

QUARTERLY ACTIVITIES REPORT

FOR THE THREE MONTHS ENDING 31 MARCH 2018

Nickelore Limited (ASX: NIO) (**Nickelore** or the **Company**) is pleased to present this Quarterly Report for the quarter ended 31 March 2018.

On 1 December 2017, the Company announced that it had entered into a binding agreement (**Agreement**), pursuant to which the Company has agreed to acquire a 100% of the issued capital in Lone Star Energy Limited (ACN 157 789 761) (**Lone Star**), an oil and gas exploration and development company which currently has an interest in two oil projects located in Texas and Oklahoma, USA. Details of the transaction can be found in the 1 December 2017 announcement.

The Company is continuing with its due diligence on Lone Star and undertook site visits to Oklahoma and Texas. During the visits, the Company met with the Black Mesa Production team to better understand the two current projects as well as understand the pipeline of new projects available to Lone Star under the Step-in Agreement it has with BRK Oklahoma Holdings LLC (Refer December 2017 announcement for details of this agreement).

In addition, the Company commissioned a technical expert and an independent expert to prepare a Technical Report and an Independent Expert Report (**IER**) for inclusion in the Notice of Meeting to approve the transaction. This IER is nearing completion which will allow the Notice of Meeting to be completed and dispatched to Shareholders. There is a requirement to vary the terms of the Agreement slightly which will be announced as soon as possible along with a revised timetable.

Details of the two oil projects are detailed below:

- **Greever Project:** located in Hansford County, Texas in the United States approximately 96 miles north of Amarillo. The Greever Prospect is a conventional horizontal drilling opportunity in the Marmaton Formation in the Hansford Oil and Gas Field in Hansford County, Texas. The Hansford Field is described as a significant field (>1,000 Billion cubic feet (**Bcf**) of gas) with over 50 years of exploitation. An initial horizontal well bore was spudded in August 2017. The well is offsetting a recent successfully drilled (producing) horizontal well and is adjacent to an analogous field with five recently drilled horizontal Marmaton producing wells. The Greever Prospect opportunity is made up of 640 acres in Section 52, Block 4T in Hansford County, Texas. The Greever Prospect also includes an Area of Mutual Interest (**AMI**) including the adjoining Section 51, Block 4T. LS Operating Pty Ltd (**LS Operating**), a wholly owned subsidiary of Lone Star, has participated for a 25% working interest (with an 18.75% net revenue interest). The Sutton #2H-52 well (located within the Greever Prospect) has now been drilled, successfully completed and is currently flowing back to sales.

- **Burgess Project (Sand Creek):** located in Ellis County, Oklahoma in the United States. The Burgess Prospect, NE/4 28-24N-23W Ellis County, Oklahoma, proposes to target Morrow sands at an approximate depth of 7,850 ft. These Morrow sands are known to produce commercial quantities of natural gas from vertical wells within section 28 and adjacent sections. LS Operating has agreed to participate for up to a 100% working interest (with a 75% net revenue interest) in the drilling of the Burgess well. This well has now been completed and is flowing back to sales.

CANEGRASS PROJECT

Nickelore continued to fund its obligations in respect to the Canegrass Project during the quarter.

FINANCIAL

At 31 March 2018, Nickelore held \$88,000 in cash reserves.

-ends-

CONTACT

Investors

Robert Gardner / Jay Stephenson

Nickelore Limited

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

NICKELORE LIMITED (NIO)

ABN

13 086 972 429

Quarter ended (Current quarter)

31 March 2018

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (9 Months) \$A'000 |
|---|-------------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for: | - | - |
| (a) exploration and evaluation | - | (9) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | - | - |
| (e) administration and corporate costs | (6) | (83) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | 2 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (6) | (90) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material): Costs related to the Helio acquisition | - | - |
| 2.6 Net cash from / (used in) investing activities | - | - |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 Months) \$A'000 |
|--|------------------------------------|--|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | - |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | - | - |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | - | - |
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date | 94 | 178 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (6) | (90) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 Effect of movement in exchange rates on cash held | - | - |
| 4.6 Cash and cash equivalents at end of quarter | 88 | 88 |
| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
| 5.1 Bank balances | 88 | 94 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 88 | 94 |
| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 | |
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | - | |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - | |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | - | |
| Nil | | |
| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 | |
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | - | |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - | |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | - | |
| | | |

8. Financing facilities available

Add notes as necessary for an understanding of the position

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|--|
| - | - |
| - | - |
| - | - |

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter

9.1 Exploration and evaluation

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

9.6 Other (provide details if material)

9.7 **Total estimated cash outflows**

\$A'000

4

-

-

-

27

-

31

10. Changes in tenements
(items 2.1(b) and 2.2(b) above)

10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced

10.2 Interests in mining tenements and petroleum tenements acquired or increased

| Tenement reference and location | Nature of interest | Interest at beginning of quarter % | Interest at end of quarter % |
|---------------------------------|--------------------|------------------------------------|------------------------------|
| | | | |
| | | | |

Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.



Signed:

Dated: Thursday, 26 April 2018

Company Secretary

Print name: Jay Stephenson

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.