



**AUSNICO LIMITED**  
ABN 84 122 957 322

**FINANCIAL REPORT**

**FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2011**

Registered Office & Principal Place of Business:

Level 13  
145 Eagle Street  
Brisbane QLD 4000

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## DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2011.

### DIRECTORS

The names of the directors in office during the financial period and up to the date of this report are:-

Brian Moller  
Nicholas Mather  
John Downie  
Stephen Roberts (resigned 24 November 2011)  
Ben Harrison

### CORPORATE STRUCTURE

AusNiCo Limited is a company limited by shares that is incorporated and domiciled in Australia.

AusNiCo Limited's registered office is at Level 13, 145 Eagle Street, Brisbane.

### PRINCIPAL ACTIVITIES

The principal activities of the company during the period involved exploration for nickel and other commodities. There was no significant change in the nature of the activities of the company during the period.

### SIGNIFICANT EVENTS AFTER BALANCE DATE

On 17 February 2012, the Company lodged a R&D Tax Concession claim with the Australian Taxation Office ("ATO") for the year ended 30 June 2011. If the claim is successful, the Company will receive a refund of \$494,268 from the ATO. There have been no other events since the end of the half-year that impact upon the financial report as at 31 December 2011.

### REVIEW AND RESULTS OF OPERATIONS

The Company successfully raised \$1.4 million of additional equity to progress priority exploration programs.

A 1,287 metre (12 hole) Reverse Circulation "RC" drilling campaign was completed in the Black Snake Plateau region to test geochemical and geophysical targets that had been identified during the ongoing exploration programs. A 3D modeling interpretation of the Pembroke mineralised zone contributed to a better understanding of the extent of the mineralisation in this area and helped target the ongoing drill programs.

The Au-Cu-Ag and Ni prospects that have now been drill tested in this latest program are clustered within 4 km of the nonoperational Shamrock processing plant site and they include:- The Peak, Orion's Belt, Pembroke, Mt Coora North, Mt Cobalt, Mt Clara North and Silver Valley South.

Continuous trenching across the anomalous Au zone that had been defined on the East Kilkivan tenement confirmed no further interest in this target.

The company secured additional prospective exploration areas and we were advised that our competing application for Ni-(Au-PGE) prospective Heazlewood River tenement in NW Tasmania had been successful while the Cloncurry Tenements in Queensland were granted subject to native title clearance.

Detailed plans for Geochemical sampling at Marlborough North, Princhester and Mt Slopea were completed during the period and access notification have been submitted so that agreements could be progressed with the landowners in early 2012.

The loss after income tax for the Company for the half-year ended 31 December 2011 was \$856,284 (31 December 2010 loss of \$598,376).

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#### AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 4.

Signed in accordance with a resolution of the Board of Directors:



John Downie  
Director

Brisbane  
Date: 23 February 2012

#### COMPETENT PERSON STATEMENT

The information in this Financial Report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Nicholas Mather B.Sc. (Hons) Geol., who is a Member of The Australian Institute of Mining and Metallurgy. Mr Mather is employed by Samuel Capital Pty Ltd, which provides certain consultancy services including the provision of Mr Mather as the Managing Director of DGR Global Ltd and a Director of AusNiCo.

Mr Mather has more than five years' experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the JORC Code). This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.



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## DECLARATION OF INDEPENDENCE BY TIMOTHY KENDALL TO THE DIRECTORS OF AUSNICO LIMITED

As lead auditor for the review of AusNico Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Timothy Kendall  
Director

BDO Audit (QLD) Pty Ltd

Brisbane, 23 February 2012

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## STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2011

	Notes	31 December 2011 \$	31 December 2010 \$
Revenue	3	23,895	34,771
Administration and consulting expenses		(301,450)	(200,275)
Depreciation		(8,110)	(4,343)
Employee benefits expenses		(57,643)	(77,551)
Exploration costs written-off		(496,105)	-
Legal expenses		(16,871)	(21,502)
Share based payments expense		-	(328,787)
Finance costs		-	(689)
<b>(Loss) before income tax</b>	4	<b>(856,284)</b>	<b>(598,376)</b>
Income tax expense		-	-
<b>(Loss) for the period</b>		<b>(856,284)</b>	<b>(598,376)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(856,284)</b>	<b>(598,376)</b>

