



STONEHORSE
E N E R G Y



Nickelore Limited

ACN 086 972 429

(to be renamed 'Stonehorse Energy Limited')

PROSPECTUS



For an offer of 210,000,000 Shares at issue price of \$0.02 per Share to raise \$4,200,000 (**Public Offer**). Oversubscriptions of up to an additional 190,000,000 Shares at an issue price of \$0.02 per Share to raise up to an additional \$3,800,000 may be accepted.

Lead Manager:

PAC Partners Securities Pty Ltd (Corporate Authorised Representative of PAC Asset Management (AFSL 335 374))

This Prospectus also contains the following additional offers:

- (a) up to 105,500,000 Shares and 52,750,000 Options to the Vendors (or their nominee(s)) (**Vendor Offer**); and
- (b) up to 10,000 Shares at an issue price of \$0.02 per Share to raise up to \$200 (**Cleansing Offer**),

(together the **Additional Offers**).

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand anything in this document you should consult your professional advisers without delay.
The Securities offered by this Prospectus should be considered highly speculative.

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CORPORATE DIRECTORY

Directors

Mr Robert Gardner
Executive Chairman

Mr Jay Stephenson
Non-Executive Director

Mr David Deloub
Non-Executive Director

Company Secretary

Mr Jay Stephenson

Current ASX Code

NIO

Proposed ASX Code

SHE

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone:
Investors within Australia
1300 787 272
International
+61 8 9323 2000

Solicitors

Steinpreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Registered Office

182 Claisebrook Road
Perth WA 6000
Telephone: +61 (0)8 6141 3500
Facsimile: +61 (0)8 6141 3599
Email: info@nickelorelimited.com.au
Website: www.nickelorelimited.com.au

Lead Manager

PAC Partners Securities Pty Ltd
(Corporate Authorised Representative of PAC Asset
Management (AFSL 335 374))
Level 10, 330 Collins Street
Melbourne VIC 3000

Independent Technical Expert

Pinnacle Energy Services, LLC
9420 Cedar Lake Ave
Oklahoma City, Oklahoma
United States of America

Independent Title Advisers

Charney Brown, LLC
1560 East 21st Street
Suite 310
Tulsa, Oklahoma
United States of America

Auditor

Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005

Investigating Accountant

Pendragon Capital Limited
283 Rokeby Road
Subiaco WA 6008



IMPORTANT NOTICES

This Prospectus is dated 19 November 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

a. **Conditional Offers**

The Offers are conditional on the Acquisition Agreement becoming unconditional (excluding the conditions relating to this Offer) (**Condition**). Refer to Section 11.1 for a list of the conditions precedent to settlement under the Acquisition Agreement.

In the event that the Condition is not satisfied, the Offers will not proceed and no Securities will be issued pursuant to this Prospectus. If this occurs, Applicants will be refunded their application monies (without interest) and in accordance with the Corporations Act.

b. **Applicants outside Australia**

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.



This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Securities or the Offers, or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

c. **Change in nature and scale of activities and re-compliance with Chapters 1 and 2 of the ASX Listing Rules**

At the Annual General Meeting, the Company obtained Shareholder approval for a change in nature and scale of its activities.

ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

The Company's Securities will remain suspended from trading on ASX until ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-admission to the Official List. In the event the Condition is not satisfied or the Company does not receive conditional approval for re-admission to the Official List then the Company will not proceed with the Offers and will repay all application monies received.

d. **Qualified Resources Evaluator's Statements**

The resource estimates contained in this Prospectus are consistent with the definitions of hydrocarbon reserves and resources as defined in the ASX Listing Rules.

The information in this Prospectus which relates to Petroleum Reserves in the Projects is based on, and fairly and accurately represents, in the form and context in which it appears, information and supporting documentation prepared by, or under the supervision of, Mr J.P. Dick of Pinnacle Energy Services, LLC a qualified petroleum reserves and resources evaluator and member of the Society of Petroleum Engineers, with sufficient experience which is relevant to the evaluation and estimation of Petroleum Reserves to qualify as a Qualified Petroleum Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr J.P. Dick is not an employee of the Company or a related party of the Company but the Principal of Pinnacle Energy Services, LLC. Pinnacle Energy Services, LLC has consented to the inclusion in this Prospectus of the matters based on their information in the form and context in which it appears.

e. **Web Site – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at www.nickelorelimited.com.au If you are accessing the electronic version of this Prospectus for



the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 6141 3500 during office hours or by emailing the Company at info@nickelorelimited.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

f. **Investment Advice**

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

g. **Risks**

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Securities. There are risks associated with an investment in the Company. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Securities. Refer to Section D of Section 1 as well as Section 4 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

h. **Website**

No document or information included on the Company's website is incorporated by reference into this Prospectus.

i. **Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.



We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section D of Section 1 as well as Section 4.

j. **Photographs and Diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

k. **Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept an Offer please call the Company Secretary on +61 8 6141 3500.

l. **Definitions**

Terms used in this Prospectus are defined in the Glossary in Section 15.



CHAIRMAN'S LETTER

On behalf of the Board of Directors of Nickelore Limited, I am pleased to present you with this Prospectus and the opportunity to become a new Shareholder or to increase your existing shareholding through a priority offer to existing Shareholders.

As announced on 1 December 2017, the Company entered into an agreement to acquire 100% of the issued capital of Lone Star Energy Limited (**Lone Star**) (**Acquisition**).

Lone Star is an oil and gas exploration and development company which has:

- a beneficial interest in two oil and gas projects located in Texas and Oklahoma, USA (**Existing Assets**); and
- b the opportunity to participate in two additional oil and gas projects located in Oklahoma at its election (**Proposed Assets**).

Settlement of the Acquisition is conditional on a number of conditions precedent including the Company obtaining conditional approval from ASX to be reinstated to the Official List. Details of the Acquisition Agreement are found in Section 11.1 of this Prospectus. Once the Acquisition has completed, the Company will have a clear strategy to focus on developing oil and gas assets in Texas and Oklahoma.

A Notice of Meeting was dispatched to Shareholders on 18 September 2018 for Shareholders to consider a number of Resolutions including the Acquisition and the change of name of the Company to Stonehorse Energy Limited. All resolutions were approved at the Annual General Meeting on 18 October 2018.

Under this Prospectus, the Company is seeking to raise \$4,200,000 through the issue of 210,000,000 Shares at an issue price of \$0.02 per Share. Oversubscriptions of up to an additional 190,000,000 Shares at an issue price of \$0.02 per Share may be issued to raise up to an additional \$3,800,000. The minimum subscription is \$4,200,000 through the issue of 210,000,000 Shares.

This Prospectus contains information about the Company, the Offers, the proposed Acquisition, and the Existing Assets and Proposed Assets. I commend the Company to you and encourage you to consider the Offers.

Investors should be aware of the potential risks inherent in this investment which are outlined in Section 4 of this Prospectus. Before making your decision to invest, I ask that you carefully read this Prospectus and seek professional advice if required.

Yours sincerely



Robert Gardner
Chairman



KEY OFFER INFORMATION

KEY DATES – Indicative timetable¹

Lodgement of Prospectus with the ASIC	19 November 2018
Opening Date of the Offers	19 November 2018
Closing Date of the Public Offer and Vendor Offer	3 December 2018
Settlement of Acquisition ²	7 December 2018
Issue of Securities under the Public Offer and Vendor Offer	7 December 2018
Despatch of holding statements	10 December 2018
Closing Date of the Cleansing Offer	11 December 2018
Expected date for reinstatement to Official Quotation	14 December 2018

1. *The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Dates (or one or more of them) or close the Offers (or one or more of them) early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Securities to Applicants.*
2. *The above stated date for settlement of the Acquisition is only a good faith estimate by the Directors and may be extended or brought forward.*



1. INVESTMENT OVERVIEW

Item	Summary	Further information
a. Company		
Who is the issuer of this Prospectus?	Nickelore Limited (ACN 086 972 429) (ASX: NIO) (Company or Nickelore). The Company intends to change its name to Stonehorse Energy Limited (ASX: SHE) subject to Settlement of the Acquisition (Settlement).	Section 3.1
Who is Nickelore?	The Company is an Australian company, incorporated on 14 June 1999 and admitted to the Official List of the ASX on 24 July 2000. Since incorporation, the Company has focused its activities on mineral resource exploration and mining. Recently, the Company has been seeking out project opportunities with a view to enhancing Shareholder value.	Section 3.1
b. The Acquisition		
What is the Acquisition?	On 1 December 2017, the Company announced that it had entered into a binding share sale agreement (Acquisition Agreement), to acquire 100% of the issued capital in Lone Star Energy Limited (ACN 157 789 761) (Lone Star) from the holders of shares in Lone Star (Vendors) (Acquisition).	Section 11.1



Item	Summary	Further information
Who is Lone Star?	<ul style="list-style-type: none"> · Lone Star is an oil and gas exploration and development company which currently has working interests in two oil and gas projects located in Texas and Oklahoma, USA. Lone Star also has the opportunity, at its election, to participate in two additional oil and gas projects located in Oklahoma. · Lone Star’s overall objective is to build a portfolio of working interests in high quality well bore assets reflecting risk appetite and capital availability. · Descriptions of the Existing Assets and Proposed Assets are provided below: <p>Greever (Sutton) Prospect (Existing):</p> <ul style="list-style-type: none"> • Location: Hansford County in West Texas • Field: The Hansford Field is a significant field (>1,000 Billion cubic feet (Bcf) of gas) with over 50 years of exploitation • Nearology: 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 • Operator: Strat Land Exploration Company • Working Interest: 25% in the Sutton #2H-52 well • Status: Producing <p>Burgess Prospect (Existing):</p> <ul style="list-style-type: none"> • Location: Ellis County in North East Oklahoma • Field: Macone-Laverine • Operator: Black Mesa Production • Working Interest: 96.8% working interest • Status: The well has been drilled with two zones identified with potential to produce (Chester and Oswego) <p>Bullard Prospect (Proposed):</p> <ul style="list-style-type: none"> • Location: Garvin County, Oklahoma • Field: South Central Oklahoma Oil Province (“SCOOP”) • Operator: Rimrock Resource Operating • Working Interest: 20.57% working interest <p>STACK Prospects (Proposed):</p> <ul style="list-style-type: none"> • Location: Blaine County, Oklahoma • Field: Sooner Trend Anadarko Canadian Kingfisher (“STACK”) • Operator: Various • Working Interest: Between 0.25% and 5.22% working interest <p>See Section 3.5 for details of the proposed activities on the Projects following Settlement and the Independent Technical Report in Section 5 for further details of the Projects, including geological information and previous activities.</p>	Sections 3.2 and 5



Item	Summary	Further information									
<p>What is the consideration for the Acquisition?</p>	<p>In consideration for the Acquisition, the Company will issue to the shareholders of Lone Star (or their nominees) at Settlement an aggregate of 105,500,000 Shares (Consideration Shares), together with 1 Option (Consideration Option) for every 2 Consideration Shares issued (together the Consideration Securities), to be issued proportionately to Vendors based on their shareholding in Lone Star at Settlement.</p> <p>A detailed summary of the Acquisition Agreement is set out at Section 11.1.</p>	<p>Section 11.1</p>									
<p>What approvals were obtained at the Annual General Meeting?</p>	<p>At the Annual General Meeting held on 18 October 2018, in connection with the Acquisition, the Company obtained Shareholder approval for a number of resolutions as detailed in Section 2.4.</p>	<p>Section 2.4</p>									
<p>How was the value of, and consideration for, the Acquisition determined?</p>	<p>The valuation and number of Shares and Options to be issued in consideration for the Acquisition of Lone Star was determined through arm's length negotiations.</p>										
<p>What will be the capital structure of the Company following Settlement and the completion of the the Offers?</p>	<p>On Settlement and the completion of the the Offers, and the conversion of the Converting Loans, the issued capital of the Company be as follows:</p> <table border="1" data-bbox="400 987 1158 1140"> <thead> <tr> <th></th> <th>Minimum Subscription</th> <th>Oversubscriptions</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>380,538,623</td> <td>570,538,623</td> </tr> <tr> <td>Options</td> <td>52,750,000</td> <td>52,750,000</td> </tr> </tbody> </table>		Minimum Subscription	Oversubscriptions	Shares	380,538,623	570,538,623	Options	52,750,000	52,750,000	<p>Section 3.11</p>
	Minimum Subscription	Oversubscriptions									
Shares	380,538,623	570,538,623									
Options	52,750,000	52,750,000									
<p>c. Business Model</p>											
<p>What are the key business objectives of the Company?</p>	<p>The overall objective of the Company is to implement the Lone Star strategy (refer to Section 3.5) which involves a flexible approach to building a portfolio of high quality well bore assets with working interest percentages reflecting risk appetite and capital availability.</p> <p>This will include acquiring working interests in the Bullard and STACK group of well bore assets as described in Section 2.9 and 3.4.</p> <p>In addition, the Company may consider broadening the investment portfolio to include potential future acreage investment opportunities sourced by Black Mesa and offered through the Step-in Agreement.</p> <p>Finally, the Company proposes to implement a growth strategy evaluating additional complementary oil and gas projects for acquisition or joint venture opportunities, providing a pipeline of projects at various stages of development, hence maximising opportunities for Shareholder value creation.</p>	<p>Section 3.5</p>									



Item	Summary	Further information
d. Key Advantages and Key Risks		
<p>What are the key advantages of an investment in the Company?</p>	<p>The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages:</p> <p>(a) subject to raising the Minimum Subscription, the Company will have sufficient funds to implement the Lone Star strategy;</p> <p>(b) the consideration for the Acquisition is entirely Securities, thereby allowing more funds raised from the Capital Raising to be used directly on activities on the Projects resulting in:</p> <ul style="list-style-type: none"> · Investment in projects that make sense in any price scenario. · The spread of risk across different types of projects with as many wells and formations as possible. · Direct investment at the well-bore level. · Partnering with entities that have equity in the project and have experience and track records of success. · Peer to Peer approach with a deal structure that is completely transparent 	



