Nickelore Limited

ABN 13 086 972 429

Half Year Report
31 December 2009

This Half Year Financial Report does not include all the Notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2009 and any public announcements made by Nickelore Limited during the half year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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Corporate Directory

NON-EXECUTIVE CHAIRMAN
Mark T Bojanjac

EXECUTIVE DIRECTOR
Ian Cunningham

NON-EXECUTIVE DIRECTOR
Ron Heeks

COMPANY SECRETARY
Ian Cunningham

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Level 2, 45 Richardson Street
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AUDITORS
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WEST PERTH WA 6005

SHARE REGISTRAR
Computershare Registry Services Pty Limited
Level 2, 45 St George's Terrace
PERTH WA 6000

STOCK EXCHANGE LISTING
Australian Securities Exchange
Code: NIO

BANKERS
National Australia Bank
50 St George's Terrace
PERTH WA 6000

Directors' Report

Your Directors submit their report for the half year ended 31 December 2009.

1. Directors

The names of the Company's Directors in office at any time during or since the end of the half year are:

- Mark T Bojanjac;
- Ian Cunningham (Appointed 30 September 2009);
- Ron Heeks (Appointed 16 October 2009);
- David Martin (Resigned 21 August 2009);
- Iggy Tan (Resigned 30 September 2009);
- Andrew Radonjic (Resigned 16 October 2009);
- Martin Pyle (Appointed 24 August 2009. Resigned 15 October 2009)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Review and Results of Operations

The consolidated entity's net profit for the half year was $170,735 (2008 loss: $1,195,194)

Review of Operations

Nickelore Limited is a company listed on Australian Securities Exchange (Code NIO).

Corporate Strategy

In August 2009 the Company announced the termination of the Mineral Rights Agreement ("MRA") in relation to the Canegrass Nickel Cobalt Project mineral rights. Subsequent to the termination Nickelore entered into a Nickel Alliance ("Nickel Alliance") with Wingstar Investments Pty Ltd ("Wingstar"). Under the Nickel Alliance both parties will aim to maximise the potential of their respective nickel assets by presenting them together for possible sale or joint venture as the Canegrass Project. The Canegrass Project comprises mining leases; exploration licences; prospecting licences; rights to explore for, mine and treat non-sulphide, lateritic nickel and cobalt; and technical information held by Nickelore and Wingstar.

The parties agreed to apportion any benefits accruing from the completion of a sale, joint venture or other commercial arrangement in relation to the Canegrass Project, 10% to Nickelore and 90% to Wingstar.

In October 2009 the Company announced the signing of a formal agreement ('the Option") to acquire up to 51% interest in a gold and copper project in Papua Province Indonesia ("Papua Gold & Copper Project").

Following completion of the sale of the Bardoc Gold Project (July 2009) and with its simplified Nickel Alliance the Board believes that the Company is well placed to:

1. exploit the potential of the Canegrass Project when the climate for such projects is improved and the value obtainable for nickel and cobalt have returned to levels where the project is economically viable; and

2. pursue other opportunities such as the Papua Gold and Copper Project. For this reason the Company recently appointed an Indonesian based Project Geologist to provide assistance in identifying and reviewing further project opportunities in Indonesia and also the greater south-east Asian region.

3. Events after the Balance Sheet Date

In February 2010, Wingstar exercised the 71 million one (1) cent options issued as part consideration under the MRA. In accordance with the terms of the MRA, the Company was required to refund the exercise proceeds (refer Note 11 of the condensed notes to the financial statements) to Wingstar. As a result the "Payable on Canegrass Acquisition" liability of $710,000 as at 31 December 2009 has now been extinguished.

No matters or circumstances other than the above events have arisen since the end of the half year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

4. 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 page 19.

Signed in accordance with a resolution of the Directors.

