

29 July 2016

QUARTERLY ACTIVITIES REPORT

FOR THE THREE MONTHS ENDING 30 JUNE 2016

Nickelore Limited (ASX:NIO) (**Nickelore** or the **Company**) is pleased to provide its quarterly activities report for the three months ending 30 June 2016.

HELIO TRANSACTION UPDATE

On 10 February 2016, Nickelore entered into a non-binding agreement to acquire Helio Energia Holdings S.A. (**Helio**). Helio is a leading-edge, full-service, end-to-end provider of distributed generation solar energy systems for commercial and industrial energy customers in Brazil (the **Acquisition**). Nickelore believes the Acquisition will provide shareholders with an opportunity to enter an exciting new market with strong prospects for growth.

Helio continues to grow its operations since the acquisition was announced, with six projects totalling 2.9MW now operating, including a 1MW system that is currently the largest private industrial solar system in Brazil. In addition, Helio has six projects under construction or contract, which will deliver a further 10.0MW of installed capacity, bringing Helio's total installed capacity to 12.9MW upon completion. The pipeline for additional solar rental agreements is robust, with more than 12.3MW in signed proposals or short listings on requests for proposals, and over 120MW of identified pipeline under development.

Post the quarter, Nickelore executed a binding Share Sale Agreement to acquire 100% of the issued capital of Helio and is progressing the Acquisition for Nickelore shareholder approval in the current quarter.

Nickelore proposes to acquire Helio in exchange for equity in the Company for a fixed quantum of consideration. Included in the consideration will be performance shares in Nickelore, subject to the achievement of key business milestones. The terms provide incentives to realise significant business outcomes, provides a clear structure to deliver an increased investment return for both Nickelore and Helio shareholders, as well as a capital structure that ensures Helio is well positioned to capture its growth pipeline opportunities.

As part of the transaction, Nickelore will undertake a Principal Raising for a minimum of A\$5 million, with oversubscriptions for up to an additional A\$20 million. Patersons Securities Limited has been appointed as lead manager to conduct the Principal Raising. Funds from the Principal Raising will provide additional capital for Helio to capture pipeline opportunities as it targets 38MW of cumulative installed capacity within 18 months of conclusion of the fundraising. As Helio grows its installed capacity, it is expected that debt and alternate forms of infrastructure funding, such as asset portfolio level equity structures, will be utilised to expand Helio's installed capacity.

Completion of Nickelore's acquisition of Helio remains conditional upon a number of conditions precedent, such as undertaking the Principal Raising, and regulatory and shareholder approvals for both Nickelore and Helio, including ASX requirements for re-admission being met by the combined entity.

A Notice of Meeting (**NOM**) to approve the Acquisition is to be dispatched to shareholders shortly ahead of a shareholder meeting expected to be held in September 2016.

PROPOSED BOARD CHANGES

Four directors are proposed to join the Nickelore Board upon completion of the Transaction. The proposed additions to the Board include:

1. Derek La Ferla as Non-Executive Chairman. Mr La Ferla is Chairman of a number of ASX-listed companies and is an experienced commercial lawyer with more than 30 years' experience working in corporate and commercial law.
2. Alistair Craib as an Independent Director. Mr Craib is an experienced renewable energy and project finance executive with an electrical engineering background and over 15 years' experience working with leading investment banks in Australia and abroad.
3. Dale A. Vander Woude as Managing Director. Mr Vander Woude is a founder and executive director of Helio.
4. Tamara Barreto Cidade as Executive Director. Ms Cidade is also a founder and executive director of Helio.

Existing Nickelore Chairman Robert Gardner will remain on the Board as an Independent Director.

FINANCIAL

At 30 June 2016 Nickelore held \$502,000 in cash reserves (31 March 2016: \$670,000). The proceeds of Nickelore's \$0.5m Entitlement Offer completed in March have been allocated to fund acquisition and due diligence costs associated with the Acquisition, working capital and ongoing expenditure commitments of the Company.

As referred to above, in order to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules, in conjunction with the Acquisition, Nickelore also intends to conduct a Principal Raising for a minimum of A\$5 million, with oversubscriptions of up to an additional A\$20 million.

UPDATE ON EXISTING BUSINESS ACTIVITIES

The Acquisition of Helio will result in a significant change to the nature and scale of the Company's main business, which the Nickelore Board considers to be positive and in the best interests of Nickelore shareholders.

While Nickelore intends to continue to fund its obligations in respect to the Canegrass Project, if Nickelore shareholders approve the Acquisition, post-completion the new board of Nickelore will undertake a review of the Canegrass assets to investigate opportunities to divest its existing assets and projects by way of a sale, joint venture, or farm-out agreement.

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CONTACT

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Appendix 5B

Mining 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, 01/05/2013

Name of entity

NICKELORE LIMITED (NIO)

ABN

13 086 972 429

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration & evaluation	(2)	(11)
(b) development	-	-
(c) production	-	-
(d) administration	(37)	(131)
(e) acquisition	(95)	(95)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(133)	(231)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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	-	-
1.13 Total operating and investing cash flows (carried forward)	(133)	(231)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(133)	(231)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc. net of costs	(35)	478
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		(35)	478
Net increase (decrease) in cash held		(168)	247
1.20	Cash at beginning of quarter/year to date	670	255
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	502	502

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	10
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment to Company associated with Director in relation to acquisition of Helio

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

Nil

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

Nil

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	2
4.2 Development	-
4.3 Production	-
4.4 Administration	35
Total	37

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	382	550
5.2 Deposits at call	120	120
5.3 Bank overdraft	-	-
5.4 Other: Refundable Guarantees	-	-
Total: cash at end of quarter (item 1.22)	502	670

Interests in Mining Tenements

Disclosure in accordance with ASX Listing Rule 5.3.3

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
 Canegrass Project	Australia			
▶ P 24/4573		100%		
▶ P 24/4574		100%		
▶ P 24/4575		100%	0%	0%
▶ P 24/4576		100%		
▶ P 24/4577		100%		
▶ P 24/4580		100%		

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Appendix 5B
Mining exploration entity quarterly report

Farm-in Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil				
Farm-out Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil				

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	307,731,740	307,731,740		
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>	Nil		<u>Exercise price \$</u>	<u>Expiry date</u>
7.8 Issued during quarter	Nil			
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>	-	-		

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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 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Signed:

Dated: Friday, 29 July 2016

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 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 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting 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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