Item	Summary	Further information
<p>What are the key risks of an investment in the Company?</p>	<p>Risks associated with an investment in the Company under this Prospectus are detailed in Section 4.</p> <p>The key risk factors include:</p> <p>(a) Settlement Risk: Pursuant to the Acquisition Agreement, the Company has agreed to acquire 100% of the issued capital of Lone Star, Settlement of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for Settlement can't be fulfilled and, in turn, that Settlement does not occur.</p> <p>(b) Re-quotations of shares on ASX: As part of the Company's change in nature and scale of activities, ASX will require the company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. It is anticipated that the Company's securities will remain suspended until completion of the Public Offer, the Acquisition, re-compliance by the company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from official quotation.</p> <p>(c) Exploration and development risks: The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors. Whether or not income will result from projects undergoing exploration and development depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations. There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean up responsibilities, regulatory investigation, and penalties or suspension of operations.</p>	<p>Section 4</p>



Item	Summary	Further information
	<p>(d) Operational risks: Oil and gas exploration, appraisal, development and production operations are subject to a number of operational risks and hazards including fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. Oil and gas exploration, appraisal, development and production are generally considered a high-risk undertaking. The operations of the Company may also be affected by a range of factors, including:</p> <ul style="list-style-type: none"> (i) operational and technical difficulties encountered in drilling; (ii) difficulties in commissioning and operating plant and equipment; (iii) mechanical failure or plant breakdown; unanticipated drilling problems which may affect production costs; and (iv) adverse weather conditions; industrial and environmental accidents; industrial disputes; and, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. 	
<p>e. Directors and Key Management Personnel</p>		
<p>Who are the Directors?</p>	<p>It is intended that the Board will not change as a result of the Acquisition and will comprise the following upon Settlement:</p> <ul style="list-style-type: none"> (a) Mr Robert Gardner; (b) Mr Jay Stephenson; and (c) Mr David Deloub. <p>The profiles of each of the Directors are set out in Section 9.1.</p>	<p>Section 9.1</p>
<p>What are the significant interests of Directors in the Company?</p>	<p>Each Director's interest in the Company is set out at Section 9.2.</p>	<p>Section 9.2</p>
<p>What are the significant interests of Directors in Lone Star?</p>	<p>Each Director's interest in Lone Star is set out at Section 9.2.</p>	<p>Section 9.2</p>
<p>f. Financial Information</p>		
<p>How has the Company and Lone Star been performing?</p>	<p>The Company is currently listed on ASX and its financial history, including its 2016, 2017 and 2018 Annual Reports are available on its ASX platform at www.asx.com.au (ASX:NIO).</p> <p>The historical financial information of the Company for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 is set out in Section 6.</p> <p>The pro forma statement of financial position of the Company as at 30 June 2018 is set out in Section 7.</p> <p>The historical financial information of Lone Star for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 is also set out in Section 6.</p>	<p>Sections 6 and 7</p>



Item	Summary	Further information
What is the financial outlook for the Company and Lone Star?	<p>Given the current status of the Projects and the speculative nature of oil and gas exploration, the Directors do not consider it appropriate to forecast future earnings.</p> <p>Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.</p>	Section 7
g. Offers		
What is being offered under the Public Offer?	<p>The Public Offer is an offer of 210,000,000 Shares at issue price of \$0.02 per Share to raise \$4,200,000 with a minimum subscription of \$4,200,000. Oversubscriptions of up to an additional 190,000,000 Shares at an issue price of \$0.02 per Share to raise up to an additional \$3,800,000 may be accepted.</p> <p>The Public Offer includes a priority offer of up to 80,000,000 Shares to Shareholders registered at the Record Date with a registered address in Australia.</p> <p>The purpose of the Public Offer is to:</p> <ul style="list-style-type: none"> (a) implement the business model and objectives of the Company as stated in Section C above; (b) meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules; and (c) satisfy a condition precedent to the Acquisition Agreement. <p>The satisfaction of Chapters 1 and 2 of the ASX Listing Rules is sought for the purpose of seeking ASX's approval for reinstatement of the Shares to quotation following the continuing suspension.</p> <p>The Board believes that on completion of the Public Offer, the Company will have sufficient working capital to achieve its objectives.</p>	Section 2
What is being offered and what are the purposes of the Additional Offers?	<p>This Prospectus also contains an offer of:</p> <ul style="list-style-type: none"> (a) up to 105,500,000 Shares and 52,750,000 Options to the Vendors (or their nominee(s)) pursuant to the Vendor Offer; and (b) up to 10,000 Shares at an issue price of \$0.02 per Share to raise up to \$200 (Cleansing Offer), <p>(together, the Additional Offers).</p> <p>The purpose of the Vendor Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Securities that are issued under the Vendor Offer or Shares issued upon exercise of Options issued under the Vendor Offer.</p> <p>The Vendor Offer is made to the Vendors (or their respective nominees).</p> <p>The purpose of the Cleansing Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Shares that are issued upon the conversion of the Converting Loans.</p> <p>You should not complete an Application Form in relation to an Additional Offer unless specifically directed to do so by the Company.</p>	Sections 2.2 to 2.3
Is the Public Offer underwritten?	The Public Offer is not underwritten.	Section 2.7



Item	Summary	Further information
Who is the lead manager to the Public Offer?	<p>The lead manager to the Offer is PAC Partners Securities Pty Ltd (PAC Partners).</p> <p>PAC Partners is a Corporate Authorised Representative of PAC Asset Management (AFSL 335 374).</p>	Section 2.8
What are the terms of the Securities offered under the Offers?	<p>A summary of the material rights and liabilities attaching to the Securities offered under the Offers is set out in Section 12.</p>	Section 12
Will any Securities be subject to escrow?	<p>Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities on issue (including certain Securities issued under the Additional Offers) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.</p> <p>The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associates) of the Company) at the time of reinstatement will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.</p> <p>During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p>	Section 3.11
Will the Shares offered under the Public Offer be quoted?	<p>Application for quotation of all Shares to be issued under the Public Offer will be made to ASX no later than 7 days after the date of this Prospectus.</p>	Section 2.11
What are the key dates of the Offers?	<p>The key dates of the Offers are set out in the indicative timetable in the Key Offer Information Section of this Prospectus.</p>	Key Offer Information Section
What is the minimum investment size under the Public Offer?	<p>Applications under the Public Offer must be for a minimum of \$2,000 worth of Shares (100,000 Shares) and thereafter, in multiples of \$500 worth of Shares (25,000 Shares).</p>	Section 2.10
Are there any conditions to the Offers?	<p>The Offers are conditional on the Acquisition Agreement becoming unconditional (excluding the conditions relating to this Offer) which will require the Minimum Subscription to be obtained (Condition). Refer to Section 11.1 for a list of the conditions precedent to Settlement.</p> <p>In the event that the Condition is not satisfied, the Offers will not proceed, and no Securities will be issued pursuant to this Prospectus. If this occurs, Applicants will be refunded their application monies (without interest) and in accordance with the Corporations Act.</p>	Paragraph (b) of the Important Notices Section, Section 2.4 and Section 11.1



Item	Summary	Further information
h. Use of funds		
How will the proceeds of the Public Offer be used?	<p>The Public Offer proceeds and the Company's existing cash reserves will be used for:</p> <ul style="list-style-type: none"> (a) implementing the Company's business objectives as set out in Part C of this Section 1; (b) exploration expenditure on the Projects; (c) expenses of the Public Offer; (d) repayment of loans; (e) administration costs; and (f) working capital, <p>further details of which are set out in Section 2.9.</p>	Section 2.9
Will the Company be adequately funded after completion of the Public Offer?	The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.	Section 2.9
i. Additional information		
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by Applicants on the acquisition of Securities under the Offers.	
What are the tax implications of investing in Securities?	<p>Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Securities offered under this Prospectus.</p>	
What are the corporate governance principles and policies of the Company?	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted <i>The Corporate Governance Principles and Recommendations (3rd Edition)</i> as published by ASX Corporate Governance Council (Recommendations).</p> <p>The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 10.</p> <p>In addition, the Company's full Corporate Governance Plan is available from the Company's website (www.nickelorelimited.com.au).</p> <p>Prior to re-admission to the ASX, the Company will announce its main corporate governance policies and practices and the Company's compliance and departures from the Recommendations.</p>	Section 10
Where can I find more information?	<ul style="list-style-type: none"> (a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser; or (b) By contacting the Company Secretary, on +61 8 9426 0666. 	



This section is a summary only and not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.



2. DETAILS OF THE OFFERS

2.1 The Public Offer

Pursuant to this Prospectus, the Company invites applications for 210,000,000 Shares at an issue price of \$0.02 per Share to raise \$4,200,000 (**Public Offer**). Oversubscriptions of up to an additional 190,000,000 Shares may be issued to raise up to an additional \$3,800,000.

The minimum subscription of the Public Offer is \$4,200,000.

The Shares offered under the Public Offer will rank equally with the existing Shares on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 12.1.

The Public Offer includes a priority offer of up to 80,000,000 Shares to Shareholders registered at the Record Date with a registered address in Australia. These Shareholders will, upon request, receive a personalised Application Form setting out their Entitlement.

The Company may accept applications from Shareholders up to their Entitlement in priority to the allocation of other Shares under the Public Offer subject to capacity under the Public Offer.

2.2 Vendor Offer

This Prospectus includes the offer of up to 105,500,000 Shares and 52,750,000 Options to be issued to the Vendors (or their nominee(s)) pursuant to the Acquisition Agreement in consideration for the acquisition of 100% of the issued capital of Lone Star.

The Shares offered under the Vendor Offer will rank equally with the existing Shares on issue other than in respect of any escrow imposed by ASX. A summary of the material rights and liabilities attaching to the Shares is set out in Section 12.1.

The Options offered under the Vendor Offer will be issued on the terms and conditions set out in Section 12.2.

Only the Vendors (or their nominee(s)) may apply under the Vendor Offer. A personalised Application Form in relation to the Vendor Offer will be issued to the Vendors together with a copy of this Prospectus.



Certain Securities issued under the Vendor Offer may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation following Settlement. Prior to the issue of Securities to the Vendors (or their nominee(s)) under the Vendor Offer the Vendors (or their nominee(s)) will be required to enter into a restriction agreement in respect of the number of Securities and time period determined by ASX.

2.3 Cleansing Offer

This Prospectus includes the offer to investors identified by the Directors to apply for up to 10,000 Shares at an issue price of \$0.02 per Share payable in full on application, to raise up to \$200 (before expenses).

The Cleansing Offer will only be extended to specific parties on invitation from the Directors. Application Forms for the Cleansing Offer will only be provided by the Company to these parties.

All of the Shares offered under Cleansing Offer will rank equally with Shares on issue at the date of this Prospectus.

2.4 Conditions to Offers

The Offers are conditional on the Acquisition Agreement becoming unconditional (excluding the conditions relating to this Offer) which will require the Minimum Subscription to be obtained (**Condition**). Refer to Section 11.1 for a list of the conditions precedent to Settlement.

2.5 Minimum subscription

The minimum amount which must be raised under the Public Offer is \$4,200,000 (**Minimum Subscription**). If the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

2.6 Oversubscriptions

Oversubscriptions of up to an additional 190,000,000 Shares at an issue price of \$0.02 per Share to raise up to an additional \$3,800,000 will be accepted.

2.7 Not underwritten

The Public Offer is not underwritten.

2.8 Lead Manager

The Company has appointed PAC Partners to act as the Lead Manager to the Offers. Refer to Section 11.5 for a summary of the Lead Manager Mandate.



2.9 Use of Funds

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two years following admission of the Company to the official list of ASX as follows:

Allocation of funds	Minimum Subscription (AUD)	Oversubscription (AUD)
Exploration expenditure ¹	2,799,682	4,154,715
Expenses of the Public Offer ²	537,700	773,000
Repayment of Loans	200,000	200,000
Administration costs	600,000	600,000
Working capital ³	62,618	2,272,285
Total	4,200,000	8,000,000

Notes:

Note 1 Assumes continued participation by Lone Star's wholly owned subsidiary, LS Operating Pty Ltd (**LS Operating**) in certain oil and gas drilling opportunities as set out in a letter agreement between LS Operating and BRK Oklahoma Holdings, LLC (**BRK Oklahoma**) (**Step-in Agreement**), under which LS Operating will be referred opportunities by BRK Oklahoma to assess and undertake potential future conventional well bore drilling and or acreage acquisition opportunities, including:

1.1 The opportunity to step-in for a 20.57% working interest in the Bullard #1-18-7H well in Garvin County Oklahoma. The Bullard Prospect is a conventional horizontal drilling oil and gas well opportunity located in the Woodford Formation in the Anadarko Basin in Garvin County, Oklahoma. The proposed drilling location is offsetting a recent successfully drilled (producing) horizontal well and is adjacent to an analogous field with a number of recently drilled horizontal Woodford producers. The estimated share of drilling and completion costs is USD1,679,000 and the estimated program management costs are USD\$419,953, to give a total estimated exploration expenditure of USD\$2,099,761 (or AUD\$2,799,682 based on an exchange rate of 0.75 USD/AUD); and

1.2 The opportunity to acquire a series of minority working interests in the STACK Group of wells in the prolific STACK play within the Anadarko Basin. The Company has the opportunity to earn between 0.25% to 5.22% working interest in six different drilling units. The operators of the identified units include large U.S. independents such as Continental Resources, Devon Energy and Cimarex Energy. The estimated share of drilling and completion costs is USD\$813,019 and the estimated project management costs are \$203,250, to give a total estimated exploration expenditure of USD\$1,016,274 (or AUD\$1,355,033 based on an exchange rate of 0.75 USD/AUD).

The key terms and conditions of the Step-in Agreement are set out in Section 11.3.



LS Operating has already exercised its right to participate in the Greever and Burgess prospects, and no further funds are required from LS Operating to maintain its interest in these prospects.

LS Operating Pty Ltd has the right (but not the obligation) to participate in the Bullard and STACK prospects, and the amount raised under the Public Offer will dictate the extent of LS Operating Pty Ltd's participation in these prospects.

