



White Cliff Nickel

**White Cliff Nickel
Limited**

ABN 22 126 299 125

Interim report
for the period from incorporation, 2 July 2007, to
31 December 2007

Contents

Corporate information	3
Directors' report	4
Auditor's independence declaration	6
Consolidated income statement	7
Consolidated balance sheet	8
Consolidated statement of changes in equity	9
Consolidated cash flow statement	10
Notes to the consolidated financial statements	11
Directors' declaration	13
Independent review report to the members	14

Corporate Information

Directors	Peter Hampshire Michael Langoulant Brian Thomas
Company secretary	Michael Langoulant
Registered office and principal place of business	98 Colin Street West Perth, Western Australia 6005 Telephone: (08) 9481 8711 Facsimile: (08) 9324 2977 Website: www.wcnickel.com.au
Share registry	Computershare Investor Services Pty Ltd Reserve Bank Building Level 2 45 St George's Terrace Perth, Western Australia 6000
Auditors	HLB Mann Judd Chartered Accountants 15 Rheola Street West Perth, Western Australia 6005
Solicitors	McKenzie Moncrieff 37 St Georges Terrace Perth, Western Australia 6000
ASX codes	White Cliff Nickel Limited is listed on the Australian Stock Exchange (Shares: WCN)

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of White Cliff Nickel Limited ("the Company") and the entities it controlled at the end of, or during, the period from incorporation, 2 July 2007, to 31 December 2007.

Directors

The following persons were directors of White Cliff Nickel Limited during the whole of the period and up to the date of this report:

Peter Hampshire – *Non-executive Chairman*
Michael Langoulant – *Managing Director*
Brian Thomas – *Non-executive Director*

Mr John Bunting was a non-executive director for the period 2 July 2007 to 14 July 2007.

Review of operations

The consolidated loss of the group after provision for income tax benefit was \$337,107.

White Cliff Nickel Limited was incorporated on 2 July 2007 to undertake exploration in a highly prospective area south-east of Laverton, Western Australia. This region hosts a number of nickel and gold mines and advanced exploration projects.

The Company acquired over 1,000 square kilometres in this region from a mixture of tenement applications in its own name and from acquisitions that were completed during the reporting period. A further project located within 2 kilometres of the Cawse nickel mine was also acquired.

Following the tenement acquisitions the Company issued an IPO prospectus to raise a maximum of \$6 million and to have its shares listed on ASX. This IPO was closed early strongly exceeding the maximum \$6 million issue limit. The Company's shares were admitted to ASX and commenced trading on 14 December 2007.

The White Cliff project area contains little outcrop, with the bedrock geology concealed by transported cover. The bulk of the previous work in the area was regional exploration for diamonds. In these programmes some aeromagnetic anomalies were sampled and drilled for potential kimberlites. Although no kimberlites were identified, shallow drilling undertaken intersected ultramafic rock including 0.5%-0.9% nickel over a 12 metre intersection. Assay results indicated elevated values of nickel, copper, chrome, cobalt and platinum group metals. More recently the Company undertook a high resolution aeromagnetic survey with data suggesting the possibility of a concealed greenstone belt and the potential for nickel mineralised ultramafic units within the sequence.

The tenement package shows the potential for both sulphide-hosted and oxidised-hosted nickel zones.

In combination with an air core drilling programme, a mapping and surface sampling program will commence in early March on the previously identified White Cliff Gossan Zone, located within tenement E38/1841. Preliminary work by the Company defined a 600m x 150m zone of sub-cropping ultramafics, containing areas of weathered olivine adcumulate rocks and boxwork-textured gossans.

Air core drilling is planned to commence during March at the White Cliff nickel project. Primarily, this reconnaissance drill program will test for the presence of ultramafics underlying the transported cover, as well as look at the potential for both sulphide-hosted and oxidised nickel zones. All heritage and environment clearances have been approved, access tracks to the proposed drill areas have been prepared and an air core drill rig for the program has been secured to drill between 4,000-5,000 metres. The Company will firstly target the prospective White Cliff Gossan Zone. In addition, the program will test up to twelve magnetic anomalies identified as potential ultramafic bodies. These anomalies were modeled from high-resolution aeromagnetic data previously flown over tenement E38/1841 during August 2006.

A surface geochemical survey along selected sections of the White Cliff project structure was undertaken during December 2007. The program consisted of five traverses totalling 29 kilometres and a total of 409 soil samples and 33 rock samples were collected. These have been submitted for multi element geochemical analyses. Results from these samples are being correlated with the aeromagnetic data to determine additional targets for the Company to investigate and explore.

The Company has almost completed its high-resolution aeromagnetic and radiometric survey over the entire White Cliff project area. In December 2007, UTS Geophysics completed 2217 line kilometres in the south of the project, from which the data is currently being processed. At present the northern portions of the project are being flown; a further 4,484 line kilometres has been planned. This will add to the previous dataset collected in 2006 and will provide coverage at 100m line-spacing over approximately 80% of the project area. This high resolution magnetic data will provide better resolution in mapping ultramafic bodies which potentially host nickel sulphides or oxidised nickel zones.

There was no exploration work undertaken on the Causeway project during the period.

Auditors' 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 6 and forms part of the director's report for the period to 31 December 2007.

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



M LANGOULANT
Managing Director

Perth
12 March 2008

Auditor's Independence Declaration

As lead auditor for the review of the financial report of White Cliff Nickel Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of White Cliff Nickel Limited.



