



Nickel Australia Limited

QUARTERLY REPORT

FOR THE PERIOD ENDED March 31, 2004

HIGHLIGHTS

- Intensive field exploration program commences at Norseman.
- Nickel sulphide mineralisation intersected in maiden drilling program.
- Best aircore drilling results received to date are from the Talbot Prospect, including:
 - **NNA025 - 7m @ 1.24% Ni from 45m;** and
 - **NNA143 - 4m @ 1.19% Ni from 36m.**
- Numerous conductors identified in ongoing surface electromagnetic survey.
- Diamond drilling commenced in March to follow up EM conductors and geochemical anomalies. Assay results awaited.

Exploration

Nickel Australia Limited (ASX: NKL) commenced its inaugural exploration program during the quarter, with work starting on the **Norseman Project**. This is the Company's most advanced project, with NKL owning 100% of the nickel and base metal rights.

Norseman is prospective for high-grade massive nickel sulphide deposits, as it contains the interpreted southern extensions of the ultramafic rocks which, further to the north, host several operating nickel mines at Widgiemooltha and the major nickel mining centre of Kambalda.

Exploration comprising reconnaissance aircore drilling and surface electromagnetic (TEM) surveying commenced in mid-February, while follow-up diamond core drilling and downhole electromagnetic (DHEM) surveying commenced towards the end of March.

The aircore drilling was used to define the locations and boundaries of ultramafic units with nickel sulphide potential, and to test for anomalous geochemistry within these rock units. Drilling was undertaken at the Talbot prospect, followed by Jimberlana and Polar Bear, with 223 holes completed for 10,139 metres. Drill hole spacing was 400m x 50m, while some infill drilling on 200m x 50m spacing was carried out to follow up anomalous results. Further in-fill drilling will be required. All samples were collected as four metre composites and analysis of one metre re-splits from anomalous zones is currently in progress.

Several holes intersected disseminated and stringer sulphide mineralisation within ultramafic rocks, and anomalous grades of nickel and other pathfinder elements were returned. The most significant intersections were received from zones of disseminated sulphide mineralisation at Talbot, assaying **7m @ 1.24% Ni** from 45m in NNA 025 and **4m @ 1.19% Ni** from 36m in NNA143.

Details of significant intercepts from the aircore drilling received to date are tabled below.

Significant Aircore Drill Intercepts

Hole No	North	East	Dip	Azimuth	Total Depth (m)	From (m)	To (m)	Width (m)	Grade (% Ni)
NNA 024	6450900	393350	-60	270	74	57	65	8	0.54
NNA 025	6450900	393400	-60	270	104	45	52	7	1.24
NNA 028	6450900	393600	-60	270	57	51	55	4	0.72
NNA 035	6450900	393000	-60	270	33	21	28	7	0.66
NNA 036	6450900	393050	-60	270	32	25	32*	7	0.66
NNA 037	6450900	393100	-60	270	47	39	40	1	0.73
						43	47*	4	0.76
NNA 039	6451300	392850	-60	270	61	54	61	7	0.56
NNA 143	6451100	393000	-60	270	42	36	40 [#]	4	1.19
NNA 144	6451100	393000	-60	270	62	52	56 [#]	4	0.99
NNA 157	6450660	393250	-60	270	96	68	72 [#]	4	0.55
NNA 161	6450660	393450	-60	270	52	44	48 [#]	4	0.82

Notes: (1) coordinates are in GDA -94; (2) analytical results received to 20th April 2004;
(3) * denotes end of hole sample; (4) [#] denotes 4m composite sample.

Access to some parts of the Norseman project area was hampered by rain during the quarter, and the aircore drilling program was temporarily suspended. Drilling will recommence in late May using a lake rig (capable of aircore and shallow diamond drilling) to undertake a program of 4,000 metres of aircore and 1,000 metres of diamond core drilling in areas with difficult access.

The TEM survey is designed to identify electromagnetic conductors which may represent bodies of massive nickel sulphides, and covers the Talbot, Jimberlana and Polar Bear prospects. Surveying has been undertaken to date at Talbot and Polar Bear with very encouraging results, and is continuing.

Interpretation of the data has resulted in the identification of seven conductor bodies at Talbot and five conductors at Polar Bear. The conductors are located in favourable geological positions adjacent to basal ultramafic contacts and some are coincident with geochemical anomalies generated by the aircore drilling.

Diamond core drilling commenced in late March with the first hole (NND 001) located at Talbot to follow up one of the geochemical anomalies. Finely disseminated sulphide mineralisation was observed throughout the core, and analytical results for this hole are awaited.

Further diamond drilling in the 2,400m program will test other conductors and areas of anomalous geochemistry. Downhole electromagnetic (DHEM) surveys will be undertaken in all diamond holes.