1.3 Exploration expenditure includes drilling, completion and program management costs.

Project	Prospect Code	Budgeted 2-year Exploration Expenditure (AUD) (Minimum Subscription)	Budgeted 2-year Exploration Expenditure (AUD) (Oversubscription)
Bullard Prospect	SC1802N02W	2,799,682	2,799,682
Randolph	SK3415N13W	-	37,708
Henry Federal	SK0815N11W	-	922,632
Watonga	SK1916N11W	-	29,707
TBD	SK0715N10W	-	63,868
TBD	SK2717N11W	-	121,691
McKinley Unit	SK2415N13W	-	179,427
TOTAL		2,799,682	4,154,715

Note 2 Refer to Section 13.6 for additional details.

Note 3 Working capital includes salaries, general corporate costs and the provision of services to the Company.

In the event the Company raises more than the Minimum Subscription of \$4,200,000 the additional funds raised (after the associated increase in expenses of the Offer) will be applied towards additional exploration expenditure and then working capital.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration and evaluation work carried out. This will involve an ongoing assessment of the Company's interests. The results obtained from exploration and evaluation programs may lead to increased or decreased levels of expenditure on certain projects reflecting a change in emphasis.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Public Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an



investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section D of Section 1 as well as Section 4.

2.10 Applications

Applications for Shares under the Public Offer must be made using the Public Offer Application Form.

By completing a Public Offer Application Form, each Applicant under the Public Offer will be taken to have declared that all details and statements made by it are complete and accurate and that it has personally received the Public Offer Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares must be for a minimum of 100,000 Shares and thereafter in multiples of 25,000 Shares and payment for the Shares must be made in full at the issue price of \$0.02 per Share.

Applications can be made either:

- Option 1 – by completing an online Public Offer Application Form and paying with BPAY®

Applicants under the Public Offer wishing to pay by BPAY® should complete the online Public Offer Application Form accompanying the electronic version of this Prospectus, which can be accessed via the link at <https://NickelorePublicOffer.thereachagency.com>. The online Public Offer Application Form must be completed by no later than 5:00pm (AWST) on the Closing Date of the Public Offer.

Applicants should be aware that: they will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions;

- their financial institution may impose a limit on the amount which may be transacted on BPAY®;
- their financial institution may implement earlier cut-off times with regard to electronic payment, and this should be taken into consideration when making payment; and
- it is their responsibility to ensure that funds submitted through BPAY® are received by 5:00 pm (AWST) on the Closing Date.

- Option 2 – by submitting a paper Public Offer Application Form and paying by cheque

Applicants under the Public Offer wishing to pay by cheque should complete a paper version of the Public Offer Application Form which is enclosed with the paper version of this Prospectus, and submit the Application Form and accompanying cheque, made payable to "Nickelore Limited" and crossed "Not Negotiable", and which must be mailed or delivered to the address set out on the Public Offer Application Form by no later than 5:00pm (AWST) on the Closing Date of the Public Offer.

If a Public Offer Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Public Offer Application



Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

Participation in the Additional Offers is personal and personalised Application Forms in relation to the Additional Offers will be issued to the relevant participants together with a copy of this Prospectus.

The Company reserves the right to close the Offers early or extend the offer.

2.11 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to the Public Offer and the Vendor Offer will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List. As such, the Shares may not be able to be traded for some time after the close of the Offers.

If the Shares for which application for Official Quotation on ASX are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Securities under the Offers and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest. In those circumstances the Company will not proceed with the Acquisition.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

2.12 Issue

Subject to the satisfaction of the Condition, issue of Securities offered by this Prospectus will take place as soon as practicable after the relevant Closing Dates.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

To the extent application monies are raised through a concurrent offering to a qualified investor in the United Kingdom (Section 2.13.1), or an equivalent concurrent offering in Singapore (Section 2.13.2), Hong Kong (Section 2.13.3), Malaysia (Section 2.13.4 below), the People's Republic of China (Section 2.13.5 below), or any offering in any other jurisdiction in which it is lawful to make such offering (see Section 2.13 below), any subscription proceeds furnished by investors in such a concurrent offering will be included for calculating whether the minimum subscription has been reached, and such proceeds will be held in trust for these investors along with those proceeds invested by applicants generally, pending the issue of the Securities or payment of any refunds as set out in Sections 2.5 and 2.11.



The Directors will determine the recipients of the issued Shares in respect of the Public Offer in their sole discretion. There is no guaranteed allocation of Shares under the Public Offer but Shareholders with a registered address in Australia at the Record Date will have priority to subscribe for Shares under the Public Offer. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

The Company's decision on the number of Shares to be allocated to an Applicant under the Public Offer will be final.

Each of the Additional Offers is a personal offer to the relevant persons. As such, Securities offered under those Additional Offers will be allocated and issued to those parties (or their respective nominee(s)) only.

Holding statements for Securities issued to the issuer sponsored sub-register and confirmation of issue for Clearing House Electronic Sub-register System (CHES) holders will be mailed to Applicants being issued Securities pursuant to the Offers as soon as practicable after their issue.

2.13 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

The Company will be the sole judge of whether an investor possesses such qualifications as may be required to purchase Shares. Notwithstanding the delivery of this Prospectus or other materials, the Company does not intend to extend an offer to sell or to solicit an offer to buy its Shares until it determines that the investor is qualified and expressly communicates such determination to the investor by accepting that investor's subscription.



2.13.1 United Kingdom

Neither the information in this Prospectus nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the Shares offered pursuant to this Prospectus. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares offered pursuant to this Prospectus may not be offered or sold in the United Kingdom by means of this Prospectus, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares offered pursuant to this Prospectus has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons:

- (a) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO);
- (b) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or
- (c) to whom it may otherwise be lawfully communicated, (together, relevant persons).

The investments to which this Prospectus relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

2.13.2 Singapore

This Prospectus and any other materials relating to the Shares do not constitute a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (SFA) and have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. This Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than to (i) an 'institutional investor' (as defined in section 4A(c) of the SFA); (ii) a 'relevant person' (as defined in section 275(2) of the SFA); (iii) pursuant to and in accordance with the exemptions in Subdivision (4) Division 1, Part XIII of the SFA; or (iv) otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.



The following applies to persons in Singapore. This Prospectus has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in section 4A(c) of the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore. Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares and you should note that any offer contained in this Prospectus is subject to the general resale restriction under section 257 of the SFA. You shall not be able to make any subsequent sale in Singapore, or any offer of such subsequent sale of the Shares in Singapore unless such sale or offer in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

2.13.3 Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a Prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (the CWUMP) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong by means of any document other than (a) to "professional investors" (as defined in the SFO) or (b) in other circumstances which do not result in the document being a "Prospectus" as defined in the CWUMP or which do not constitute an offer to the public within the meaning of the CWUMP.

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person issued Shares may sell, or offer to sell, such securities in circumstances that amount to an "offer to the public" (within the meaning of the CWUMP) in Hong Kong following the date of issue of such Shares.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Public Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

2.13.4 Malaysia

No approval, authorization or recognition from the Securities Commission of Malaysia (the SCM) has been applied for or will be obtained for the offer or sale, invitation for subscription or purchase of the Shares under the Malaysian Capital Markets and Services Act 2007 (CMSA). No prospectus or other offering material or document in connection with the offer or sale, invitation for subscription or purchase of the Shares has been or will be registered with the SCM as a



prospectus or a disclosure document under the CMSA. By reason of the foregoing, whether or not you invest in the Shares, if you are in Malaysia, you may not distribute any information regarding the Shares. Any other reproduction or distribution of such information regarding the Shares in Malaysia, in whole or in part, or the disclosure of its contents in Malaysia, without the Company's prior written consent, is prohibited.

2.13.5 People's Republic of China

The information in this Prospectus does not constitute a public offer of Shares, whether by way of sale or subscription, in the People's Republic of China (PRC) (excluding, for the purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors" authorised by the competent Chinese regulatory authorities.

2.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company participates in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

2.15 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee. The Lead Manager will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensee out of the fees paid by the Company to the Lead Manager under the Lead Manager Mandate.



2.16 Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

No brokerage, commission or duty is payable by Applicants on the acquisition of Securities under the Offers.

2.17 Withdrawal of Offers

The Offers may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.



3. COMPANY AND PROJECTS OVERVIEW

3.1 The Company

The Company is an Australian company incorporated on 14 June 1999 which listed on the Official List on 24 July 2000.

Since incorporation, the Company has focused on resource exploration and mining activities.

On 1 December 2017, the Company announced that it had entered into a binding share sale agreement (**Acquisition Agreement**) to acquire 100% of the issued capital in Lone Star Energy Limited (ACN 157 789 761) (**Lone Star**) from the holders of shares in Lone Star (**Vendors**) (**Acquisition** or **Proposed Acquisition**). The key terms of the Acquisition Agreement are set out in Section 11.1.

Upon Settlement the Company will focus on implementing the Lone Star oil and gas exploration and production strategy (explained in Section 3.5) and implementing a growth strategy to evaluate additional complementary oil and gas projects for acquisition or joint venture opportunities, in order to provide a pipeline of projects at various stages of development, to maximise opportunities for Shareholder value creation.

The valuation and number of Shares and Options to be issued in consideration for the acquisition of Lone Star was determined through arm's length negotiations.

3.2 Overview of Lone Star

Lone Star is an oil and gas exploration and development company which, through its wholly owned subsidiary, has:

- (a) a beneficial interest in two oil and gas projects located in Texas and Oklahoma, USA (**Existing Assets**); and
- (a) the opportunity to participate in two additional oil and gas projects located in Oklahoma at its election (**Proposed Assets**).



Further details on the Existing Assets and Proposed Assets are set out below, and in the Independent Technical Report in Section 5.

Each of the Existing Assets and the Proposed Assets opportunities have been acquired by LS Operating pursuant to an agreement with BRK Oklahoma Holdings, LLC (**BRK**) (**Step-in Agreement**).

Under the Step-in Agreement, LS Operating has a first right to participate in conventional well bore drilling and or acreage acquisition opportunities presented to BRK by Black Mesa Production, LLC. No consideration is payable by LS Operating to BRK under the Step-in Agreement.

BRK has an agreement with Black Mesa Production, LLC (**Black Mesa**) under which BRK may participate in drilling programs introduced to it by Black Mesa (**Drilling Program Agreement**). Black Mesa has consented to the assignment of the Existing Assets and Proposed Assets to LS Operating under the Step-in Agreement.

Under the Drilling Program Agreement, Black Mesa has the right to receive a 25% carried working interest (**Carried Working Interest**) in any prospect included in a drilling program in which Black Mesa participates. The Carried Working Interest commences after "Payout" has occurred on the prospect. "Payout" is the time at which gross proceeds from production revenue from a well equals all direct costs billed to BRK (or its assignee) in relation to the well, including costs of drilling, completing, equipping, and operating the well. This Carried Working Interest applies to any interest acquired by LS Operating under the Step-in Agreement.

Further details of the Step-in Agreement and Drilling Program Agreement are set out in Section 11.

3.3 Existing Assets

Table 1 – Summary of Existing Assets

Project	Well Name	Operating Company	Surface Location	Location	Working Interest	Net Revenue Interest
Greever Prospect	Sutton #2H-52	Strat Land Exploration Company	260' FNL & 735' FWL in 640 acre unit in Section 52, Block 4T	Hansford County, Texas	25%	19.5%
Burgess Prospect	Burgess #28-1	Black Mesa Production, LLC	NE/4 Section 28-24N-23W	Ellis County, Oklahoma	96.81%	73.09%

Greever Prospect

Pursuant to the Step-in Agreement, LS Operating has acquired a 25% Working Interest and a 19.5% Net Revenue Interest in the Greever Prospect (before Payout).



The Greever Prospect is located in the Pan Petro Field in the eastern edge of Hansford County, West Texas, which is part of the Oklahoma-Texas Panhandle region of oil and natural gas development.

The well, named Sutton #2H-52, 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 operator of the well is Strat Land Exploration Company of Tulsa. Strat Land began operating its first wells in 1984 and has since grown to over 340 operated wells and approximately 100 non-operated wells. Strat Land currently drills 30-40 wells per year in search for natural gas and oil. Strat Land has made numerous new field discoveries and field extensions across the region and is considered one of the most consistent, stable, and successful explorers for new fields in the Panhandle area. Strat Land has maintained a large acreage position and is active in most of the Panhandle's unconventional horizontal plays.

The well is currently producing and LS Operating is not required to contribute any further funding to secure its interest in the Greever Prospect.

Burgess Prospect

Pursuant to the Step-in Agreement, LS Operating has acquired a 96.81% Working Interest (with a 73.09% Net Revenue Interest) in the Burgess Prospect (before Payout). The Burgess Prospect is located in the Southwest Fort Supply field in the north-eastern corner of Ellis County, in Oklahoma.

The operator of the well, named Burgess#28-1, is Black Mesa.

The Burgess#28-1 well has been drilled with two zones identified with potential to produce (Chester and Oswego) including additional potential future oil production further up well in the Oswego zone.

LS Operating is not required to contribute any further funding to secure its interest in the Burgess Prospect.

3.4 Proposed Assets

Black Mesa has introduced the Proposed Assets to BRK under the Drilling Program Agreement. BRK has waived the requirement for LS Operating to accept the Step-in Rights in relation to these prospects within 30 days, and LS Operating has conditionally exercised its right to participate in these opportunities under the terms of the Step-in Agreement, subject to Settlement.



Table 2 – Summary of Proposed Assets

Project	Well Name	Operating Company	Surface Location	Location	Working Interest	Net Revenue Interest	Estimated Cost (AUD)*
Bullard	Bullard #1-18/7H	Rimrock Resource Operating	SC1802N02W	Garvin County	20.5702%	15.3505%	2,799,682
STACK	Randolph 34-27XHM	Continental Resources	SK3415N13W	Blaine County	0.2578%	0.1999%	37,708
STACK	Henry Federal 1-8-SXH	Continental Resources	SK0815N11W	Blaine County	5.2281%	4.0888%	922,632
STACK	Watonga 1-19H	TBD	SK1916N11W	Blaine County	0.2641%	0.1971%	29,707
STACK	TBD	Devon Energy	SK0715N10W	Blaine County	0.5281%	0.4309%	63,868
STACK	TBD	Cimarex Energy Company	SK2717N11W	Blaine County	1.0063%	0.8010%	121,691
STACK	McKinley Unit	Continental Resources	SK2415N13W	Blaine County	1.0156%	0.8115%	179,427

*This includes Drilling & Completion and Program Management costs

Bullard Prospect

The Bullard Prospect is a conventional horizontal drilling oil and gas well opportunity located in the Woodford Formation in Garvin County, Oklahoma.

