



# Nickelore Limited

**ABN 13 086 972 429**

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## **Half Year Report 31 December 2010**

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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 2010 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

Robert Gardner

### EXECUTIVE DIRECTOR

Ian Cunningham

### NON-EXECUTIVE DIRECTORS

Paul Piercy

### COMPANY SECRETARY

Ian Cunningham

### PRINCIPAL & REGISTERED OFFICE

Level 2, 45 Richardson Street

WEST PERTH WA 6005

Telephone: + 61 8 9481 2433

Facsimile: + 61 8 9322 5907

### AUDITORS

Stantons International

Level 1, 1 Havelock Street

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 2010.

### 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 (Resigned 1 October 2010);
- Ian Cunningham;
- Ron Heeks (Resigned 1 October 2010);
- Robert Gardner (Appointed 1 October 2010)
- Paul Piercy (Appointed 13 October 2010);

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 loss for the half year was \$(240,452) (2009 loss = \$170,735)

#### Review of Operations

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

The Company is seeking new resource project opportunities both in Australia and internationally.

The Company also maintains its long term strategy of realising the best possible return from its Nickel Alliance with Wingstar Investments Pty Ltd ("Wingstar"). The Nickel Alliance 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, including Wingstar's Canegrass Nickel Cobalt Project in Western Australia's North Eastern Goldfields. 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 parties have 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 the interim, the Board has implemented procedures to reduce costs in all areas. Staffing has been reduced to minimum levels and where possible remaining staff are being subcontracted out to third parties in order to defray costs. Only the expenditure necessary to meet the minimum statutory requirements to maintain the tenements in good standing will be considered.

The Board is confident that the Company can secure additional financing in the future and will be well placed to pursue new resource project opportunities and realise value for the Nickel Alliance.

### 3. Events after the Balance Sheet Date

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 18.

Signed in accordance with a resolution of the Directors.



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**Ian Cunningham**  
**Executive Director**  
Perth, Western Australia,  
14 March 2011

## Condensed Statement of Comprehensive Income For the half year ended 31 December 2010

	Note	CONSOLIDATED	
		31 December 2010	31 December 2009
		\$	\$
Revenue	3	223,630	730,269
Cost of Sales	3	-	-
<b>Gross Profit</b>		<b>223,630</b>	<b>730,269</b>
General Administrative expenses	3	(324,930)	(323,957)
Exploration Expenses Written Off	3	(137,382)	(233,218)
<b>Operating Results</b>		<b>(238,682)</b>	<b>173,094</b>
<b>(Loss)/Income before interest, tax and depreciation</b>		<b>(238,682)</b>	<b>173,094</b>
Depreciation		(1,219)	(2,359)
Finance Costs	3	(551)	-
<b>(Loss)/Income before tax</b>		<b>(240,452)</b>	<b>170,735</b>
Income tax expense		-	-
<b>(Loss)/Income after tax</b>		<b>(240,452)</b>	<b>170,735</b>
Other Comprehensive income		-	-
<b>Total Comprehensive (Loss)/Income for the period</b>		<b>(240,452)</b>	<b>170,735</b>
Basic earnings/(loss) per share (cents per share)	7	(0.15)	0.19

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.

## Condensed Statement of Financial Position As at 31 December 2010

		CONSOLIDATED	
	Note	31 December 2010 \$	30 June 2010 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	93,135	583,964
Trade and other receivables		12,088	25,800
Other financial assets		370,251	250,000
<b>Total Current Assets</b>		<b>475,474</b>	<b>859,764</b>
<b>Non Current Assets</b>			
Property, plant and equipment		4,858	6,077
Mineral exploration and evaluation	10	2,566,808	2,526,877
<b>Total Non Current Assets</b>		<b>2,571,666</b>	<b>2,532,954</b>
<b>TOTAL ASSETS</b>		<b>3,047,140</b>	<b>3,392,718</b>
<b>Current Liabilities</b>			
Trade and other payables		77,766	151,129
Provisions		-	31,763
<b>Total Current Liabilities</b>		<b>77,766</b>	<b>182,892</b>
<b>TOTAL LIABILITIES</b>		<b>77,766</b>	<b>182,892</b>
<b>NET ASSETS</b>		<b>2,969,374</b>	<b>3,209,826</b>
<b>Equity</b>			
Contributed equity	4	23,711,576	23,711,576
Reserves		17,533,027	17,533,027
Accumulated losses		(38,275,229)	(38,034,777)
<b>TOTAL EQUITY</b>		<b>2,969,374</b>	<b>3,209,826</b>

