



Nickel Australia Limited

ABN 46 106 346 918

28 July 2005

The Manager
Companies Announcement Office
Australian Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

Dear Sir,

RE: FOURTH QUARTER ACTIVITY AND CASHFLOW REPORT

We lodge herewith a copy of the Company's Quarterly Report for the period ending 30 June 2005.

Yours faithfully,

Tony Rovira
Managing Director

Encl.



Nickel Australia Limited

ABN 46 106 346 918

QUARTERLY ACTIVITY REPORT For The Period Ended 30 June 2005

HIGHLIGHTS

- Strongly anomalous nickel, copper and PGM grades at Norseman triggers new infill aircore drilling and detailed surface EM survey.
- Exploration to commence at Davyhurst to test same ultramafic unit which hosts the new high grade nickel sulphide discovery at Riverina.
- Surface EM surveying of the five Mining Leases at Bounty completed and strong conductors identified.
- The Company's available cash at the end of the June Quarter was \$7.97 million.

DETAILS

NORSEMAN (NKL earning 100% of the Nickel Rights from Croesus Mining NL)

Exploration at Norseman comprised resampling (taking individual one metre samples instead of the original four metre composite samples) of the aircore drilling undertaken at the Chinaman's Well prospect during February. This drilling program comprised two fences of drill holes located 400m apart, with another drill line being one kilometre further to the south. Significant coincident Ni, Cu and PGM anomalism was returned from several holes (see table below).

Hole No	North (MGA)	East (MGA)	From (m)	To (m)	Interval (m)	Ni (%)	Cu (ppm)	Pt + Pd (ppb)
NNA 540	6448200	379650	10	17	7	0.63	301	109
NNA 556	6447800	379600	16	41	25	0.53	159	81
NNA 557	6447800	379650	43	44	1	0.43	166	80
and			45	47	2	0.42	132	75
and			51	52	1	0.50	125	75
NNA 558	6447800	379700	23	26	3	0.51	508	130
and			31	32	1	0.40	330	115
and			56	59	3	0.47	303	188

These results are derived from shallow aircore drilling of weathered ultramafic rocks. This anomalous geochemistry may reflect nickel sulphide mineralisation at depth, and the Company has recently commenced an infill aircore program with holes being drilled to fresh rock. In addition, a surface EM survey is in progress over a two kilometre strike length of the prospective ultramafics. If results from these activities are positive, a diamond drilling program will be implemented.

DAVYHURST (NKL earning 100% of the Nickel Rights from Croesus Mining NL)

During the forthcoming September Quarter, Nickel Australia will commence field exploration on the Davyhurst project. Davyhurst contains the southern extension of the ultramafics which host the Riverina nickel sulphide mineralisation recently discovered and announced by the Riverina JV (Barra Resources Ltd 30% / Riverina Resources Pty Ltd 70%). This mineralisation (which includes a high grade intercept of 0.37m @ 10.88% Ni) is located 2.4km north of the Davyhurst tenements.

Exploration will comprise a two stage aircore drilling program (Stage 1: 3,800m and Stage 2: 3,200m), and a surface EM program over a four kilometre strike length of the prospective ultramafics. No previous nickel exploration has been undertaken within this area, however the recent Riverina discovery confirms that this ultramafic unit is fertile and very prospective for nickel sulphide mineralisation.

BOUNTY (NKL earning 80% of the Nickel Rights)

The Bounty Project comprises five granted Mining Leases. Exploration continued throughout the June Quarter with surface electromagnetic (EM) surveying being carried out. EM coverage has now been completed over the entire project area. Numerous conductor anomalies were identified, with several considered to be prospective for nickel sulphide mineralisation. These were followed up with detailed fixed loop EM surveys which confirmed and defined the anomalies, and drill testing of these anomalies will be carried out once the geophysical data interpretation is complete.

SPLINTER (NKL 100%)