The proposed drilling location is offsetting a recent successfully drilled (producing) horizontal well and is adjacent to an analogous field with a number of recently drilled horizontal Woodford producers.

LS Operating has the opportunity to earn a 20.5702% Working Interest and a 15.3505% Net Revenue Interest in the project before Payout.

The operator of the Bullard Prospect is an experienced Oklahoma based operator (Rimrock Resource Operating LLC) with decades of experience and a successful track record in this area. Drilling of these wells is expected to commence in the 4th quarter of 2018 and complete by end of the second quarter 2019.

STACK Prospects

The STACK (an acronym for “Sooner Trend Anadarko Canadian Kingfisher”) group of prospects (**STACK Prospects**) is comprised of six different drill locations within the prolific STACK play of Blaine County, Oklahoma, in the core of the over pressured STACK play. The target reservoirs include Mississippian aged Meramec and Osage Limestones and Devonian aged Woodford Shale. The reservoirs are exploited using horizontal multistage fracturing.

The excellent rock quality and over pressured nature of the reservoirs underlying the STACK Prospects allow for initial producing rates as high as 2,000 boe/d.



Lone Star has the opportunity to earn between 0.25% to 5.22% Working Interest (before Payout) in a series of six different drilling units comprising the STACK Prospects. The operators of the identified units include large U.S. independents such as Continental Resources, Devon Energy and Cimarex Energy. Drilling is expected to commence in 4th quarter 2018.

3.5 Business Model

The proposed activities and business model of the Company on Settlement are:

- (a) implement the Exploration Strategy (see below); and
- (b) implement a growth strategy evaluating additional complementary base metals projects for acquisition or joint venture opportunities, with the aim of providing a pipeline of projects at various stages of development maximising opportunities for shareholder value creation.

Exploration Strategy

The Company's strategy is to build a portfolio of oil and gas interests by identifying and participating in US based oil and gas investment opportunities by contributing to drilling and completion costs to earn an interest in these assets. This will be achieved through the Step-in Agreement between BRK and LS Operating (which will, upon Settlement become a wholly owned subsidiary of the Company).

These assets are land based conventional and unconventional, vertical and horizontal oil and gas wells lodged in the states of Texas and Oklahoma. These are typically operated by large US oil and gas companies.

The Greever Prospect is operated by Strat Land Exploration Company of Tulsa, and the Burgess Prospect is operated by Black Mesa.

Consistent with this strategy, the Company, through the Step-in Agreement, also intends to acquire working interests in the Bullard and STACK group of assets. See Table 2 in Section 3.2 above for further details of these prospects.

The Company's share of drilling and completion and program management will reflect the Working Interest the Company will have in these projects. Funds raised through the Public Offer will be allocated to the Bullard Prospect (assuming Minimum Subscription) and then will be progressively applied to the STACK Prospects (up to the maximum subscription).

In addition, the Company may consider broadening the investment portfolio to include potential future acreage investment opportunities sourced by Black Mesa and offered through the BRK Step-in Agreement.

Finally, the Company proposes to implement a growth strategy evaluating additional complementary oil and gas projects for acquisition or joint venture opportunities, providing a pipeline of projects at various stages of development, hence maximising opportunities for Shareholder value creation.

The Company will also seek either a strategic partner or commercial opportunities to divest its existing Canegrass Project (comprising 6 prospecting licences in Western Australia).



3.6 Board Changes

Upon Settlement it is intended that the existing Directors, being Messrs Robert Gardner, Jay Stephenson and David Deloub, will remain as Directors of the Company. No Directors will resign from the Board, and no additional directors will be appointed as directors.

3.7 Suspension and re-admission to ASX

The acquisition of Lone Star, if successfully completed, will represent a significant change in the nature and scale of the Company's operations to an oil and gas exploration and production company.

This change in the nature and scale of the Company's activities requires:

- (a) the approval of Shareholders; and
- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

Some of the key requirements of Chapters 1 and 2 of the ASX Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3.

The Company's Securities will remain suspended until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by ASX to the Official List. In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Offers and will repay all application monies received by it in connection with this Prospectus (without interest).

3.8 Change of Name

The Company will change its name to "Stonehorse Energy Limited" on Settlement, which the Company believes will reflect the new direction of the Company.

3.9 Additional Information

Prospective investors are referred to and encouraged to read in its entirety both the:

- (a) Independent Technical Report in Section 5 for further details about the geology, location and mineral potential of the Projects; and
- (b) the Independent Title Report in Sections 8 for further details in respect to ownership of the Projects.



3.10 Dividend Policy

The Board anticipates that significant expenditure will be incurred in the evaluation and development of the Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

3.11 Capital Structure

The capital structure of the Company following completion of the Offers is summarised below:

Shares

	Minimum Subscription	Oversubscription
Shares on issue as at the date of this Prospectus ¹	51,288,623	51,288,623
Shares to be issued pursuant to conversion of Converting Loans ²	13,750,000	13,750,000
Shares to be issued pursuant to the Public Offer	210,000,000	400,000,000
Shares to be issued pursuant to the Vendor Offer	105,500,000	105,500,000
Total Shares on issue after completion of the Offers³	380,538,623	570,538,623

Options

	Minimum Subscription	Oversubscriptions
Options on issue as at the date of this Prospectus	Nil	Nil
Options to be issued pursuant to the Public Offer ⁴	Nil	Nil
Options to be issued pursuant to the Vendor Offer ⁴	52,750,000	52,750,000
Total Options on issue after completion of the Offers³	52,750,000	52,750,000

Notes:

- At the Annual General Meeting held on 18 October 2018, Shareholders approved a 1 for 6 consolidation of Shares which has taken effect prior to the date of this Prospectus.
- Based on conversion of Related Party Convertible Loans totalling \$150,000 plus 10% interest and non-Related Party Convertible Loans totalling \$100,000 plus 10% interest.



- 3 Subsequent to completion of the Offers, the Company will seek Shareholder approval to issue up to 7,500,000 Shares and 30,000,000 Options to PAC Partners in consideration for corporate advisory services provided under the Lead Manager Mandate, the key terms of which are set out in Section 11.5, and a further 30,000,000 Options on a pro rata basis to brokers and/or 'introducers' of investors who participate in the Public Offer.
- 4 The full terms and conditions of the Options are set out in Section 12.2.

Subject to the Company being re-admitted to the Official List, certain Securities on issue prior to the Offers or issued in accordance with the Additional Offers will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. No Shares issued under the Public Offer will be subject to escrow under the ASX Listing Rules.

The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associates) of the Company) at the time of reinstatement will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.

3.12 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares post-consolidation on issue both as at the date of this Prospectus and on completion of the Offers (assuming full subscription) are set out in the respective tables below.

As at the date of this Prospectus

Shareholder	Shares	Options	% (undiluted)
Wingstar Investments Pty Ltd ¹	14,603,750 ²	Nil	28.47
World Trend Limited	7,466,667 ²	Nil	14.56
LL Arthur Limited	5,180,000 ²	Nil	10.10

Notes:

1. Being, an entity controlled by Director, Mr Robert Gardner.
2. Subject to rounding following the Consolidation.

On completion of the Offers (assuming the Minimum Subscription is raised and no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Public Offer)

Shareholder	Shares	Options	% (undiluted)
Fastwitch Enterprises Pty Ltd ¹	35,500,000 ²	15,000,000	9.33

Notes:

1. Being, an entity controlled by Director, Mr Robert Gardner.



2. Subject to rounding following the Consolidation.

On completion of the Offers (assuming the Maximum Subscription is raised and no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Public Offer)

Shareholder	Shares	Options	% (undiluted)
Fastwitch Enterprises Pty Ltd ¹	35,500,000	15,000,000	6.22

Notes:

1. Being, an entity controlled by Director, Mr Robert Gardner.
2. Subject to rounding following the Consolidation.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offers) prior to the Shares commencing trading on ASX.

3.13 Control effect of the proposed issue of Shares and Options

No person will acquire control of, or voting power of, 20% or more in the Company as a result of the Proposed Acquisition and the Offers.

As at the date of this Notice, Mr Gardner (through his controlled entity Wingstar Investments Pty Ltd) has voting power of 28.47% in the Company.

As set out elsewhere in this Prospectus, Robert Gardner (or his controlled entities) may be issued the following securities (subject to Shareholder approval):

- (a) 30,000,000 Shares and 15,000,000 Options to Fastwitch Enterprises in consideration for the acquisition of Fastwitch Enterprises' Loan Star shares (refer to Resolution 12 in the Notice of Meeting);
- (b) 5,500,000 Shares to Fastwitch Enterprises upon conversion of a convertible loan with the Company (refer to Resolution 13 in the Notice of Meeting); and
- (c) up to 25,000,000 Shares to Mr Gardner under the Public Offer (refer to Resolution 8 in the Notice of Meeting).

In addition to the above issues, two associates of Mr Gardner (being Coolcat Enterprises Pty Ltd and Swiftylink Pty Ltd) will each be issued 1,375,000 Shares (subject to Shareholder approval) upon conversion of a convertible loan with the Company (refer to Resolutions 14 and 15 in the Notice of Meeting).

If:

- (a) 400,000,000 Shares are issued under the Public Offer (including oversubscriptions);
- (b) all of the Securities referred to above are issued; and



(c) Fastwitch Enterprises exercises its 15,000,000 Options, the voting power of Mr Gardner and his associates will be 16.27%.

In the event that less than 400,000,000 Shares are issued pursuant to the Public Offer, Mr Gardner will only subscribe for that number of Shares in the Capital Raising that will ensure that his and his associates' voting power remains below 20%.



4. RISK FACTORS

4.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and in the Investment Overview, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company and the Assets. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section and in the Investment Overview, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

4.2 Key Risks

The key risks associated with an investment in the Company are set out in Part D of the Investment Overview of this Prospectus and relate to:

- (a) Settlement Risk;
- (b) Re-quotation of Shares on ASX;
- (c) Exploration and Development Risk; and
- (d) Operational Risk.



4.3 Company and Project specific

(a) Settlement risk

Pursuant to the Acquisition Agreement, the key terms of which are summarised in Section 11.1, the Company has agreed to acquire 100% of the issued capital of Lone Star, Settlement of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for Settlement can't be fulfilled and, in turn, that Settlement does not occur.

If the Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

(b) Re-quotations of shares on ASX

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. It is anticipated that the Company's securities will remain suspended until completion of the Public Offer, the Acquisition, re-compliance by the company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from official quotation.

(c) Liquidity risk

On Settlement of the Proposed Acquisition, the Company proposes to issue Shares and Options to the Vendors in consideration for the Acquisition. The Company understands that ASX will treat these securities as restricted securities in accordance with Chapter 9 of the ASX Listing Rules.

This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) Exploration and development risks

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable reserves;
- (ii) access to adequate capital for project development;
- (ii) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (iv) securing and maintaining title to interests;
- (v) obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production; and



- (vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment. In addition, drilling and operations include reservoir risk such as the presence of shale laminations in the otherwise homogeneous sandstone porosity.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub- surface data from correlative well logs and/or formation core analyses). The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean up responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

(e) Counterparty risks

In order for the Company to be able to achieve its objectives the Company is reliant on relevant operator of the projects to:

- successfully develop and operate the projects; and
- do all things necessary to ensure the operator maintains the right to operate the projects.

Failure by the relevant operator to perform the above tasks in relation to a project, or other factors such as insolvency of an operator, could have an adverse impact on the ability of the Company to achieve its objectives.

(f) Sovereign risks

Lone Star's key project interests are situated in the USA. Accordingly, the Company is subject to the risks associated in operating in foreign countries. These risks include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour



relations as well as government control over natural resources or government relations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company and its advisers will undertake all reasonable due diligence in assessing and managing the risks associated with oil and gas exploration and production in the USA. However, any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company has projects is outside the control of the Company. Such changes may affect the foreign ownership, exploration, development or activities of companies involved in oil and gas exploration and production and in turn may affect the viability and profitability of the Company.

4.4 Industry specific

(a) Operational risks

Oil and gas exploration, appraisal, development and production operations are subject to a number of operational risks and hazards including fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. Oil and gas exploration, appraisal, development and production are generally considered a high-risk undertaking. The operations of the Company may also be affected by a range of factors, including:

- (i) operational and technical difficulties encountered in drilling;
- (ii) difficulties in commissioning and operating plant and equipment;
- (ii) mechanical failure or plant breakdown; unanticipated drilling problems which may affect production costs;
- (iv) adverse weather conditions; industrial and environmental accidents; industrial disputes; and, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(b) Tenure risks

The oil and gas interests held by Lone Star are subject to applicable laws regarding exploration, expenditure and renewal of such interests. If an oil and gas lease interest is not renewed (as the case may be) or access cannot be secured to carry out operations, the Company could be adversely affected as a result of the consequential loss of opportunity to discover and develop any oil and gas resources within those oil and gas lease interests.

(c) Environmental risks

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment applicable in the jurisdiction of those activities. As with most exploration and production, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or production proceeds. The Company will attempt to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless, there are



certain risks inherent in the Company's activities such as accidental leakages or spills, or other unforeseen circumstances which could subject the Company to extensive liability.

(d) Permit grant and maintenance risks

The Company's oil and gas exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations.

The maintaining of permits, obtaining renewals, or getting permits granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

(e) Title risk

The ownership of oil and gas lease rights in the USA is a combination of private and governmental ownership (including Indian tribal ownership). The acquisition of privately owned oil and gas lease rights typically involves an initial review of the public records in the counties in which the relevant lands lie in order to determine the ownership of the oil and gas rights. Thereafter, oil and gas leases are negotiated with the owners of those rights. Verifying the chain of title for USA oil and gas leases can be complex any may result in remedial steps to be taken to correct any defect in title.

(f) Lease expiry

Successful drilling is fundamental to the appraisal and development of the leases in which the Company holds an interest. The Company's leases may expire if production is not established. It is not uncommon for oil and gas leases in the USA to provide that, if commercial production is not established on the leased properties within a specified period, the leases will expire and the holder of the leasehold interest loses its right to continue to explore for oil and gas on the relevant land.