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

## Condensed Statement of Changes in Equity For the half year ended 31 December 2010

CONSOLIDATED	Attributable to equity holders of the parent			
	Issued capital \$	Accumulated losses \$	Other Reserves \$	Total Equity \$
At 1 July 2010	23,711,576	(38,034,777)	17,533,027	3,209,826
(Loss)/Profit for the period	-	(240,452)	-	(240,452)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	-	(240,452)	-	(240,452)
At 31 December 2010	23,711,576	(38,275,229)	17,533,027	2,969,374

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

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



## Condensed Statement of Cash Flows For the half year ended 31 December 2010

	CONSOLIDATED	
Note	31 December 2010	31 December 2009
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	111,722	22,946
Payments to suppliers and employees	(430,056)	(404,720)
Payment for exploration	(177,313)	(244,754)
Interest received	5,369	15,852
Interest paid	(551)	-
Sundry income	-	117,554
<b>Net cash flows used in operating activities</b>	<b>(490,829)</b>	<b>(493,122)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investment	-	457,600
Payments for exploration	-	(200,000)
Purchase of Convertible Notes	-	(250,000)
<b>Net cash flows from investing activities</b>	<b>-</b>	<b>7,600</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	-
Cost of capital raising	-	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	(490,829)	(485,522)
Cash and cash equivalents at beginning of period	583,964	1,280,194
<b>Cash and cash equivalents at end of period</b>	<b>9</b> <b>93,135</b>	<b>794,672</b>

The above Condensed Statement of Cash Flows 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 2010

### 1. Corporate Information

The financial report of Nickelore Limited (the Company) for the half year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 14 March 2011.

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.

### 2. 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 2010. 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 2010 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 current financial assets 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.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the classification of expenditures on unrecognised assets in the statement of cash flows.

## Condensed notes to and forming part of the Financial Statements (cont'd) For the half year ended 31 December 2010

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

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods. However, the only amendment that has had a material impact and resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements is the presentation of exploration costs in the statement of cash flows. AASB 107 Statement of Cash Flows has been amended through AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statements of cash flows.

#### 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:

- The Company continues to reduce its operating expenditure, with the majority of its employee costs reimbursed by contracting staff to third parties;
- The Company's cash assets as at 31 December 2010 were \$93,135;
- The Company also held listed investments with a market value of approximately \$400,000 as at 31 December 2010;
- The Company has and will continue to seek opportunities for realising value from its surplus assets; and
- The Company will only consider resource project opportunities where the Company believes funding will be available.

#### c) Basis of Consolidation

The half year consolidated financial statements comprise the financial statements of Nickelore Limited and its subsidiaries as at 31 December 2010 ('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) 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.

## Condensed notes to and forming part of the Financial Statements (cont'd) For the half year ended 31 December 2010

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

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.

#### e) 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.

#### f) 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 Statement of Financial Position of the Company at mineral exploration and evaluation costs and in the valuation of options issued pursuant to the Employee Share Option Plan.

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

### For the half year ended 31 December 2010

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

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 2010	31 December 2009
	\$	\$
<b>Specific Items</b>		
Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:		
<b>Revenue</b>		
Gain on Canegrass Project	-	572,760
Interest Received	16,546	17,009
Consulting Services	85,540	117,554
Increase in value of listed investments	90,251	-
Other Income	31,293	22,946
	223,630	730,269
<b>General Administrative Expenses</b>		
Advertising & promotion	476	-
Employee benefits	158,703	172,030
Legal fees & professional fees	105,985	85,303
Leasehold expenses	39,983	33,459
Computer and office expense	1,375	580
Office expenses	12,890	29,409
Other expenses	728	1,707
Travel expense	4,790	1,469
	324,930	323,957
<b>Exploration expenses written off</b>		
Exploration costs written off	137,382	233,218
	137,382	233,218
<b>Finance Costs</b>		
Interest Paid	551	-
	551	-

