

# **Eagle Nickel Limited**

**ABN 61 125 368 658**

## **Interim Report - 31 December 2014**

# Eagle Nickel Limited

## Directors' report

31 December 2014



The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2014.

### Directors

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

Bryan Frost (appointed 26 October 2016)  
Andrew McKay (appointed 26 October 2016)  
Robert Parton (appointed 26 October 2016)  
Xuefeng Mei (resigned 26 October 2016)  
Hui Guo (resigned 28 January 2015)

### Principal activities

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

### Review of operations

The loss for the company after providing for income tax amounted to \$763,739 (31 December 2013: \$123,555).

No exploration projects were undertaken during the period. 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 half-year.

### Matters subsequent to the end of the financial half-year

On 14 November 2016, the Company issued 200,000 convertible notes with a face value of \$1.00 each (each a "Note") with RTO Opportunity Trust, an entity associated with Andrew McKay, a director of the Company. Subject to shareholder approval, and any regulatory approvals required, each Note is convertible into 125 fully paid ordinary shares upon the earlier to occur of 31 December 2017 and the date on which the ASX suspension of the shares of the Company is lifted.

No other matter or circumstance has arisen since 31 December 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.

### 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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read "Bryan Frost", written over a horizontal line.

**Bryan Frost**  
Director

16 December 2016



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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 31 December 2014 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'G R Swan', followed by a horizontal line.

Graham R Swan (Lead auditor)

Rothsay Auditing

Dated 16 December 2016



Chartered Accountants

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

# Eagle Nickel Limited

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31 December 2014



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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:

Suite 4, Level 9  
341 George Street, Sydney NSW 2000

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 December 2016.

# Eagle Nickel Limited

## Statement of profit or loss and other comprehensive income For the half-year ended 31 December 2014



	Note	31/12/2014 \$	31/12/2013 \$
<b>Revenue</b>	3	24,971	11,233
<b>Expenses</b>			
Depreciation and amortisation expense		(822)	(167)
Administration expenses		(53,488)	(79,114)
Employment costs		(34,400)	(55,507)
Impairment of assets		(700,000)	-
<b>Loss before income tax expense</b>		(763,739)	(123,555)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Eagle Nickel Limited</b>		(763,739)	(123,555)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of available for sale financial assets		22,579	12,052
Other comprehensive income for the half-year, net of tax		22,579	12,052
<b>Total comprehensive income for the half-year attributable to the owners of Eagle Nickel Limited</b>		(741,160)	(111,503)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	(0.63)	(0.10)
Diluted earnings per share	8	(0.63)	(0.10)

*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 31 December 2014**



	Note	31/12/2014 \$	30/06/2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		17,956	47,126
Trade and other receivables		13,441	41,376
Other		2,164	8,914
Total current assets		33,561	97,416
<b>Non-current assets</b>			
Receivables	4	-	700,000
Available-for-sale financial assets		29,190	6,611
Property, plant and equipment		-	822
Total non-current assets		29,190	707,433
<b>Total assets</b>		62,751	804,849
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		57,066	58,004
Total current liabilities		57,066	58,004
<b>Total liabilities</b>		57,066	58,004
<b>Net assets</b>		5,685	746,845
<b>Equity</b>			
Issued capital	5	4,911,661	4,911,661
Reserves		2,490,332	2,467,753
Accumulated losses		(7,396,308)	(6,632,569)
<b>Total equity</b>		5,685	746,845

*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 half-year ended 31 December 2014**



	<b>Contributed equity \$</b>	<b>Asset revaluation reserve \$</b>	<b>Option reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2013	4,911,661	-	2,467,753	(6,417,076)	962,338
Loss after income tax expense for the half-year	-	-	-	(123,555)	(123,555)
Other comprehensive income for the half-year, net of tax	-	12,052	-	-	12,052
Total comprehensive income for the half-year	-	12,052	-	(123,555)	(111,503)
Balance at 31 December 2013	<u>4,911,661</u>	<u>12,052</u>	<u>2,467,753</u>	<u>(6,540,631)</u>	<u>850,835</u>
	<b>Contributed equity \$</b>	<b>Asset revaluation reserve \$</b>	<b>Option reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	4,911,661	-	2,467,753	(6,632,569)	746,845
Loss after income tax expense for the half-year	-	-	-	(763,739)	(763,739)
Other comprehensive income for the half-year, net of tax	-	22,579	-	-	22,579
Total comprehensive income for the half-year	-	22,579	-	(763,739)	(741,160)
Balance at 31 December 2014	<u>4,911,661</u>	<u>22,579</u>	<u>2,467,753</u>	<u>(7,396,308)</u>	<u>5,685</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 half-year ended 31 December 2014