(g) Commercialisation

Should the Company recover what would otherwise be commercial quantities of oil or gas, there is still no guarantee that the Company will be able to successfully transport the oil or gas to commercially viable markets, or sell the oil or gas to customers to achieve a commercial return the Company may not be able to secure satisfactory oil and gas transportation arrangements; there may be no readily available market; and no or limited access to pipelines. Pipeline access arrangements may also be subject to interruption rights which may adversely affect the Company.



4.5 General risks

(a) Economic and government risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the resources industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (ii) the strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the resources sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(b) Oil and gas price fluctuations

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.

(c) Contractual risk

The Company is reliant to a certain extent on the cooperation and compliance of parties to the agreements to which it is a party and the ability of the Company to achieve its objectives will depend on the performance by each of the parties of their respective obligations under these agreements. If a party defaults in the performance of their obligations it may adversely affect the Company, Lone Star or the Assets. In the event of dispute, there can be no guarantee that seeking enforcement of or compensation under such agreements will provide an efficient or satisfactory outcome.

(d) Competition risk

The oil and gas industry is very competitive in the USA, particularly in relation to bidding for acreage, as well as acquiring equipment and attracting experienced personnel. The Company is presently a small participant in this industry whose competitors will have greater financial and other resources available to them. The Company will have no influence or control over the activities or actions of its competitors, whose activities may



adversely affect the operating and financial performance of the Company's projects and business.

(e) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- General economic outlook.
- Introduction of tax reform or other new legislation.
- Interest rates and inflation rates.
- Changes in investor sentiment toward particular market sectors.
- The demand for, and supply of, capital.
- Terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource mineral exploration shares in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Securities regardless of the Company's performance.

(f) Additional requirements for capital

The funds to be raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its future business and operational plans and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the Public Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(g) Reliance on key personnel

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued



contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

(h) Potential acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions including risks associated with operating in foreign jurisdictions.

(i) Agents and contractors

The Directors are unable to predict the risk of the insolvency or managerial failure by any of the contractors used (or to be used in the future) by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by the Company for any activity.

(j) Force majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(k) Government policy changes

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and oil and gas exploration and development activities of the Company.

(l) Litigation risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(m) Insurance

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with and gas exploration and development is not always available and where available the costs can be prohibitive.



(n) Foreign Exchange risk

The Company's revenue will be in US dollars derived from the sale of oil and gas and the Company's operating expenses will be incurred principally in US dollars. Movements in the USD/AUD exchange rate and/or the US dollar oil and gas prices may adversely or beneficially affect the Company's results or operations and cash flows.

4.6 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.



5. INDEPENDENT TECHNICAL REPORT

4th September, 2018
The Directors,
Nickelore Limited
182 Claisebrook Road
Perth WA 6000.
Attention: Jay Stephenson



RE: Engineering and Geological Assessment of Multiple Prospects in Oklahoma

DISCLOSURE STATEMENT.

Independence and Conflict of Interest - This report has been prepared by Pinnacle Energy Services, LLC (**Pinnacle**) based on a brief directed by Nickelore Limited (**Company** or **Nickelore**). Pinnacle is an independent oil and gas advisory firm headquartered in Oklahoma City, Oklahoma. Mr. John Paul Dick, the primary report writer, holds no economic interest in any of the prospects described in this report, nor in Black Mesa Production LLC and/or LS Operating Pty Ltd. This report is produced under a "fee for services rendered" engagement for the amount of US\$ and in compliance with the ASIC Regulatory Guide 112 in relation to Independence of Experts.

Purpose, Scope and Use of this Report - This report was commissioned by Nickelore for inclusion in a Prospectus to be issued in relation to the issue of share and options in Nickelore. The scope of this report includes economic evaluation and an assessment of future present worth based on stated economic considerations.

EVALUATOR AND REVIEWER

This review and evaluation were conducted by Mr. John Paul Dick. He has practiced Petroleum Engineering and reserve, petrophysical, and geological evaluations for thirty-five (35) years. He began oil and gas consulting in November 1998 when he founded Pinnacle Energy Services LLC.



John Paul Dick started Pinnacle, a Petroleum (Reservoir) Engineering Consulting firm, in November 1998. From his office in Oklahoma City, Oklahoma, he and his staff provide reserve and economic evaluations, regulatory and litigation expert testimony, well and field reviews, and various reservoir and operations analyses on conventional and unconventional resources to numerous clients concerning oil and gas activities.

From 1994 to 1998, Mr. Dick was a Senior Petroleum Engineer with JMA Resources in Oklahoma City, directing and performing their reservoir engineering activities and providing corporate support to MCNIC Oil and Gas, the primary company partner on over 1000 operated and non-operated wells in Oklahoma, Texas, and Kansas. From 1991 to 1994, Mr. Dick held the position of Advanced Petroleum Engineer with Marathon Oil Company in Oklahoma City, where he was responsible for reservoir and exploitation engineering for fields and properties in Oklahoma, Michigan, and Arkansas. From 1983 to 1991, John performed reservoir and operations engineering duties for Enserch Exploration, Inc. in Dallas and Bridgeport, Texas and Oklahoma City, Oklahoma. Included in his responsibilities were development well proposals, field supervision, production optimization, and other engineering activities related to overseeing operated and non-operated properties in Oklahoma and North Texas

QUALIFICATIONS

I, John Paul Dick, a consulting Petroleum Engineer, maintaining offices at 9420 Cedar Lake Avenue, Oklahoma City, OK 73114 hereby certify:

1. That I am a Principal of Pinnacle Energy Services LLC and I did prepare this internal review and evaluation at the instruction of Nickelore Limited and independent of LS Operating Pty Ltd.
2. That I graduated in Petroleum Engineering in 1983 with a Bachelor of Science degree in Petroleum Engineering from the University of Tulsa
3. That I am a registered Professional Petroleum Engineer in Oklahoma (PE 20455) and Texas (69778), and my firm Pinnacle Energy Services LLC is a registered Engineering Firm in Oklahoma (CA 4238 PE) and Texas (F-6204). That I have thirty-five (35) years of experience as a Petroleum Engineer.
4. That I maintain memberships in the following professional associations: SPE, SPEE, SPWLA.
5. That I have no financial interests (past, present or future) in any of the parties involved in this business transaction.

EXECUTIVE SUMMARY

Per the Company's request, an engineering, economic and geological review of a number of prospect areas in Oklahoma and Texas was performed for the purpose of inclusion in a Prospectus to be issued by Nickelore in relation to a proposed issue of shares and options by Nickelore.



The scope of this report includes economic evaluation and an assessment of current and future prospects. These prospects include four current prospects, of which two are located in the North Western Oklahoma county of Ellis and two are located in the Texas County of Hansford. These four prospects will be acquired through the proposed acquisition of LS Operating Pty Ltd by Nickelore Limited.

In addition, on completion of the proposed acquisition of LS Operating by Nickelore, the Company intends to acquire two prospects subject to the successful completion of the proposed capital raise. These include the Bullard prospect located in Garvin County, Oklahoma and the STACK group prospect comprising six (6) sections located in the STACK play of Blaine County, Oklahoma targeting the Mississippian (Meramec) and Woodford Shale formations, and a prospect in Garvin County Oklahoma targeting the Woodford Shale formation.

This report (**Report**) has been prepared for inclusion in a prospectus for the issue of securities in Nickelore Limited (ACN: 086 972 429).

The evaluations of these prospects were prepared between February 2018 and July 2018. Information used in the evaluation included well completion and production information gathered from public data, publicly available log and geological data, private production and geological information generated and gathered in-house, and geological interpretations provided by Black Mesa Production Company LLC, a Tulsa based Geological, Reservoir Engineering and Land Management company. The evaluation entails geological review and analysis of the target formations through mapping and petrophysical analysis, statistical rate and EUR analysis of analogy producers, and economic analysis using industry and calculated financial parameters. Summary results of this analysis are located within this Report and details are presented in accompanying exhibits.

The Company has advised that following the acquisition of Lone Star and completion of the capital raise, it proposes to allocate a minimum of \$2,800,000 and a maximum of \$4,155,000 towards exploration of the assets over the next two years. Pinnacle considers that the exploration strategy and programs proposed by the Company are consistent with the potential and status of the projects. The proposed expenditure is sufficient to meet the costs of the exploration programs proposed.

REVIEW OF OPERATORSHIP OF PRODUCTION, LOCATION AND WORKING INTEREST IN BOTH ASSET GROUPS.

GROUP 1 – ASSETS ACQUIRED THROUGH THE ACQUISITION OF LS OPERATING PTY LTD

The existing assets of Lone Star are located in the Oklahoma-Texas Panhandle portion of the Anadarko Basin and consist of one producing well, two behind pipe zones and one proven undeveloped drill location.

The Burgess 28-1 well is located in Section 28-T24N-R23W in the Northwestern Oklahoma county of Ellis (98.8156% working interest with a 73.0977% net revenue interest).



The Sutton 2H-52 well (Greever Prospect) and the accompanying lease hold for the purpose of drilling an offset horizontal well ("Sutton East Offset PUD") in the Marmaton Formation (25% working interest with an 19.5% net revenue interest) are located in the Texas Panhandle County of Hansford.

Property	State / County	Operator	Working Interest	Net Revenue Interest
Burgess 28-1	Section 28-T24N-R23W, Ellis County, Oklahoma	Black Mesa Production LLC	96.8156%	73.0977%
Burgess 28-1	Section 28-T24N-R23W, Ellis County, Oklahoma	Black Mesa Production LLC	96.8156%	73.0977%
Sutton 2H-52	Section 52, Block 4-T, T&NO Survey, Hansford County, Texas.	Strat Land Exploration Company	25%	19.5%
Sutton East Offset	Section 52, Block 4-T, T&NO Survey, Hansford County, Texas.	Strat Land Exploration Company	25%	19.5%

1. BRK Oklahoma has a beneficial interest in the Greever Project and Burgess Project through Black Mesa pursuant to that certain *Black Mesa Drilling Program #1 Drilling Program Agreement dated November 1, 2015* between Black Mesa Production, LLC ("Black Mesa") and BRK Oklahoma Holdings, LLC (as the *Participant*); and
2. LS Operating has a beneficial interest in the Greever Project and the Burgess Project through that certain *Letter Agreement dated July 17, 2017* between BRK Oklahoma Holdings LLC ("BRK Oklahoma") an Oklahoma company, and LS Operating Pty Ltd ("LS Operating") an Australian company.

EVALUATION ASSUMPTIONS

We have employed a reserve-based approach to the oil and gas volumes that are likely to be recovered from the properties in the future. Such volumes are defined as reserves and fall into several sub-categories. Such projected volumes must be commercially recoverable to be classified as reserves.

Reserves associated with producing wells are categorized as Proved Developed Producing reserves (PDP). Those drilled and completed and behind pipe are categorized as Proved Developed Not Producing (PDNP) and those undeveloped are categorized as Proven Undeveloped (PUD) The value of the wells in this evaluation was determined on a combination of the three categories described and was performed using guidelines set forth by the Society of Petroleum Evaluation Engineers.

Economics for the reserves identified in the producing properties described were modelled using revenue and net interest information. The future pricing applied represents the five year NYMEX strip as of November 2017 held flat (no additional escalation or de- escalation) and operating cost parameters held constant for the life of the production.



State of Texas and State of Oklahoma severance taxes and estimated local property taxes as well as US Federal Corporate Tax which was estimated to be 35% have been considered and deducted from the revenue streams.

We have included estimates of the net petroleum reserves, future annual production and future net income attributable to the net working interest of four proposals submitted and reviewed. Two of the proposed operations are a recompletion of behind-pipe intervals (Chester and Oswego Lime formations) in the Burgess 28-1 well located in Section 28-T24N-R23W in the Northwestern Oklahoma county of Ellis. The other two proposals involve a producing horizontal well (Sutton 2H-52) and the accompanying lease hold for the purpose of drilling an offset horizontal well ("Sutton East Offset PUD") in the Marmaton Formation. Both are located in the Texas Panhandle County of Hansford.

These proved petroleum reserve classifications (1P) were assigned following the Society of Petroleum Engineers (SPE) guidelines.

The summary of Net Future Estimated Reserves are presented in the Reserve Table shown below.

BASIS FOR DETERMINING PETROLEUM RESERVES

The deterministic method is based on qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk based) approach estimates the quantities at each level of uncertainty discretely and separately. The assets are both conventional and unconventional assets and subject to extraction techniques standard to both types of reservoir in the States of Texas and Oklahoma.

Oil and Gas reserves and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may in turn impact Lone Star's operations. As a result, these estimates are forward looking and subject to the same risk as other forward looking estimates.



SUMMARY OF ESTIMATED QUANTITIES (IN AGGREGATE) TO BE RECOVERED

	1P	1P	1P
	Oil	Gas	
Asset	Mbl	MMcf	MMcfe
Burgess 28-1 (Chester) (PDP)	0.754	753.670	758.192
Burgess 28-1 (Oswego) (PDNP)	17.525	35.050	140.200
Sutton 2H-52 (PDP)	15.933	76.397	171.993
Sutton East Offset (PUD)	30.961	227.769	413.534
Total	65.173	1,092.886	1,483.919

Definitions:

Mbl means thousands of barrels of oil

MMcf means million standard cubic feet

MMcfe means million standard cubic feet equivalent determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil.

STATEMENT IN RELATION TO UNDEVELOPED PETROLEUM RESERVES

For the reserves in the Proven Undeveloped (PUD) category, development is anticipated to take place at a time of the Company's choosing. The immediate focus is the Proved Developed Producing (PDP) and the Proved Developed Not Producing (PDNP). Following economic extraction of those reserves the Company will target the economic PUD reserves. This is likely to occur from 2019 onwards. The PUD reserves can be delivered directly to market through the same channel that current oil and gas is sold to market. This applies to all of the assets in the portfolio. No new environmental approvals are required for the PUD reserves.