Ian Cunningham
Executive Director

Perth, Western Australia,
15 March 2010

Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2009

	Note	CONSOLIDATED 31 December 2009 $	 31 December 2008 $
Revenue	3	730,269	269,323
Cost of Sales	3	-	-
Gross Profit		**730,269**	**269,323**
General Administrative expenses	3	(323,957)	(1,261,482)
Explorations Expenses Written Off	3	(233,218)	(185,906)
Finance Costs	3		(13,674)
Profit/(Loss) before interest, tax and depreciation		**173,094**	**(1,191,739)**
Depreciation		(2,359)	(3,455)
Profit/(Loss) for the period before tax		170,735	(1,195,194)
Income tax expense		-	-
Profit/(Loss) for the period		**170,735**	**(1,195,194)**
Other comprehensive income		-	-
Income tax on other comprehensive income		-	-
Other comprehensive income for the period		-	-
Total comprehensive income/(loss) for the period		**170,735**	**(1,195,194)**
Earnings per share (cents per share)			
Basic loss for the half year	7	0.19	(1.35)

Diluted earnings per share does not represent an inferior view of the Consolidated Entity's performance and is not disclosed for this reason.

The above Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2009

	Note	CONSOLIDATED 31 December 2009 $	30 June 2009 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	794,672	1,280,194
Trade and other receivables		6,657	333,326
Prepayments		5,968	5,968
Total Current Assets		807,297	1,619,488
Non Current Assets			
Other financial assets	10	250,000	157,600
Property, plant and equipment		7,751	10,110
Mineral exploration and evaluation	11	2,508,087	2,496,551
Total Non Current Assets		2,765,838	2,664,261
TOTAL ASSETS		**3,573,135**	**4,283,749**
Current Liabilities			
Trade and other payables		52,221	922,876
Provisions		27,594	54,493
Total Current Liabilities		79,815	977,369
Non Current Liabilities			
Payable on Canegrass	12	710,000	710,000
Total Non Current Liabilities		710,000	710,000
TOTAL LIABILITIES		**789,815**	**1,687,369**
NET ASSETS		**2,783,320**	**2,596,380**
Equity			
Contributed equity	4	23,001,576	23,001,576
Reserves		17,530,326	17,514,121
Accumulated losses		(37,748,582)	(37,919,317)
TOTAL EQUITY		**2,783,320**	**2,596,380**

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

Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2009

	Attributable to equity holders of the parent					
CONSOLIDATED	**Issued capital $**	**Accumulated losses $**	**Option Reserves $**	**Shares to be Issued $**	**Options to be Issued $**	**Total Equity $**
At 1 July 2009	23,001,576	(37,919,317)	17,514,122	-	-	2,596,381
Share Options			16,204			16,204
Profit for the period	-	170,735	-	-	-	170,735
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	**170,735**	-	-	-	**170,735**
At 31 December 2009	**23,001,576**	**(37,748,582)**	**17,530,326**	-	-	**2,783,320**

	Attributable to equity holders of the parent					
CONSOLIDATED	**Issued capital $**	**Accumulated losses $**	**Option Reserves $**	**Shares to be Issued $**	**Options to be Issued**	**Total Equity $**
At 1 July 2008	22,901,826	(37,514,047)	16,258,474	-	562,087	2,208,340
Issue of share capital	99,750	-	-	-	-	99,750
Share based payments	-	-	486,355	-	-	486,355
Options Issued	-	-	562,087	-	(562,087)	-
Loss for the period	-	(1,195,194)	-	-	-	(1,195,194)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	**(1,195,194)**	-	-	-	**(1,195,194)**
At 31 December 2008	**23,001,576**	**(38,709,241)**	**17,306,916**	-	-	**1,599,251**

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2009

	Note	CONSOLIDATED 31 December 2009 $	 31 December 2008 $
Cash flows from operating activities			
Receipts from customers		22,946	135,505
Payments to suppliers and employees		(404,720)	(673,591)
Payment for exploration		(244,754)	(254,136)
Interest received		15,852	31,559
Interest paid		-	(13,674)
Sundry income		117,554	82,948
Net cash flows used in operating activities		(493,122)	(691,389)
Cash flows from investing activities			
Proceeds from sale of investment		457,600	-
Purchase of Convertible Notes		(200,000)	-
Purchase of Convertible Notes		(250,000	-
Purchase of plant and equipment		-	(908)
Net cash flows used in investing activities		7,600	(908)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Cost of capital raising		-	-
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(485,522)	(692,297)
Cash and cash equivalents at beginning of period		1,280,194	956,266
Cash and cash equivalents at end of period	9	**794,672**	**263,969**

The above Condensed Cash Flow Statement should be read in conjunction with the accompanying notes.