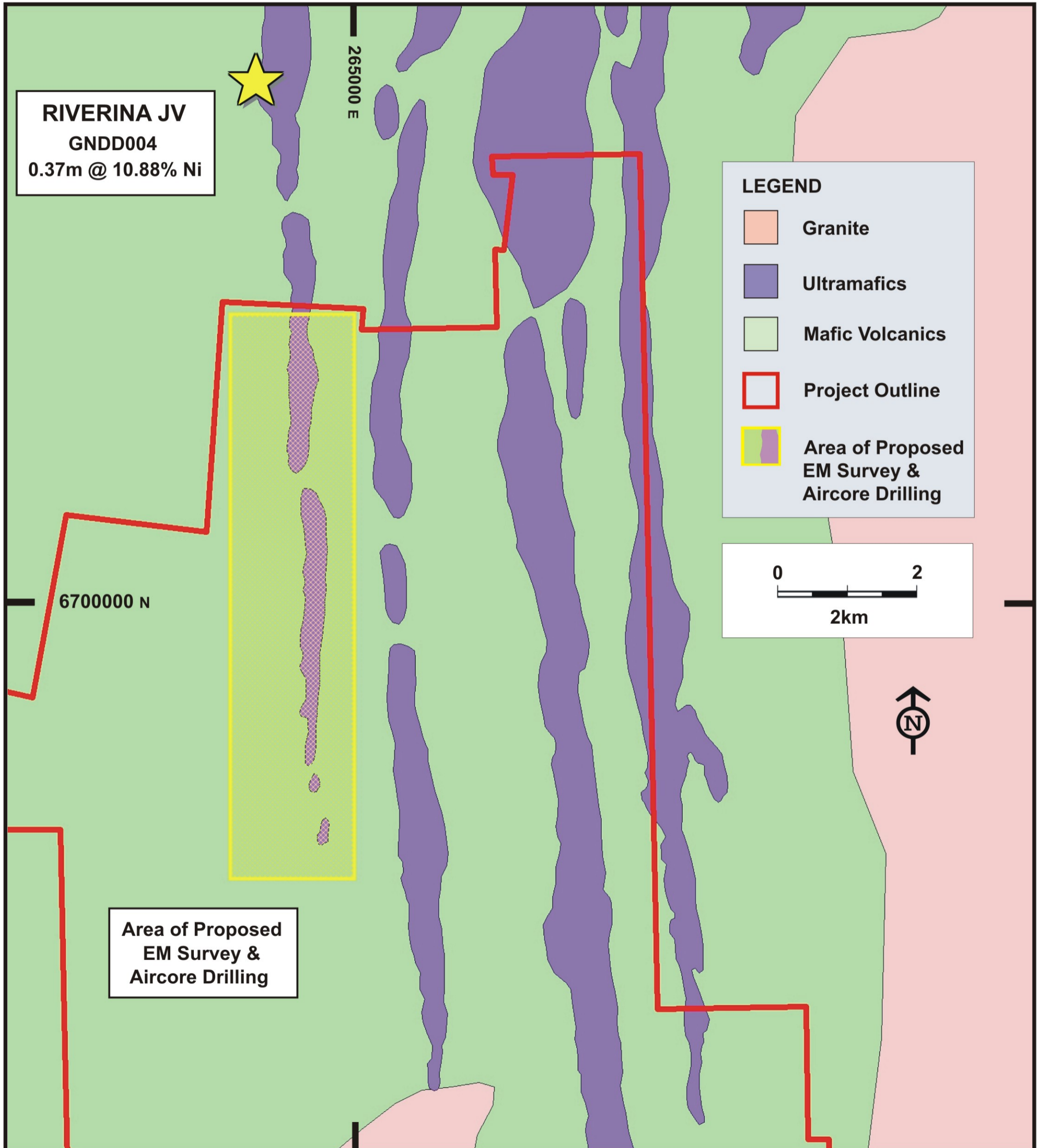
During the June Quarter, Nickel Australia completed an aircore drilling program comprising 114 holes totaling 3,283m over five target areas identified from calcrete geochemistry and geophysical interpretation. Drilling intersected mostly granitoid rocks containing varying intensities of hematite, silica and sericite alteration, minor quartz veining, and occasional pyrite mineralisation. Although no highly significant base metal or gold assays were returned, the presence of alteration, veining and sulphides is encouraging. A comprehensive evaluation of the complete analytical suite is in progress. No field exploration is planned for the September Quarter.

Released by Tony Rovira
Managing Director
Nickel Australia Ltd
28 July 2005

This report has been compiled by Mr Tony Rovira (Managing Director – Nickel Australia Ltd) who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) with more than 20 years experience in the mining industry. Mr Rovira has relevant experience in relation to the geology and mineralisation being reported on and qualifies as a Competent Person as defined by the Joint Ore Reserve Committee (JORC) of the AusIMM.



Nickel Australia Limited



DAVYHURST PROJECT

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Nickel Australia Limited

ABN

46 106 346 918

Quarter ended ("current quarter")

30 June 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(701)	(3,672)
(b) development	-	-
(c) production	-	-
(d) administration	(393)	(993)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	155	573
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) GST reclaimable	-	-
Net Operating Cash Flows	(939)	(4,092)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(5)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(5)
1.13 Total operating and investing cash flows (carried forward)	(939)	(4,097)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(939)	(4,097)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(939)	(4,097)
1.20	Cash at beginning of quarter/year to date	8,913	12,071
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	7,974	7,974

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	76
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
Total	500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	54	14
5.2 Deposits at call	7,920	8,899
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	7,974	8,913

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

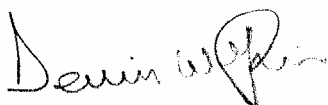
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	85,000,004	69,020,004		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,780,000 3,560,000 3,560,000	Nil Nil Nil	<i>Exercise price</i> \$0.25 \$0.25 \$0.25	<i>Expiry date</i> 30/11/08 30/11/09 30/11/10
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: **28 July 2005**

Print name: **Dennis Wilkins**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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