

Eagle Nickel Limited

ABN 61 125 368 658

Interim Report - 31 December 2016

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2016.

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)

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 \$55,485 (31 December 2015: \$41,659).

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

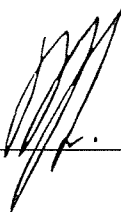
No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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 immediately after this directors' report.

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



Bryan Frost
Director

31 March 2017



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The Directors
Eagle Nickel Ltd
Suite 3 35 Toorak Road
South Yarra VIC 3141

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 2016 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 'GR Swan', followed by a horizontal line.

Graham R Swan (Lead auditor)

Rothsay Auditing

Dated



Chartered Accountants

Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Directors' declaration	10
Independent auditor's review report to the members of Eagle Nickel Limited	11

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 3, 35 Toorak Road
South Yarra, VIC 3141

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 31 March 2017.

Eagle Nickel Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016



	Note	31/12/2016 \$	31/12/2015 \$
Revenue	3	24,509	24,524
Expenses			
Administration expenses		(55,494)	(58,458)
Impairment of assets		(24,500)	(7,725)
Loss before income tax expense		(55,485)	(41,659)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Eagle Nickel Limited		(55,485)	(41,659)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of available for sale financial assets		(8,436)	(6,921)
Other comprehensive income for the half-year, net of tax		(8,436)	(6,921)
Total comprehensive income for the half-year attributable to the owners of Eagle Nickel Limited		<u>(63,921)</u>	<u>(48,580)</u>
		Cents	Cents
Basic earnings per share	7	(0.05)	(0.03)
Diluted earnings per share	7	(0.05)	(0.03)

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 2016



	Note	31/12/2016 \$	30/06/2016 \$
Assets			
Current assets			
Cash and cash equivalents		105,536	1,246
Trade and other receivables		14,188	22,569
Total current assets		<u>119,724</u>	<u>23,815</u>
Non-current assets			
Available-for-sale financial assets		60,201	68,637
Total non-current assets		<u>60,201</u>	<u>68,637</u>
Total assets		<u>179,925</u>	<u>92,452</u>
Liabilities			
Current liabilities			
Trade and other payables		99,508	148,114
Borrowings	4	200,000	-
Total current liabilities		<u>299,508</u>	<u>148,114</u>
Total liabilities		<u>299,508</u>	<u>148,114</u>
Net liabilities		<u>(119,583)</u>	<u>(55,662)</u>
Equity			
Issued capital		4,911,661	4,911,661
Reserves		2,521,343	2,529,779
Accumulated losses		<u>(7,552,587)</u>	<u>(7,497,102)</u>
Total deficiency in equity		<u>(119,583)</u>	<u>(55,662)</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 half-year ended 31 December 2016



	Contributed equity \$	Asset revaluation reserve \$	Option reserve \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2015	4,911,661	28,281	2,467,753	(7,423,545)	(15,850)
Loss after income tax expense for the half-year	-	-	-	(41,659)	(41,659)
Other comprehensive income for the half-year, net of tax	-	(6,921)	-	-	(6,921)
Total comprehensive income for the half-year	-	(6,921)	-	(41,659)	(48,580)
Balance at 31 December 2015	<u>4,911,661</u>	<u>21,360</u>	<u>2,467,753</u>	<u>(7,465,204)</u>	<u>(64,430)</u>
	Contributed equity \$	Asset revaluation reserve \$	Option reserve \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2016	4,911,661	62,026	2,467,753	(7,497,102)	(55,662)
Loss after income tax expense for the half-year	-	-	-	(55,485)	(55,485)
Other comprehensive income for the half-year, net of tax	-	(8,436)	-	-	(8,436)
Total comprehensive income for the half-year	-	(8,436)	-	(55,485)	(63,921)
Balance at 31 December 2016	<u>4,911,661</u>	<u>53,590</u>	<u>2,467,753</u>	<u>(7,552,587)</u>	<u>(119,583)</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 2016



	31/12/2016	31/12/2015
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(95,719)	(35,797)
Interest received	9	20,024
	<hr/>	<hr/>
Net cash used in operating activities	(95,710)	(15,773)
	<hr/>	<hr/>
Cash flows from investing activities		
Net cash from investing activities	-	-
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from borrowings (convertible notes)	200,000	-
	<hr/>	<hr/>
Net cash from financing activities	200,000	-
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	104,290	(15,773)
Cash and cash equivalents at the beginning of the financial half-year	1,246	17,079
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year	<u>105,536</u>	<u>1,306</u>

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 2016 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 the annual report for the year ended 30 June 2016 and 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 are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Any new or amended 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 \$55,485 (2015: \$41,659) and net cash outflows from operating activities of \$95,710 (2015: \$15,773) for the period ended 31 December 2016. The liabilities also exceed assets by \$119,583. These conditions, in addition to the reasons described below, may give rise to a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern.

The directors have not prepared a formal 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 over the next 12 months period 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.

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

	31/12/2016 \$	31/12/2015 \$
Interest income	<u>24,509</u>	<u>24,524</u>

Note 4. Current liabilities - borrowings

	31/12/2016 \$	30/06/2016 \$
Convertible notes payable	<u>200,000</u>	<u>-</u>

During the period, the Company issued 200,000 convertible notes with a face value of \$1 each (each a "Note") to RTO Opportunities Trust, an entity associated with Andrew McKay, a director of the Company. Each Note is convertible into 125 fully paid ordinary shares upon earlier to occur of 31 December 2017 and the date on which the ASX suspension of the shares of the Company is lifted.

Note 5. Equity - dividends

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

Note 6. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 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 7. Earnings per share

	31/12/2016 \$	31/12/2015 \$
Loss after income tax attributable to the owners of Eagle Nickel Limited	<u>(55,485)</u>	<u>(41,659)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>121,643,190</u>	<u>121,643,190</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>121,643,190</u>	<u>121,643,190</u>
	Cents	Cents
Basic earnings per share	(0.05)	(0.03)
Diluted earnings per share	(0.05)	(0.03)

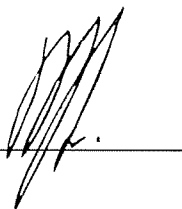
In the directors' opinion:

- 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 2016 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

Bryan Frost
Director



31 March 2017



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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 2016.

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 2016 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 2016 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



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 of \$55,485 and had net cash outflows from operating activities of \$95,710 for the period ended 31 December 2016 with liabilities exceeding assets by \$119,583 as at 31 December 2016.

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



Chartered Accountants