Condensed notes to and forming part of the Financial Statements
For the half year ended 31 December 2009

5. Corporate Information

The financial report of Nickelore Limited (the Company) for the half year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 15 March 2010.

Nickelore Limited is a public company incorporated in Western Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Review of Operations in the Directors' Report.

6. Summary of Significant Accounting Policies

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of Nickelore Limited as at 30 June 2009. It is also recommended that the half year financial report be considered together with any public announcements made by Nickelore Limited and its controlled entities during the half year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

a) Basis of Preparation

The half year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half year financial report has been prepared on historical cost basis, except for Mineral exploration and evaluation which are carried at fair value.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

b) Going Concern

These financial statements have been prepared on a going concern basis. The Directors are of the opinion that the consolidated entity has the ability to continue as a going concern and will continue to be able to meet its debts and commitments as and when they fall due, based on the following reasons:

- As at the date of this report the balance of the Company's bank accounts amount to $794,672;
- The company has and will continue to realise surplus assets;
- The termination of the MRA has significantly reduced the Company's short term expenditure commitments; and
- The Company will only consider future project opportunities where the Company believes funding will be available.

Condensed notes to and forming part of the Financial Statements (cont'd)
For the half year ended 31 December 2009

2. Summary of Significant Accounting Policies (cont'd)

c) Basis of Consolidation

The half year consolidated financial statements comprise the financial statements of Nickelore Limited and its subsidiaries as at 31 December 2009 ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Nickelore Limited has control.

d) Significant Accounting Policies

Except as described below, the accounting policies applied by the group in the consolidated interim financial report are the same as those applied by the Group in its financial report for the year ended 30 June 2009.

<u>Changes to Accounting Policy</u>

The Company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- the adoption of the single statement approach to the presentation of the statement of comprehensive income; and
- other financial statements are renamed in accordance with the Standard.

Operating Segments

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Company's chief operating decision maker which, for the company, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position.

Condensed notes to and forming part of the Financial Statements (cont'd)
For the half year ended 31 December 2009

e) Share based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place to provide these benefits being the Company's employee share option plan (ESOP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Nickelore Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

f) Exploration and evaluation expenditure

Exploration and evaluation costs related to an area of interest are carried forward only when rights of tenure to the area of interest are current and provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area of interest have not, at balance date, reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Condensed notes to and forming part of the Financial Statements (cont'd)
For the half year ended 31 December 2009

g) Use of Estimates

The half year consolidated financial statements have been prepared using estimates, including for the recognition of the value of the investment in the Canegrass Project in the Balance Sheet at mineral exploration and evaluation and in the valuation of options issued pursuant to the Employee Share Option Plan.

The estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. The estimates will be adjusted to reflect the actual amounts in the year such actual amounts are known.

3. Revenue and Expenses

	CONSOLIDATED	
	31 December 2009	31 December 2008
	$	$
Specific Items		
Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:		
Revenue		
Gain on Canegrass Project	572,760	-
Interest Received	17,009	25,046
Consulting Services	117,554	44,532
Sale of Ore	-	135,505
Other Income	22,946	64,240
	730,269	269,323
General Administrative Expenses		
Advertising & promotion	-	4,712
Employee benefits	172,030	327,451
Legal fees & professional fees	85,303	99,075
Leasehold expenses	33,459	37,293
Computer and office expense	580	1,520
Office expenses	29,409	49,396
Other expenses	1,707	237,575
Unwinding discount on rehabilitation provision	-	17,648
Seminar expenses	-	395
Share based payments	-	486,355
Travel expense	1,469	62
	323,957	1,261,481
Exploration expenses written off		
Exploration costs written off	233,218	185,906
	233,218	185,906
Finance Costs – Interest Paid	-	13,674

Condensed notes to and forming part of the Financial Statements (cont'd)
For the half year ended 31 December 2009

4. Contributed Equity

	CONSOLIDATED	
	31 December 2009	31 December 2008
	$	$
Ordinary shares		
Issued and fully paid	23,001,576	23,001,576
Movements in ordinary shares on issue		$
At 1 July 2009	23,001,576	
Increase through issue of shares	-	
Decrease through placement fees	-	
At 31 December 2009	23,001,576	

5. Segment Reporting

The consolidated entity operated in one geographical segment, being Australia, during the period ended 31 December 2009.