Earnings per share		Cents per share	Cents per share
Basic earnings per share	5	(0.7)	(0.6)
Diluted earnings per share	5	(0.7)	(0.6)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	31 December 2011 \$	30 June 2011 \$
<b>Current assets</b>			
Cash and cash equivalents		1,040,497	978,921
Trade and other receivables		-	79,244
<b>Total current assets</b>		<b>1,040,497</b>	<b>1,058,165</b>
<b>Non-current assets</b>			
Other financial assets		135,402	95,402
Property, plant and equipment		37,344	45,454
Exploration and evaluation assets		4,900,966	4,833,141
<b>Total non-current assets</b>		<b>5,073,532</b>	<b>4,973,997</b>
<b>Total assets</b>		<b>6,114,209</b>	<b>6,032,162</b>
<b>Current liabilities</b>			
Trade and other payables		105,346	580,883
Provisions		25,135	17,935
Other financial liabilities		6,672	6,340
<b>Total current liabilities</b>		<b>137,153</b>	<b>605,158</b>
<b>Non-current liabilities</b>			
Other financial liabilities		23,850	27,272
<b>Total non-current liabilities</b>		<b>23,850</b>	<b>27,272</b>
<b>Total liabilities</b>		<b>161,003</b>	<b>632,430</b>
<b>Net assets</b>		<b>5,953,206</b>	<b>5,399,732</b>
<b>Equity</b>			
Issued capital	6	7,181,218	5,771,460
Reserve		2,412,055	2,412,055
Accumulated losses		(3,640,067)	(2,783,783)
<b>Total equity attributable to owners of AusNiCo Limited</b>		<b>5,953,206</b>	<b>5,399,732</b>

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

## STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2011

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2010	2,220,001	(1,599,728)	2,083,268	2,703,541
Loss for the period	-	(598,376)	-	(598,376)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(598,376)	-	(598,376)
Shares issued during the period	4,000,000	-	-	4,000,000
Share issue costs	(448,541)	-	-	(448,541)
Share based payments	-	-	328,787	328,787
<b>Balance at 31 December 2010</b>	<b>5,771,460</b>	<b>(2,198,104)</b>	<b>2,412,055</b>	<b>5,985,411</b>
Loss for the period	-	(585,679)	-	(585,679)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(585,679)	-	(585,679)
<b>Balance at 30 June 2011</b>	<b>5,771,460</b>	<b>(2,783,783)</b>	<b>2,412,055</b>	<b>5,399,732</b>
Loss for the year	-	(856,284)	-	(856,284)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(856,284)	-	(856,284)
Shares issued during the period	1,518,742	-	-	1,518,742
Share issue costs	(108,984)	-	-	(108,984)
<b>Balance at 31 December 2011</b>	<b>7,181,218</b>	<b>(3,640,067)</b>	<b>2,412,055</b>	<b>5,953,206</b>

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

## STATEMENT OF CASH FLOWS

For the half year ended 31 December 2011

	Notes	31 December 2011 \$	31 December 2010 \$
<b>Cash flows from operating activities</b>			
Receipts in the course of business		4,280	-
Payments to suppliers and employees		(301,682)	(307,097)
Interest paid		-	(689)
Interest received		19,615	34,771
<b>Net cash flows from operating activities</b>		<b>(277,787)</b>	<b>(273,015)</b>
<b>Cash flows from investing activities</b>			
Payments for security deposits		(40,000)	(3,580)
Purchase of property, plant and equipment		-	(2,194)
Payments for exploration and evaluation assets		(906,905)	(340,071)
<b>Net cash flows from investing activities</b>		<b>(946,905)</b>	<b>(345,845)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		1,400,000	4,000,000
Transactions costs on the issue of shares		(108,984)	(448,541)
Proceeds from borrowings		-	144,637
Repayment of borrowings		-	(679,192)
Payments on leases		(4,748)	(5,934)
<b>Net cash flows from financing activities</b>		<b>1,286,268</b>	<b>3,010,970</b>
Net increase in cash and cash equivalents		61,576	2,392,110
Cash and cash equivalents at the beginning of the period		978,921	82
<b>Cash and cash equivalents at the end of the period</b>		<b>1,040,497</b>	<b>2,392,192</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2011

### Note 1: Summary of Significant Accounting Policies

#### Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2011 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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 Company as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any public announcement made by AusNiCo Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

#### Going concern

The half-year report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the Company to continue to adopt the going concern assumption will depend upon a number of matters including the successful raising in the future of necessary funding or the successful exploration and subsequent exploitation of the Company's tenements. In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

### Note 2: Segment Information

The Company has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company does not yet have any products or services from which it derives an income.