EXECUTIVE SUMMARY – BURGESS 28-1

The Burgess 28-1 (well) is a vertical well located in Southwest Fort Supply Field in the northeastern corner of Ellis County, Oklahoma. Geologically the asset is located within the prolific Anadarko Basin which has produced 125 trillion cubic feet of natural gas and 5.4 billion barrels of oil. The Burgess 28-1 well was spud November 26, 2017 and reached a total depth of 8,125 ft on December 8, 2017. Hydrocarbon shows were observed during the drilling of the well. Wire line logs were also run during the drilling phase of the well. Multiple zones calculate as being hydrocarbon bearing and warrant testing. The well was completed in the first quarter of 2018.



LAND AND LEGAL – BURGESS 28-1

The Burgess 28-1 is located in NW SE NE quarter of section 28 township 24N range 23W in northeastern Ellis County, Oklahoma. Latitude and longitude are 36.531640 and -99.663007.



Figure 1 – Detailed location map showing the well position

The Black Mesa Drilling Program #1 acquired its interest in the Burgess well via several Farmouts under varying terms and from Non-Consent elections under the governing JOA

Reservoir	BPO WI	BPO NRI	APO WI	APO NRI
OSWEGO	96.81558%	73.09771%	72.61169%	54.82328%
CHESTER	96.81570%	73.7004%	72.61178%	55.27530%

Table 1 – detailing the ownership for each formation in the Burgess 28-1

BRK Oklahoma Holdings, LLC/Lone Star has an ownership in the Black Mesa Drilling Program #1. BRK Oklahoma Holdings, LLC/Lone Star is the only Participant in the Black Mesa Drilling Program #1 and thus before “Payout” BRK owns 100% of the Program’s interest. After “Payout” the Program’s interest will be shared 75% BRK/ 25% Black Mesa



Production, LLC. "Payout" is defined as the day after gross receipts from production revenues equal all direct costs billed to BRK, including but not limited to land costs, legal costs, G&G costs, overhead, gross production and severance taxes, and the cost of drilling, testing, completing, equipping and operating the well.

GEOLOGY – BURGESS 28-1

The Burgess 28-1 contains two prospective zones behind pipe, the Oswego Limestone and Chester Limestone. Both zones are prospective for oil and natural gas. The well penetrated a localized structural nose that greatly increases the likelihood of access to commercial quantities of oil and natural gas.

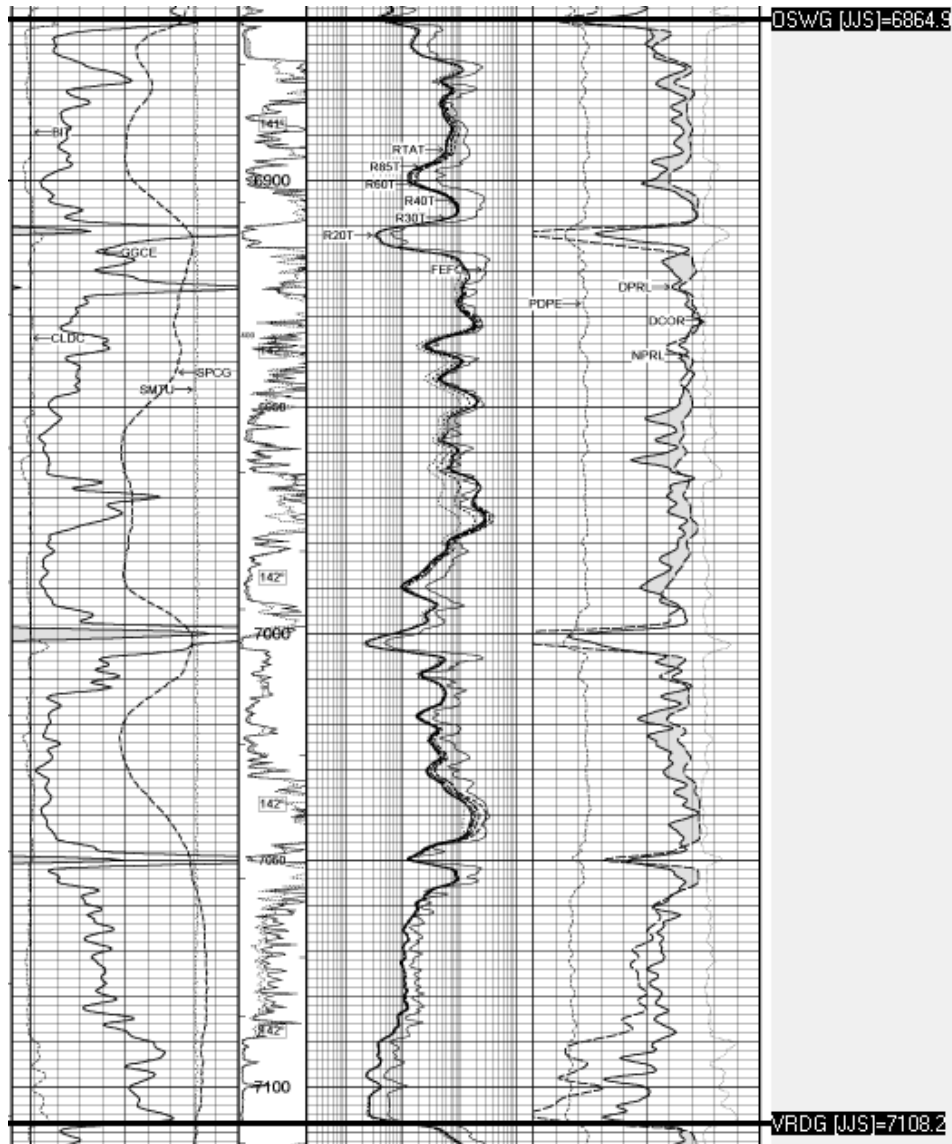
The Oswego interval is from 6,865 ft – 7,108 ft (Measured Depth). The Oswego can be subdivided into 5 distinct limestone benches. These benches, while similar in overall mineralogy, have distinct depositional and burial histories that help differentiate rock that is likely to be reservoir quality. Some significant indicators of reservoir quality can be observed in the Oswego mudlog samples. Further, the Oswego benches are separated by distinctive gamma ray markers that likely indicate the presence of organic material. These gamma markers are also likely sources for much of the hydrocarbon stored within the various Oswego benches.

Samples taken from the 5 Oswego benches contain Dolomite, in varying amounts. Dolomite mineralogies are more pronounced within the 2nd, 3rd, and 5th Oswego benches. This increase is significant given that it often accompanies an increase in porosity, in what is most often a low porosity/tight rock (limestone). Samples show a marked increase in "vuggy" porosity with some fracturing in these referenced zones with increased Dolomite. These "Vugs" are larger voids or pore spaces that are created by secondary/diagenetic processes within the Oswego shortly after burial. These secondary processes, such as introduction of a water source, help dissolve the limestone host rock creating secondary pore structures that enhance the Oswego's ability to store hydrocarbon. Further, these secondary processes also create conditions where additional minerals, such as Dolomite, are precipitated out within these voids. Such additional minerals have unique crystalline structures that differ from the surrounding host rock. This difference helps create additional, complex pore geometry's that enhance the Oswego porosity.

Both significant and minor hydrocarbon shows were observed within the 5 Oswego benches. Samples "cut" with a solvent may fluoresce under a black light to indicate the presence of hydrocarbon. Samples from the 3rd and 5th Oswego benches contained such a "cut". Further hydrocarbon shows were observed as formation gas was detected from the various Oswego benches. The best gas shows were from the 2nd and 3rd Oswego benches. This includes a maximum gas show of 376 units (well above background gas) and a significant increase in C4/C5 gas streams within the more porous, dolomitic portions of each zone. A large increase and separation of C4/C5 streams at approximately 7,020' MD, may indicate the presence of liquid hydrocarbon in these zones.



Wire line logs showing petrophysical characteristics of Oswego Limestone.



The Chester interval is from 7,970 ft – 8,125 ft (Measured Depth). The Chester, like the Oswego, is primarily limestone. The top of the Chester represents an unconformable surface. This is a surface that represents a significant period of little to no deposition of sediment and is very often an erosional surface, subject to many surface processes and weather events. This exposure to surface processes, such as rain and freeze/thaw cycles, can and do dramatically alter a limestone’s composition and even physical appearance. Some changes may include dissolution of the bulk limestone framework, precipitation of secondary minerals such as Dolomite, and enhanced fracturing along weakened surfaces. While such processes often act as destructive forces on the primary rock fabric, they may also greatly enhance characteristics favorable to the storage and possible production of hydrocarbon. Two such favorable characteristics are enhanced porosity and permeability.

Chester samples “cut” with a solvent exhibit a yellow fluorescence, under a black light, with the best cut coming from a sample taken approximately 80 ft. below the top of the Chester. This referenced sample had the strongest yellow/straw color and cut readily and quickly when the solvent was added. This sample also had some of the best “vuggy” porosity with the most observed Dolomite. Formation gas was consistent at around 240 units with a maximum gas show of 339 units in the upper Chester. The hydrocarbon shows and enhanced porosity observed in the Chester may point to the prospectivity of the Chester in this location.



Wire line logs showing petrophysical characteristics of Chester Limestone



EXECUTIVE SUMMARY - GREEVER (SUTTON 2H-52 & SUTTON EAST OFFSET)

The Sutton 2H-52 and Sutton East Offset (Greever prospect) are both located in Pan Petro Field in the eastern edge of Hansford County, Texas which is part of the Oklahoma-Texas Panhandle region of oil and natural gas development. The Sutton 2H-52 is a horizontal well operated by Strat Land Exploration Company of Tulsa, Oklahoma. Geologically the assets are located within the prolific Anadarko Basin which has produced 125 trillion cubic feet of natural gas and 5.4 billion barrels of oil. The Sutton 2H-52 well was spud July 18, 2017 and reached a total depth of 11,215 ft on August 15, 2017. The well targeted the Marmaton formation. The well has been cased, hydraulically fractured and is currently producing oil and natural gas. The Sutton 2H-52 recorded first sales of oil and natural gas October 6, 2017. The Sutton East Offset is a PUD location directly offsetting the currently producing Sutton 2H-52 and is currently waiting to be drilled.

LAND AND LEGAL – GREEVER (SUTTON 2H-52 & SUTTON EAST OFFSET)

The Sutton Prospect is located in section 52, Block 4T, T&NO Survey, Hansford County, Texas. Latitude and longitude are 36.214382 and -101.089793.

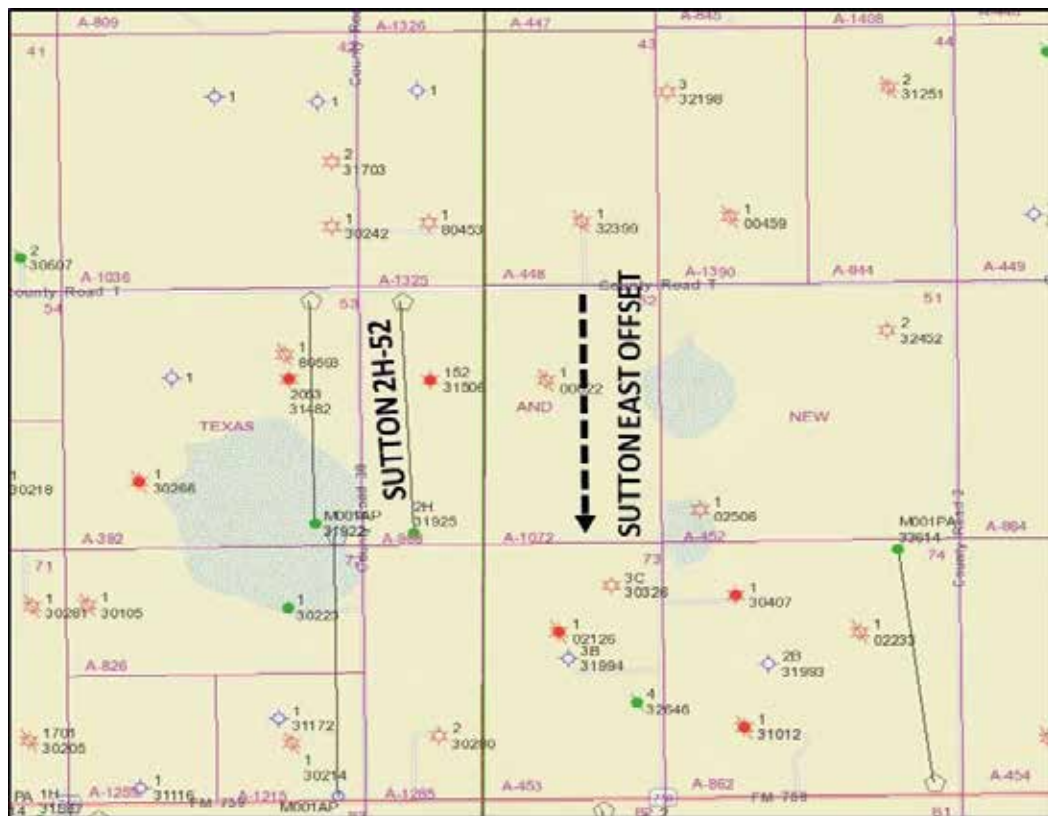


Figure 1 – Detailed location map showing the well positions



The Black Mesa Drilling Program #1 acquired its 25% working interest in the Greever prospect from Strat Land Exploration, the Sutton well Operator.

Reservoir	BPO WI	BPO NRI	AP0 WI	AP0 NRI
MARMATON	25%	19.5%	18.75%	14.625%

Table 1 – detailing the ownership in the Greever prospect (applies to both Sutton 2H-52 and Sutton East Offset locations)

BRK Oklahoma Holdings, LLC/Lone Star has an ownership in the Black Mesa Drilling Program #1. BRK Oklahoma Holdings, LLC/Lone Star is the only Participant in the Black Mesa Drilling Program #1 and thus before “Payout” BRK owns 100% of the Program’s interest. After “Payout” the Program’s interest will be shared 75% BRK/ 25% Black Mesa Production, LLC. “Payout” is defined as the day after gross receipts from production revenues equal all direct costs billed to BRK, including but not limited to land costs, legal costs, G&G costs, overhead, gross production and severance taxes, and the cost of drilling, testing, completing, equipping and operating the well.

GEOLOGY – GREEVER (SUTTON 2H-52 & SUTTON EAST OFFSET)

The Greever Prospect is located along the Hansford/Ochiltree county boarder and is surrounded with recent economic Marmaton horizontal completions and new well locations that directly offset section 52. Old vertical Marmaton production and recent horizontal Marmaton production with economic reserves support targeting the Marmaton in the Greever Prospect area.