Perth, Western Australia
12 March 2008

W M CLARK
Partner, HLB Mann Judd

Consolidated Income Statement
For the period ended 31 December 2007

**For the period from
incorporation, 2 July 2007, to
31 December 2007**

	\$
Revenue	
Interest income	40,089
	<hr/> 40,089
Consulting fees	29,091
Employee benefits	64,400
Exploration expenditure written off	95,846
Share based payment expense	70,000
Other expenses	117,859
	<hr/> 377,196
Loss before income tax expense	337,107
Income tax expense	<hr/> -
Loss after income tax expense	<hr/> 337,107
Net loss for the period	<hr/> 337,107
	<u>Cents</u>
Basic earnings per share (cents per share)	(1.63)
Diluted earnings per share (cents per share)	(1.63)

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

Consolidated Balance Sheet
As at 31 December 2007

	Note	31 December 2007 \$
Current Assets		
Cash and cash equivalents		5,248,852
Trade and other receivables		<u>87,036</u>
Total Current Assets		<u>5,335,888</u>
Non-Current Assets		
Deferred exploration expenditure	3	<u>4,351,026</u>
Total Non-Current Assets		<u>4,351,026</u>
Total Assets		<u>9,686,914</u>
Current Liabilities		
Trade and other payables		<u>47,159</u>
Total Current Liabilities		<u>47,159</u>
Total Liabilities		<u>47,159</u>
Net Assets		<u><u>9,639,755</u></u>
Equity		
Issued capital	4	9,906,862
Reserves		70,000
Accumulated losses		<u>(337,107)</u>
Total Equity		<u><u>9,639,755</u></u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

White Cliff Nickel Limited
ABN 22 126 299 125

Consolidated Statement of Changes in Equity
For the period ended 31 December 2007

	Issued capital	Accumulated losses	Reserves	Total equity
	\$	\$	\$	\$
Shares issued during the period	10,605,003			10,605,003
Share issue costs	(698,141)			(698,141)
Loss for the period		(337,107)		(337,107)
Share based compensation			70,000	70,000
Balance at 31 December 2007	9,906,862	(337,107)	70,000	9,639,755

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

Consolidated Cash Flow Statement
For the period ended 31 December 2007

	For the period from incorporation, 2 July 2007, to 31 December 2007
	Inflows/(Outflows)
	\$
Cash flows from operating activities	
Payments to suppliers and employees	(251,227)
Interest received	40,089
Net cash outflow from operating activities	(211,138)
Cash flows from investing activities	
Payments for exploration and evaluation	(384,372)
Net cash outflow from investing activities	(384,372)
Cash flows from financing activities	
Proceeds from the issue of shares	6,417,503
Capital raising costs	(573,141)
Net cash inflow from financing activities	5,844,362
Net increase/(decrease) in cash held	5,248,852
Cash at the beginning of reporting period	-
Cash at the end of the reporting period	5,248,852

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements
For the period ended 31 December 2007

Note 1: Basis of preparation of interim report

This general purpose financial report for the interim reporting period from incorporation, 2 July 2007, to 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001* and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

The interim 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 any public announcements made by White Cliff Nickel Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In the period ended 31 December 2007, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2007.

Note 2: Segment information

The Group operates in one segment being the Australian mining industry.

Note 3: Deferred exploration expenditure

	Consolidated 31 December 2007 \$
Deferred exploration expenditure	<u>4,351,026</u>

The recoverability of deferred exploration expenditure is dependent upon the successful development and commercial exploitation, or alternately the sale of areas of interest.

White Cliff Nickel Limited
ABN 22 126 299 125

Note 4: Issued capital

	Consolidated 31 December 2007 \$
Issued and fully paid (51,750,003 shares)	<u>9,906,862</u>
	\$
<i>Movements in ordinary shares on issue</i>	
2/7/07 – Incorporation issue	3
14/8/07 – Founder capital	17,500
31/8/07 – Seed capital	400,000
14/9/07 – Vendor consideration	4,000,000
14/12/07 – IPO shares	6,000,000
14/12/07 – Vendor consideration	62,500
14/12/07 – Consulting services rendered	125,000
14/12/07 – Capital raising costs	<u>(698,141)</u>
At 31 December 2007	<u><u>9,906,862</u></u>

Note 5: Contingent liabilities

The Company has no contingent liabilities.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the period from incorporation, 2 July 2007, to 31 December 2007; and
- (b) there are reasonable grounds to believe that White Cliff Nickel Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



M LANGOULANT
Managing Director

Perth
12 March 2008

INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of
WHITE CLIFF NICKEL LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2007, the condensed income statement, condensed statement of changes in equity, condensed cash flow statement and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of White Cliff Nickel Limited and the entities it controlled during the half-year ended 31 December 2007 ("consolidated entity").

Directors' Responsibility for the Half-Year Financial Report

The directors of 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 Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2007 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 White Cliff Nickel 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.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 2 15 Rheola Street West Perth 6005 PO Box 263 West Perth 6872 Western Australia. Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.

Email: hlb@hlbwa.com.au. Website: <http://www.hlb.com.au>

Liability limited by a scheme approved under Professional Standards Legislation

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 White Cliff Nickel Limited on 12 March 2008.

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 White Cliff Nickel 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 at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



W M CLARK
Partner

Perth, Western Australia
12 March 2008