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

### For the half year ended 31 December 2010

#### 4. Contributed Equity

	CONSOLIDATED	
	31 December 2010	30 June 2010
	\$	\$
<b>Ordinary shares</b>		
Issued and fully paid	23,711,576	23,711,576
<b>Movements in ordinary shares on issue</b>		\$
At 1 July 2010	23,711,576	
Increase through issue of shares	-	
Decrease through placement fees	-	
<b>At 31 December 2010</b>	<b>23,711,576</b>	

#### 5. Segment Reporting

The consolidated entity operated in one geographical segment, being Australia, during the period ended 31 December 2010.

#### 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 2010 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 2010 \$
Not later than one year	358,560
Later than one year, but not later than five years	807,500
	<u>1,166,060</u>

If the Consolidated Entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the Condensed Statement of Financial Position 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 2010

**7. Earnings per Share**

	<b>CONSOLIDATED</b>	
	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>Cents per Share</b>	<b>Cents per Share</b>
Basic earnings/(loss) per share	(0.15)	0.19
	<b>\$</b>	<b>\$</b>
Earnings / (loss)	(240,452)	170,735
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	160,845,886	89,845,886

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 2010 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 Statement of Cash Flows, cash and cash equivalents are comprised of the following:

	<b>CONSOLIDATED</b>	
	<b>31 December 2010</b>	<b>30 June 2010</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	93,135	183,969
Short-term deposits	-	400,000
	<u>93,135</u>	<u>583,969</u>

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

### For the half year ended 31 December 2010

#### 10. Mineral Exploration and Evaluation

In October 2007 the Company entered a Mineral Rights Agreement ("MRA") with Wingstar for the acquisition of the Canegrass Project Mineral Rights. In August 2009 the Company cancelled the MRA and entered into the Nickel Alliance with Wingstar. Under this 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.

#### 11. Events after the Balance Sheet Date

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.

#### 12. 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 2010 and 2009:

Related Party		Fees charged by related parties \$	Amounts owed to related parties \$
Key Management Personnel of the Company:			
Forrest Corporate Pty Ltd	2010	12,600	-
	2009	14,727	-
Mr Mark Bojanjac was a Director of Forrest Corporate Pty Ltd, which has provided consulting services to the Company on normal terms and conditions.			
Vickery Corporate Pty Ltd	2010	25,200	13,860
	2009	19,400	-
Mr Ian Cunningham is a Director of Vickery Corporate Pty Ltd, which has provided consulting services to the Company on normal terms and conditions.			
Melron Investments Pty Ltd	2010	39,600	-
	2009	8,400	-
Mr Ron Heeks was a Director of Melron Investments Pty Ltd, which has provided consulting services to the Company on normal terms and conditions.			
Paul Piercy	2010	11,010	-
	2009	-	-



## Director's Declaration For the half year ended 31 December 2010

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 2010 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



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**Ian Cunningham**  
Executive Director

Perth, Western Australia,  
14 March 2011

## 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 condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 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* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *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 Standard on Review Engagements ASRE 2410 *Review of a 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 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 2010 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

*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 14 March 2011.

*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 2010 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 audit 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 2010 the consolidated entity had cash and cash equivalents of \$93,135 and net working capital of \$397,708. The consolidated entity had incurred a loss for the half year ended 31 December 2011 of \$240,452.

The ability of the Company and its subsidiaries to continue as going concerns and meet their planned exploration, administration, and other commitments is dependent upon the Company raising further working capital, and/or successfully exploiting its mineral assets. In the event that the Company cannot raise further equity, the Company and its subsidiaries may not be able to meet their liabilities as they fall due and the realisable value of the consolidated entity's non-current assets may be significantly less than book values.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
14 March 2011

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Stantons International Audit and Consulting Pty Ltd  
(ABN 84 144 581 519) trading as

**Stantons International**  
Chartered Accountants and Consultants

14 March 2011

Board of Directors  
Nickelore Limited  
Level 2, 45 Richardson 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 2010, 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

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**Martin Michalik**  
Director