The Marmaton is an inter-bedded sand and limestone in the Greever prospect area. The Marmaton gross thickness averages approximately 35 feet with a net porosity averaging 15 feet in the prospect area. Recent horizontal Marmaton completions offsetting the Greever prospect have an average EUR of 200 Mbo and 750 MMcf.

GROUP 2 – ASSETS ACQUIRED ON COMPLETION OF THE PROPOSED TRANSACTION AND CAPITAL RAISE.

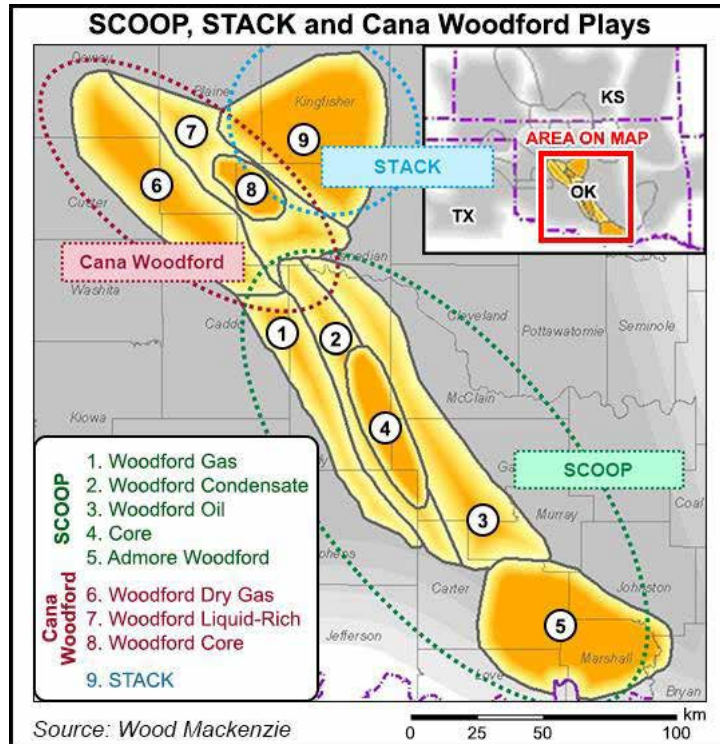
EXECUTIVE SUMMARY - BULLARD 1-18-07 UWH PROSPECT

Region	Prospect Code	Well Name	Operator	Target Zone	Net Acres	Working	
						Interest	NRI
SCOOP	SC1802N02W	Bullard #1-18/7H	Rimrock Resource Operating	Woodford	246.6947	20.5702%	15.3505%

The Bullard 1-18-07 UWH well prospect is a proposed 7,400’ horizontal Woodford Shale test located in Sections 7 and 18 of 2N-2W in Garvin County, Oklahoma. The prospect area is considered part of the SCOOP Play. The SCOOP (an acronym for “South Central Oklahoma Oil Province”) is a prolific oil and gas producing field where multiple

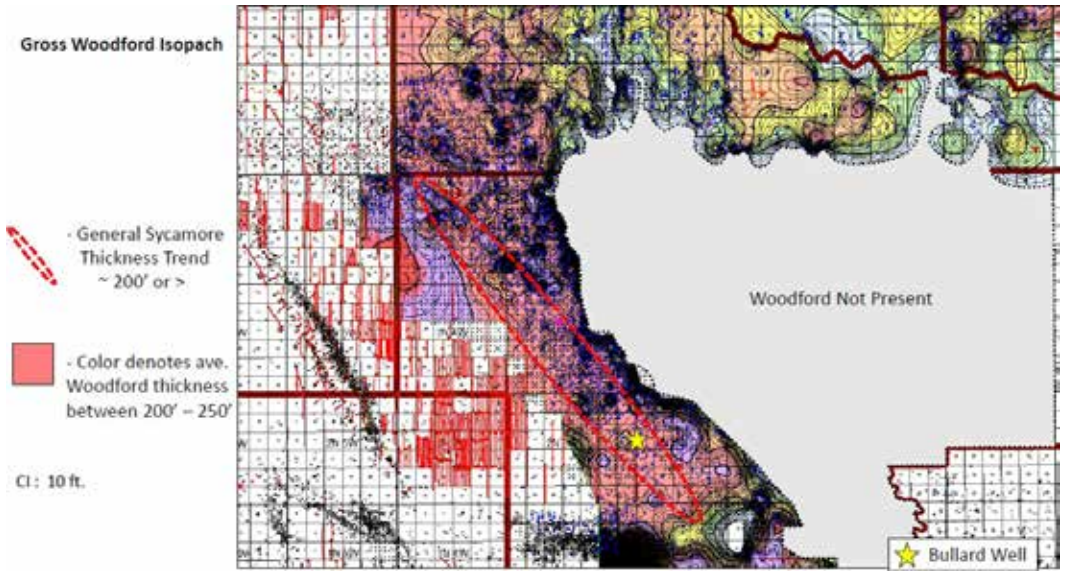
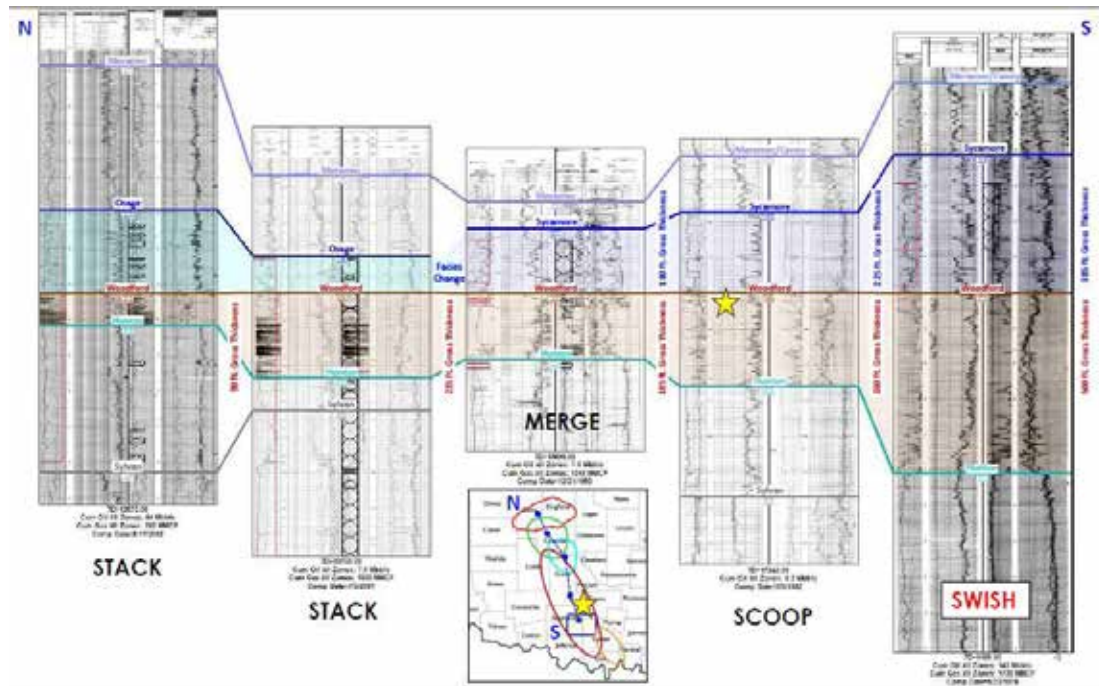


operators are targeting the Woodford Shale formation with one to two mile horizontal wells and applying hydraulic fracture treatments of 40 to 50 BBls of slick water and 2,000 to 3,000 lbs of proppant per foot of lateral length. Wells in the SCOOP are primarily targeting the Woodford Shale but additional potential exists in the Springer (Goddard) Shale, Caney Shale, and Mississippian (Sycamore) formations, all of which lie stratigraphically above the Woodford. The SCOOP is located in parts of Grady, Garvin, Stephens, and Carter Counties of southwest and south-central Oklahoma, south of the Stack and Merge Plays of Central and southwest Oklahoma.

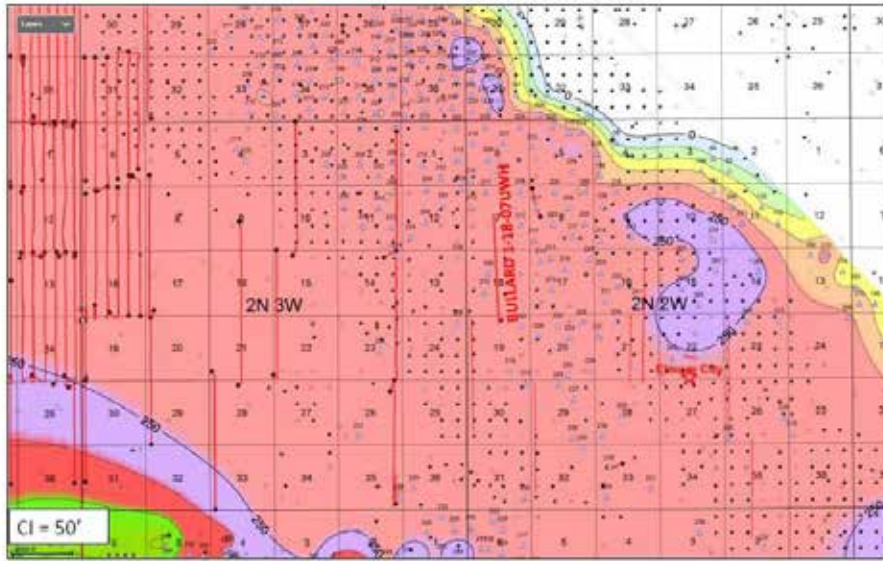


The Woodford shale is an organic rich siliceous shale formation of late Devonian and early Mississippian age deposited throughout most of the Anadarko basin of Oklahoma and is the most economically important source rock in the basin. The formation is usually treated as a single depositional group but is occasionally subdivided into three informal members generally described as Upper, Middle, and Lower Woodford. The Woodford becomes deeper and thicker from northeast to southwest following the structure profile of the greater Anadarko basin. Overall thicknesses range from approximately 100 feet or less in the shallowest areas to nearly 1200 feet in the deepest part of the basin. Woodford Shale thermal maturities in the Anadarko basin range from slightly immature ($R_o < 0.5\%$) in the north to very mature ($R_o > 4$) in south where the depth of the formation plunges to greater than 25,000 feet.





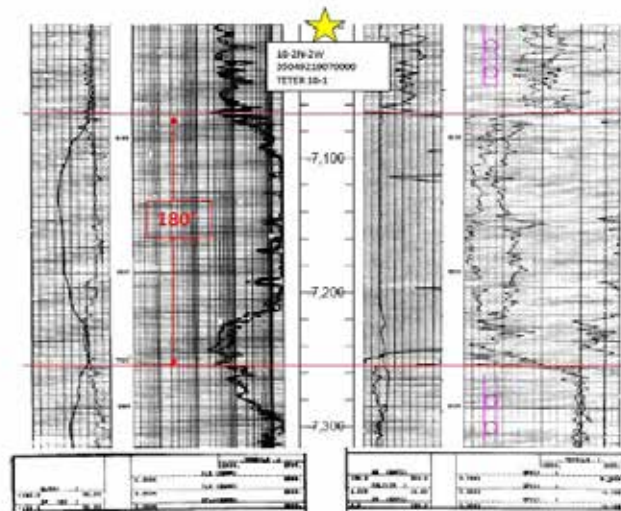
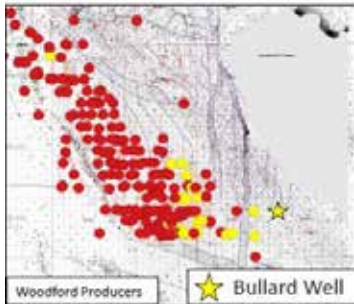
WOODFORD ISOPACH MAP



Woodford Reservoir Properties

WOODFORD RESERVOIR PROPERTIES

Depth: 8,150'
 Temp: 150 °F
 Pressure: 3,650 psi
 TOC: 6%
 H: 180'
 Porosity: 6%
 Sw: 20%

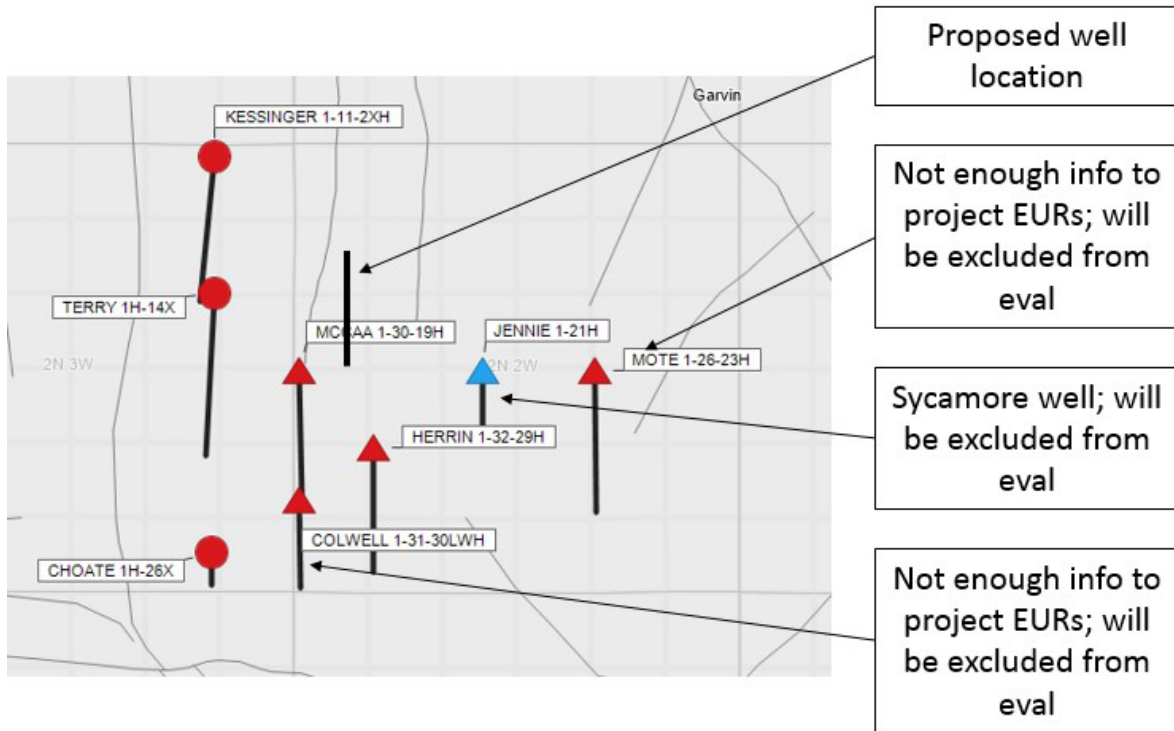


Engineering Analysis

Horizontal Woodford wells drilled at similar geological conditions in the general area of the proposed well were evaluated.



