	<u>121,463,190</u>
	Cents	Cents
Basic earnings per share	(0.18)	(0.29)
Diluted earnings per share	(0.18)	(0.29)

Note 27. Share-based payments

The options in the table below relates to unexpired options as follows: 7,000,000 to Golden Century Mining Limited on 13 May 2011 and 5,000,000 to Tianshan Investment Holdings Ltd in lieu of placement fees and 4,000,000 to the directors, Hui Guo and Benjamin Jarvis. The options issued to the directors are not part of their remuneration.

The options granted to Xuefeng Mei granted through Darshing International Holdings Limited on 9 May 2012 were not share based payments and excluded in the table below.

The following share based payments existed at 30 June 2013.

Set out below are summaries of options granted under the plan:

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
13/05/2011	01/05/2016	\$0.20	7,000,000	-	-	-	7,000,000
09/05/2012	30/01/2015	\$0.03	9,000,000	-	-	-	9,000,000
			<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000,000</u>

2013

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2007	01/07/2012	\$0.30	37,000,000	-	-	(37,000,000)	-
04/03/2008	01/07/2012	\$0.30	250,000	-	-	(250,000)	-
13/05/2011	01/05/2016	\$0.20	7,000,000	-	-	-	7,000,000
09/05/2012	30/01/2015	\$0.03	9,000,000	-	-	-	9,000,000
			<u>53,250,000</u>	<u>-</u>	<u>-</u>	<u>(37,250,000)</u>	<u>16,000,000</u>

Note 27. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2014 Number	2013 Number
13/05/2011	01/05/2016	7,000,000	7,000,000
09/05/2012	30/01/2015	<u>9,000,000</u>	<u>9,000,000</u>
		<u>16,000,000</u>	<u>16,000,000</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.13 years (2013: 2.13 years).

The weighted average exercise price of options outstanding at the end of the financial year was \$0.10 (2013: \$0.10).

Eagle Nickel Limited
Directors' declaration
30 June 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Hui Guo
Director

30 September 2014



Level 1, 12 O'Connell Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001
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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF EAGLE NICKEL LIMITED

Report on the financial report

We have audited the accompanying financial report of Eagle Nickel Limited (the Company") which comprises the statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

**Audit opinion**

In our opinion the financial report of Eagle Nickel Limited is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Eagle Nickel Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Graham Swan
Partner

Dated 30th September 2014