6. Contingent Liabilities and Commitments

a) Contingent Liabilities

Nickelore is the subject of a Writ of Summons claiming $86,241 for works allegedly provided to Nickelore. A statement of claim was filed on 18 September 2008 by the plaintiff. The Directors do not believe that this claim has a strong basis. As a result the Company will continue to resist this claim and has lodged a defence and counterclaim. At this time the amount of any costs cannot be estimated.

In the opinion of the Directors, there are no other contingent liabilities at 31 December 2009 and none were incurred in the interval between the period end and the date of this financial report.

b) Exploration Commitments

In order to maintain current rights of tenure to mining tenements, the Consolidated Entity has the following exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and would be payable:

	Consolidated 2009
	$
Not later than one year	311,510
Later than one year, but not later than five years	1,166,060
	1,477,570

If the Consolidated Entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

Condensed notes to and forming part of the Financial Statements (cont'd)
For the half year ended 31 December 2009

7. Earnings per Share

	CONSOLIDATED	
	31 December 2009 Cents per Share	31 December 2008 Cents per Share
Basic gain/(loss) per share	0.19	(1.35)
	$	$
Earnings / (loss)	170,735	(1,195,194)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	89,845,886	88,646,706

Diluted earnings per share does not represent an inferior view of the Consolidated Entity's performance and is not disclosed for this reason.

8. Share Based Payment Plans

During the six month period ending 31 December 2009 no share based payments were made and no new options were granted.

9. Cash and Cash Equivalents

For the purposes of the half year condensed cash flow statement, cash and cash equivalents are comprised of the following:

	CONSOLIDATED	
	31 December 2009	31 December 2008
	$	$
Cash at bank and in hand	144,672	163,969
Short-term deposits	650,000	100,000
	794,672	263,969

Condensed notes to and forming part of the Financial Statements (cont'd)

For the half year ended 31 December 2009

10. Other Financial Assets

	CONSOLIDATED	
	31 December 2009 $	31 December 2008 $
Convertible notes	250,000	-
Security bonds	-	157,600
	250,000	157,600

Convertible notes were issued in November 2009 at $10,000 per convertible note with an interest rate of 12% per annum. The redemption date of these notes is 12 months from the date of issued and can be extended to 24 months.

11. Mineral Exploration and Evaluation

In October 2007 the Company entered into the MRA with Wingstar for the acquisition of the Canegrass Nickel Cobalt Project mineral rights in consideration for the following:

1. issue of 9,000,000 fully paid ordinary shares;
2. issue of 71,000,000 options exercisable at $0.01; and
3. the payment of $800,000 over a 12 month period and up to a further $710,000 upon the exercise of the 71,000,000 options.

Nickelore also granted Wingstar a call option, which allowed Wingstar to re-acquire the Mineral Rights in the event that Wingstar disposed of the entire Canegrass nickel tenement package to a third party ("Call Option"). The amount payable to Nickelore on exercise of the Call Option was to be calculated on the same terms as the purchase offer, being price per tonne of in-ground nickel plus a return of all capital spent on the project by Nickelore. In addition, all costs associated with exit from the mineral rights and operations such as plant removal, clean up and rehabilitation would be returned to Nickelore. The minimum amount payable on the Call Option was $20 million. The Call Option expired on the second anniversary of the commencement of the MRA..

In August 2009 the Wingstar terminated the MRA and subsequently entered into the Nickel Alliance with the Company. Under this Nickel Alliance both parties will aim to maximise the potential of their respective nickel assets by presenting them together for possible sale or joint venture as the Canegrass Project. The Canegrass Project comprises mining leases; exploration licences; prospecting licences; rights to explore for, mine and treat non-sulphide, lateritic nickel and cobalt; and technical information held by Nickelore and Wingstar.

The parties agreed to apportion any benefits accruing from the completion of a sale, joint venture or other commercial arrangement in relation to the Canegrass Project, 10% to Nickelore and 90% to Wingstar.

The Company wrote off the purchase consideration for the Mineral Rights in the 30 June 2008 financial accounts. However the Directors consider that it is appropriate that the Company continues to capitalise the expenditure incurred on the Canegrass Project.