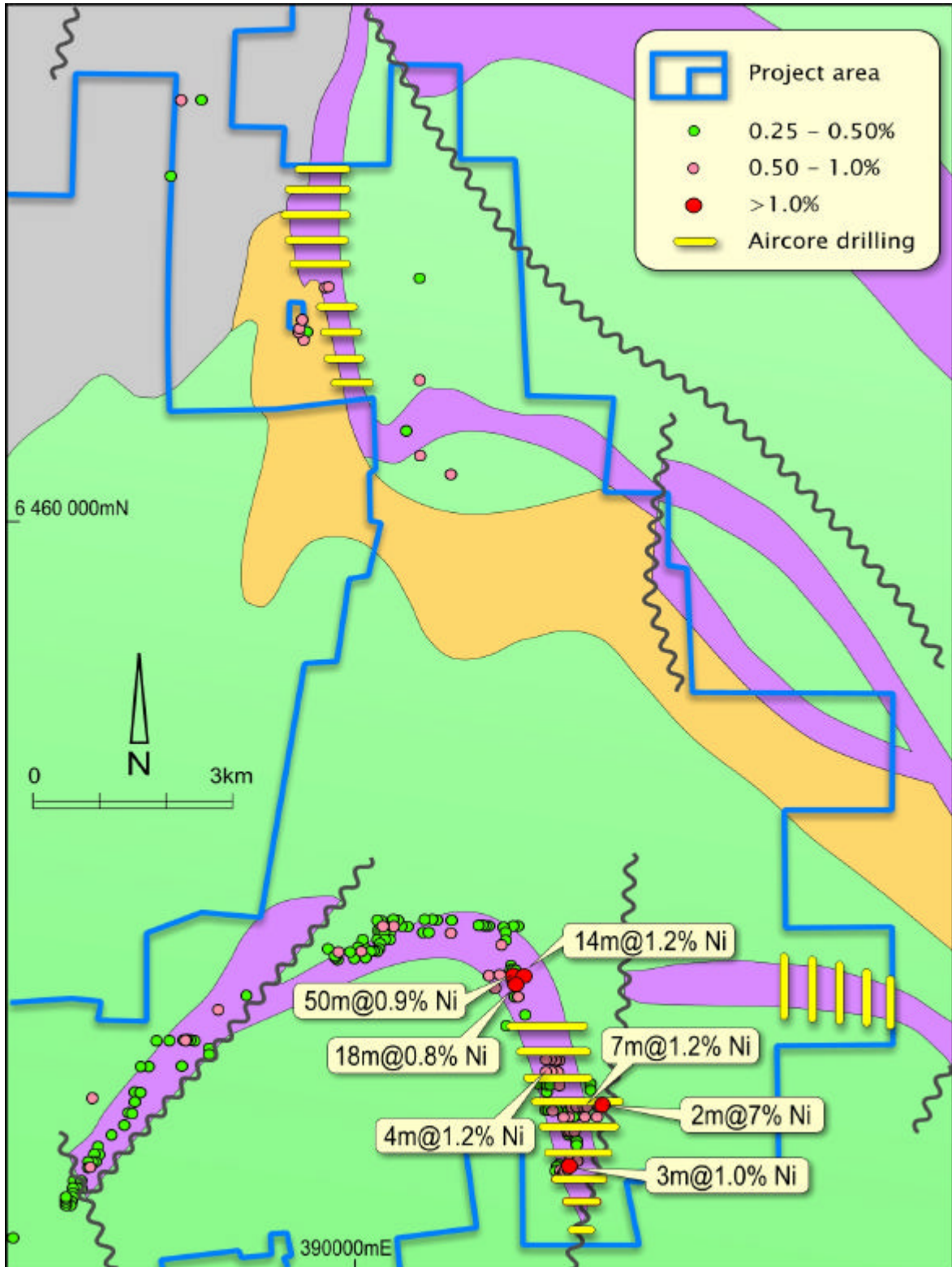
Tony Rovira
Managing Director
28 April 2004

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 define by the Joint Ore Reserve Committee (JORC) of the AusIMM.



Nickel Australia Limited

NORSEMAN NICKEL PROJECT – AIRCORE DRILLING



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")

31 March 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(286)	(286)
(b) development		
(c) production		
(d) administration	(263)	(342)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	234	240
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (Recoverable Taxes)	(139)	(139)
Net Operating Cash Flows	(454)	(527)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(265)	(265)
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	(265)	(265)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	(719)	(792)
------	---	-------	-------

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(719)	(792)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		15,050
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 (Fundraising Costs)	(798)	(798)
Net financing cash flows		(798)	14,252
Net increase (decrease) in cash held		(1,517)	13,460
1.20	Cash at beginning of quarter/year to date	14,977	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	13,460	13,460

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	98
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

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

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	-	-
3.2 Credit standby arrangements	-	-

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	40	20
5.2 Deposits at call	13,420	14,957
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	13,460	14,977

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	60,400,004	-	-
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	Nil	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 30/11/08
	3,560,000	Nil	\$0.25	30/11/09
	3,560,000	Nil	\$0.25	30/11/10
7.8 Issued during quarter	130,000	Nil	\$0.25	30/11/08
	260,000	Nil	\$0.25	30/11/09
	260,000	Nil	\$0.25	30/11/10
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>				

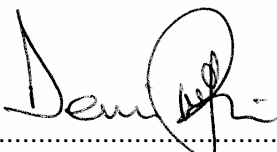
+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.12	Unsecured notes <i>(totals only)</i>	-	-
------	--	---	---

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 give a true and fair view of the matters disclosed.

Sign here:  Date: 23/04/04
(~~Director~~/Company secretary)

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.

====

+ See chapter 19 for defined terms.