



**Dear Shareholders,**

The financial year ended 30 June 2009 was an extraordinary year, characterised by an unprecedented decline in global economic conditions. This resulted in the rapid and severe decline in commodity prices, nickel being the most severely affected, and a significant deterioration in share markets around the world.

These circumstances had a major impact on your Company, and the Board, together with management, reacted to these circumstances by adopting a conservative approach to managing the capital resources of the Company. This was reflected in the following actions:

- Reduced exploration, development and capital plant expenditure
- Suspension of bonus payments
- Reduced dividends

Notwithstanding the severe economic and financial market circumstances, the Company achieved a solid result for the year with a pre-tax profit of \$25 million and cash and receivables at the end of the financial year of \$141 million.

Importantly our operations at the Long Nickel Mine maintained better than budget performance in both production of metal and keeping costs below industry averages. The commitment to intensive exploration in and around the mine which resulted in the discovery of the McLeay and Moran ore bodies is an ongoing one. The newly developed high-powered transmitter is now performing above expectations and an extensive innovative seismic program was completed during the year. This has highlighted a number of new targets which will become the focus for exploration in the 2010 year. For further details of operations and exploration please refer to the Managing Director's Operations Report.

The Company will continue with its policy of funding regional exploration for gold and nickel in Australia with a commitment to discovering a significant resource that will lead to new mine development for the company.

The Tropicana Project team has now completed the Pre-feasibility Study the results of which were announced to the market in July 2009 together with the commitment to a Bankable Feasibility Study which is expected to be completed in the middle of the 2010 calendar year. The Company is now a contributing partner to the joint venture and has become more involved to ensure that input in respect to our 30% interest in the project is benefiting the Company for the longer term.

The Company's business development activities continued during the year with a number of projects and companies assessed for additional investment opportunities. To date this activity has not resulted in any investment opportunities that would have added value to the Company in the longer term and at a realistic price. We will continue to assess other opportunities as they become available.

Various stakeholders in our Company, and in particular long term shareholders and those organisations that represent superannuation funds, are challenging ASX listed companies to report on the management of corporate governance risks and sustainability. Please refer to the Corporate Governance Report included in this annual report for detailed information in this regard.

During the 2009 financial year the Board structure was re-assessed and it was decided to strengthen the Board with the appointment of a mining engineer to add a new area of expertise at the Board level.



Mr Peter Bilbe was appointed to this role in March and I take this opportunity to welcome him to the Company. At the same time Mr Rod Marston stood down as Chairman to focus on other personal priorities and I take this opportunity to thank him for his outstanding commitment and leadership during the formative years of our Company.

There has been a lot of recent publicity surrounding the question of carbon emissions and carbon reduction schemes. The Company is already registered for reporting carbon emissions under the National Greenhouse and Energy Reporting Act with the first report due by 31 October 2009. The impact on the Company of any of the mooted carbon trading schemes is still unclear but there will be a cost in due course. The Board will maintain close scrutiny of the issue and its potential impact on the Company.

I also wish to express our gratitude to all employees for their contributions to the strong results achieved during a year of unexpected challenges. I also compliment the management, exploration and operations teams for their co-operation and successful implementation of plans and strategies that have kept the Company in good shape during the year.

I express the appreciation of all Company employees and management for the support we receive from our shareholders, contractors and suppliers.

**Oscar Aamodt**  
Chairman