12. Payable on Canegrass Acquisition

The Payable on Canegrass Acquisition relates to the purchase of the Mineral Rights by Nickelore from Wingstar. Pursuant to the M R A, Wingstar was granted 71,000,000 options to purchase shares in Nickelore at an exercise price of 1 cent and on conversion Nickelore must refund the exercise price of the options to Wingstar. Therefore the Payable on Canegrass Acquisition will only be paid if Wingstar exercises the options by paying an amount of 1 cent per share to Nickelore. This amount ($710,000) will then be repaid to Wingstar and the cash flow effect on Nickelore of this transaction will be nil.

Condensed notes to and forming part of the Financial Statements (cont'd)

For the half year ended 31 December 2009

13. Events after the Balance Sheet Date

In February 2010, Wingstar exercised the 71 million one (1) cent options issued as part consideration under the MRA. In accordance with the terms of the MRA, the Company was required to refund the exercise proceeds (refer Note 11 above) to Wingstar. As a result the "Payable on Canegrass Acquisition" liability of $710,000 as at 31 December 2009 has now been extinguished.

No matters or circumstances other than the above events have arisen since the end of the half year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

14. Related Party Disclosures

The following table provides the total amount of transactions that were entered into with related parties for the half years ended 31 December 2009 and 2008:

Related Party		Fees charged by related parties $	Amounts owed to related parties $
Key Management Personnel of the Company:			
Forrest Corporate Pty Ltd	2009	14,727	-
	2008	25,200	-

Mr Mark Bojanjac is a Director of Forrest Corporate Pty Ltd, which has provided consulting services to the Company on normal terms and conditions.

Vickery Corporate Pty Ltd	2009	19,400	-
	2008	-	-

Mr Ian Cunningham is a Director of Vickery Corporate Pty Ltd, which has provided consulting services to the Company on normal terms and conditions.

Whitby 2009 Pty Ltd	2009	3,723	-
	2008	-	-

Mr Martin Pyle is a Director of Whitby 2009 Pty Ltd, which has provided consulting services to the Company on normal terms and conditions.

Melron Investments Pty Ltd	2009	8,400	-
	2008	-	-

Mr Ron Heeks is a Director of Melron Investments Pty Ltd, which has provided consulting services to the Company on normal terms and conditions.

Director's Declaration
For the half year ended 31 December 2009

In accordance with a resolution of the Directors of Nickelore Limited, I state that:

In the opinion of the Directors:

a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half year ended on that date of the consolidated entity; and

   ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Ian Cunningham
Executive Director

Perth, Western Australia,
15 March 2010

Independent Auditors Review Report to the Members

For the half year ended 31 December 2009

Stantons International

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NICKELORE LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Nickelore Limited, which comprises the consolidated condensed statement of financial position as at 31 December 2009, and the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, and consolidated condensed statement of cash flows for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration for Nickelore Limited (the consolidated entity). The consolidated entity comprises both Nickelore Limited (the company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Nickelore Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of Interim Financial and Other Financial Reports 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Nickelore Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independent Auditors Review Report to the Members (cont'd)
For the half year ended 31 December 2009

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Nickelore Limited on 15 March 2010.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in note 2 (b) to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2009 the consolidated entity had cash and cash equivalents of $794,672 and net working capital surplus of $727,482. The consolidated entity had generated a profit for the half year ended 31 December 2009 of $170,735.

The ability of the consolidated entity to continue as a going concern and meet its planned expenditure commitments is subject to raising further equity and/or loan capital. In the event that the consolidated entity is unable to raise additional funds, the consolidated entity may not be able to continue as a going concern and may not be able to realise its assets at their stated amounts.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

John P Van Dieren
Director

West Perth, Western Australia
15 March 2010

Liability limited by a scheme approved under
Professional Standards Legislation

Auditor's Independence Declaration
For the half year ended 31 December 2009

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15 March 2010

Board of Directors
Nickelore Limited
Level 2, 9 Havelock Street
WEST PERTH WA 6005

Dear Sirs

RE: NICKELORE LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Nickelore Limited.

As Audit Director for the review of the financial statements of Nickelore Limited for the period ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

John P Van Dieren
Director