Accordingly, management currently identifies the Company as having only one reportable segment, being exploration for Nickel, Gold and Copper. The financial results from this segment are equivalent to the financial statements of the Company. There have been no changes in the operating segments during the year.

All assets are located in Australia.

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2011

	31 December 2011 \$	31 December 2010 \$
<b>Note 3: Revenue</b>		
- Interest received	19,615	34,771
- Other	4,280	-
<b>Total Revenue</b>	<b>23,895</b>	<b>34,771</b>

(a) Interest revenue from:		
- Term deposits held with financial institutions	19,615	34,771
<b>Total Interest Revenue</b>	<b>19,615</b>	<b>34,771</b>

### Note 4: Profit / (Loss)

Included in the profit / (loss) are the following specific expenses:

Depreciation		
- Office equipment	395	360
- Leased motor vehicles	7,715	3,983
Defined contribution superannuation expense	18,527	5,581

### Note 5: Earnings Per Share (EPS)

(a) Earnings		
Earnings used to calculate basic and diluted EPS	(856,284)	(598,376)

### (b) Weighted average number of shares and options

	Number of Shares	Number of Shares
Weighted average number of ordinary shares outstanding during the period, used in calculating basic earnings per share	124,500,545	98,028,852
Weighted average number of dilutive options outstanding during the period	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period, used in calculating diluted earnings per share	<b>124,500,545</b>	<b>98,028,852</b>

Options are not considered dilutive as they are currently out of the money. Options may become dilutive in the future.

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2011

	31 December 2011 \$	30 June 2011 \$
<b>Note 6: Issued Capital</b>		
<b>(a) Issued and paid up capital</b>		
143,896,917 (30 June 2011: 110,160,000) ordinary shares fully paid	7,788,743	6,270,001
Share issue costs	(607,525)	(498,541)
	<b>7,181,218</b>	<b>5,771,460</b>

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

	Number of Shares	Number of Shares
<b>(b) Reconciliation of issued and paid-up capital</b>		
Opening balance	110,160,000	90,160,000
Shares issued (1)	-	20,000,000
Shares issued (2)	16,000,000	-
Shares issued (3)	3,500,000	-
Shares issued (4)	926,500	-
Shares issued (5)	1,810,417	-
Shares issued (6)	11,500,000	-
Closing balance	<b>143,896,917</b>	<b>110,160,000</b>

- (1) On 21 October 2010, 20,000,000 \$0.20 ordinary shares were issued (each with a free attaching 20 cent option) for cash pursuant to the Initial Public Offer of the Company's shares on the ASX, net of share issue costs of \$448,541.
- (2) On 20 September 2011, 16,000,000 \$0.05 ordinary shares were issued for cash pursuant to a private placement.
- (3) On 20 October 2011, 3,500,000 \$0.04 ordinary shares were issued for cash pursuant to a share purchase plan.
- (4) On 9 November 2011, 926,500 \$0.05 ordinary shares were issued to DGR Global Ltd for management services rendered in lieu of cash.
- (5) On 9 November 2011, 1,810,417 \$0.04 ordinary shares were issued to the Board of Directors and the Company Secretary for services rendered in lieu of cash.
- (6) On 9 November 2011, 11,500,000 \$0.04 ordinary shares were issued for cash pursuant to a share purchase plan.

### Note 7: Contingent Assets and Contingent Liabilities

The directors are not aware of any contingent assets or contingent liabilities at the date of this report.

### Note 8: Subsequent Events

On 17 February 2012, the Company lodged a R&D Tax Concession claim with the Australian Taxation Office ("ATO") for the year ended 30 June 2011. If the claim is successful, the Company will receive a refund of \$494,268 from the ATO.

Except for the above, there have been no other material events after 31 December 2011 to the date of this report.

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## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of AusNiCo Limited, I state that:

In the opinion of the directors:

1. The attached financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - (a) Giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date of the company; and
  - (b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulation 2001.
2. 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



John Downie  
Director  
Brisbane  
Date: 23 February 2012

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AusNico Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AusNico Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and 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.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2011 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 AusNico 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.



## 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*, which has been given to the directors of AusNico Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## 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 AusNico Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that AusNico Limited incurred a net loss of \$ 856,284 during the half-year ended 31 December 2011. The company has not generated revenues from operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (QLD) Pty Ltd

BDO  


T J KENDALL  
Director

Brisbane, 23 February 2012