	31/12/2014 \$	31/12/2013 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of GST)	(78,440)	(118,411)
Interest received	49,270	11,233
Net cash used in operating activities	(29,170)	(107,178)
<b>Cash flows from investing activities</b>		
Net cash from investing activities	-	-
<b>Cash flows from financing activities</b>		
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(29,170)	(107,178)
Cash and cash equivalents at the beginning of the financial half-year	47,126	965,017
Cash and cash equivalents at the end of the financial half-year	17,956	857,839

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



## **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### **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.

### **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 \$763,739 (2013: \$123,555) and net cash outflows from operating activities of \$29,170 (2013: \$107,178) for the period ended 31 December 2014. In addition to the reasons described below, there are 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 additional funding from either capital or debt. The Directors however are confident that the company is able to raise capital and/or debt within the next 12 months to fund the company's expenditure.

Based on the above, the directors have prepared the financial statements on the basis that the company will be able to continue as a going concern.

Should the company be unable to raise capital or debt, 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.

## **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 half-year, adjusted for bonus elements in ordinary shares issued during the financial half-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.

**Note 1. Significant accounting policies (continued)**

**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 31 December 2014. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. Operating segments**

The company sole's operations are within the mining industry within Australia.

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 3. Revenue**

	31/12/2014 \$	31/12/2013 \$
Interest income	<u>24,971</u>	<u>11,233</u>

**Note 4. Non-current assets - receivables**

	31/12/2014 \$	30/06/2014 \$
Unsecured loan	700,000	700,000
Less: Provision for impairment	(700,000)	-
	<u>-</u>	<u>700,000</u>

In January 2014 the company made a unsecured loan of \$700,000 at 7% p.a. to Shanghai Wenhua Chemical Co Ltd. The loan was repayable within 24 months. However, there is significant uncertainty as to the recoverability of the loan and therefore an impairment charge has been recognised against this loan. Notwithstanding the impairment charge, management will continue to pursue the borrower in an effort to recover the loan in full.

**Note 5. Equity - issued capital**

	31/12/2014 Shares	30/06/2014 Shares	31/12/2014 \$	30/06/2014 \$
Ordinary shares - fully paid	<u>121,643,190</u>	<u>121,643,190</u>	<u>4,911,661</u>	<u>4,911,661</u>

*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.

**Note 5. Equity - issued capital (continued)**

*Share buy-back*

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

**Note 6. Equity - dividends**

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

**Note 7. Events after the reporting period**

On 14 November 2016, the Company issued 200,000 convertible notes with a face value of \$1.00 each (each a "Note") with RTO Opportunity Trust Limited, an entity associated with Andrew McKay, a director of the Company. Subject to shareholder approval, and any regulatory approvals required, each Note is convertible into 125 fully paid ordinary shares upon the earlier to occur of 31 December 2017 and the date on which the ASX suspension of the shares of the Company is lifted.

No other matter or circumstance has arisen since 31 December 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 8. Earnings per share**

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Eagle Nickel Limited	<u>(763,739)</u>	<u>(123,555)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>121,643,190</u>	<u>123,555,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>121,643,190</u>	<u>123,555,000</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.63)	(0.10)
Diluted earnings per share	(0.63)	(0.10)

# Eagle Nickel Limited

## Directors' declaration

31 December 2014

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In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read "Bryan Frost", written over a horizontal line.

**Bryan Frost**  
Director

16 December 2016



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### Independent Review Report to the Members of Eagle Nickel Limited

#### The financial report and directors' responsibility

The interim financial report comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cashflows, notes to the financial statements and the directors' declaration for Eagle Nickel Limited for the half-year ended 31 December 2014.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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.

#### Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Eagle Nickel Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

#### Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

#### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Eagle Nickel Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position as at 31 December 2014 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Chartered Accountants

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### Material Uncertainty regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates the basis for preparing the accounts on a going concern basis. We note the Company incurred a net loss for the period of \$763,739 and had a negative working capital of \$23,505 as at 31 December 2014.

As stated in Note 1 in the event the Company is unable to raise capital or debt there is a material uncertainty as to whether the Company could continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial report.



Rothsay Auditing



Graham R Swan  
Partner

Dated 16 December 2016



Chartered Accountants

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