Bullard 1-18-07UWH



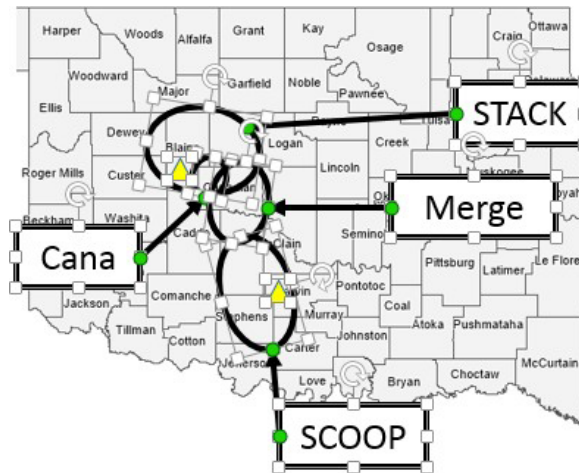
STACK Prospects

Six sections within the STACK play located in Blaine County, Oklahoma were analyzed and projected as to their productive and economic potential of being developed using horizontal wells primarily targeting the Mississippian (Meramec) formation but with a secondary and target of the Woodford Shale formation. The Locations, interests, and assigned well names are shown below:

Region	Prospect Location	Well Name	Operator	Target Zone	Net Acres	Working		Estimated share Of Development Costs (USD)
						Interest	NRI	
STACK	SK3415N13W	Randolph 34-27XH	Continental Resources	Meramec	2.4750	0.2578%	0.1999%	\$22,625
STACK	SK0815N11W	Henry Federal 1-8-5XH	Continental Resources	Meramec	66.9200	5.2281%	4.0888%	\$553,578
STACK	SK1916N11W	Watonga 1-19H	TBD	Meramec	1.6900	0.2641%	0.1971%	\$17,824
STACK	SK0715N10W	TBD 7-15-10	Devon Energy	Meramec	3.3800	0.5281%	0.4309%	\$38,320
STACK	SK2717N11W	TBD 27-17-11	Cimarex Energy Company	Meramec	6.4400	1.0063%	0.8010%	\$73,013
STACK	SK2415N13W	McKinley Unit	Continental Resources	Meramec	13.0000	1.0156%	0.8115%	\$107,656

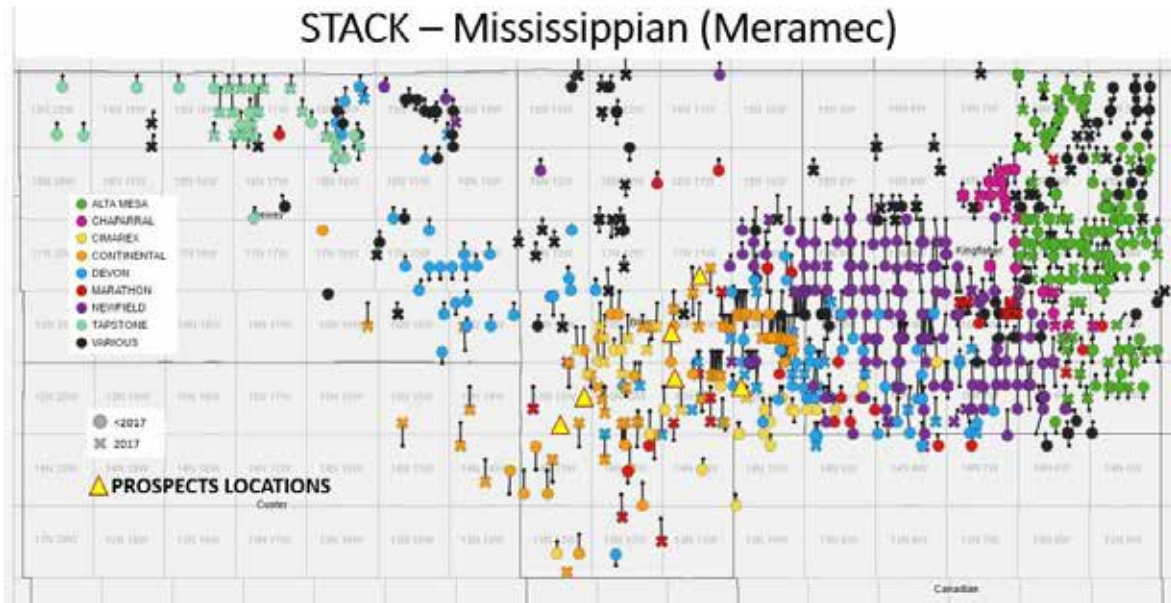


The STACK (an acronym for “Sooner Trend Anadarko Canadian Kingfisher”) is a prolific field where multiple operators are targeting the Mississippian (Meramec) formation with one to two mile horizontal wells and applying hydraulic fracture treatments of 40 to 50 BBLs of slick water and 2,000 to 3,000 lbs of proppant per foot of lateral length. Wells in the STACK are primarily targeting the Meramec (Shale) interval within the Mississippian Formation. Additional potential exists in the Osage (Lower Mississippian) and Woodford Shale formations, both of which lie stratigraphically below the Meramec. The STACK is located primarily in parts of Kingfisher, Blaine, Dewey, Canadian, and Custer Counties of central-western Oklahoma, northwest of the Cana Woodford field and north/northwest of the Stack and Merge Plays of Central and southwest Oklahoma.



A map of the STACK area showing horizontal wells in Blaine, Kingfisher, Eastern Dewey, and northeastern Custer Counties is shown below. Structurally, the Mississippian (Meramec) deepens to the south-southwest and pressures increase from normal pressured (.433 psi/ft) along the Kingfisher-Blaine county border to over .80 psi/ft in the deeper southwest portion of the field at the Blaine-Custer County border. The maps below also show the 6 prospect locations.

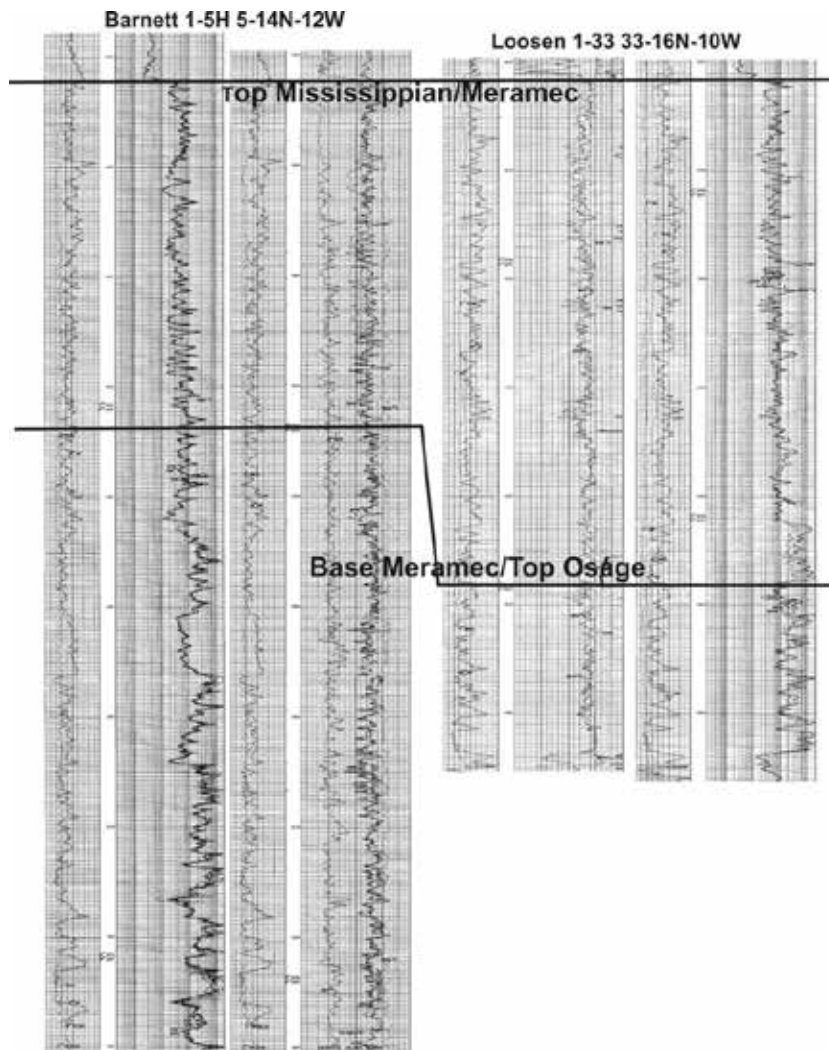




The Meramec formation is a low permeability Mississippian-age carbonate/shale/siltstone. The Meramec was deposited in the northeastern Anadarko Basin just off the Mississippian carbonate shelf as cyclic pro-grading wedges of detrital siltstones, shales and carbonate sediments. These sediments were derived from the platform in an early low-stand or falling stage systems tract. The orientation of progradation is generally northwest to southeast with the proximal wedge sediments relatively low in clay and the distal toes are increasingly clay rich.

It was initially thought the Meramec shale was too tight to be productive; however, although low, $k < .3$ md, the pore-perm architecture is consistent and pervasive, which means production is repeatable and ideal for a resource play. These sediments are saturated by maturation of the Woodford source rocks and migration below the Chester shales. Understanding Woodford maturity through vitrinite reflection and other geochemical methods is key in understanding Meramec pay. For example, the initial Meramec discoveries in Canadian and Kingfisher counties, Oklahoma were generally above a VRo of 1.0 or in what is called the “black oil zone”. Most operators decided the liquids in the Meramec would be wet to dry gas in Blaine County at a VRo of 1.1-1.2. In the past two years, several operators including Continental and Cimarex have pushed the envelope past the VRo of 1.1 into over pressured Meramec rock and have discovered wells in volatile oil to rich gas. Initial rates are as high as 2000+ BOPD (mostly condensate) and over 10 MMCFGPD.

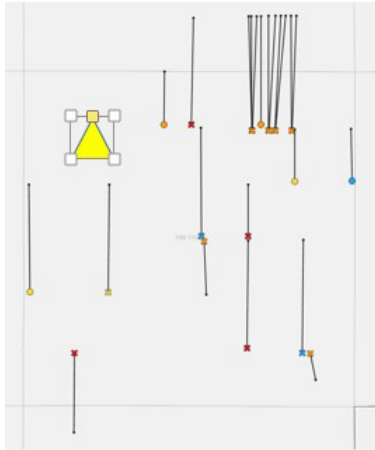




Section 8-15N-11W

Ownership is 5.2281% in Section 8 of 15N-11W and investment is estimated to be \$554,000. As shown below, multiple one and two mile horizontal Meramec wells have been drilled in and around Section 8.

STACK – Mississippian – 15N 11W



- CIMAREX
- CONTINENTAL
- DEVON
- MARATHON

- <2017
- ✕ 2017



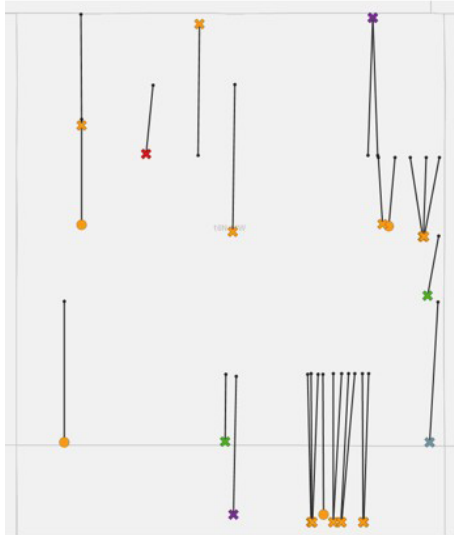
15N11W - MISS					
	BO/FT	P90/P10	MCF/FT	P90/P10	COUNT
ALL	56.67	4.91	455.26	5.26	28
1 MI	88.48	2.72	573.32	5.4	10
2 MI	43.53	3.41	317.32	2.9	17
NON INFILL	73.02	4.57	581.79	5.06	18



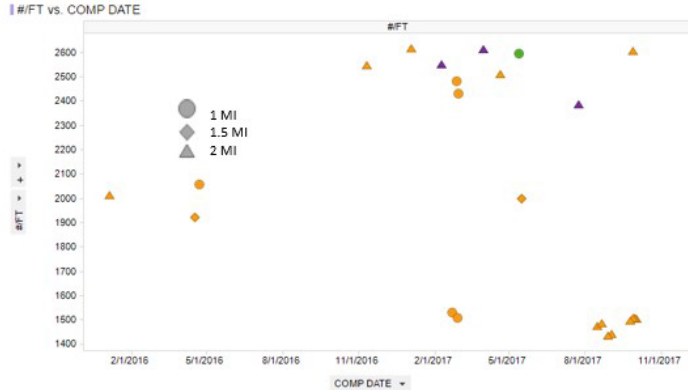
Section 19-16N-11W

Ownership is 1.69 net acres (.2641%) in Section 19 of 16N-11W and investment is estimated to be \$23,000. As shown below, multiple one- and two-mile horizontal Meramec wells have been drilled in and around Section 19.

STACK – Mississippian – 16N 11W



- MARATHON
- NEWFIELD
- CONTINENTAL
- DEVON
- TRIUMPH
- <2017
- ✕ 2017



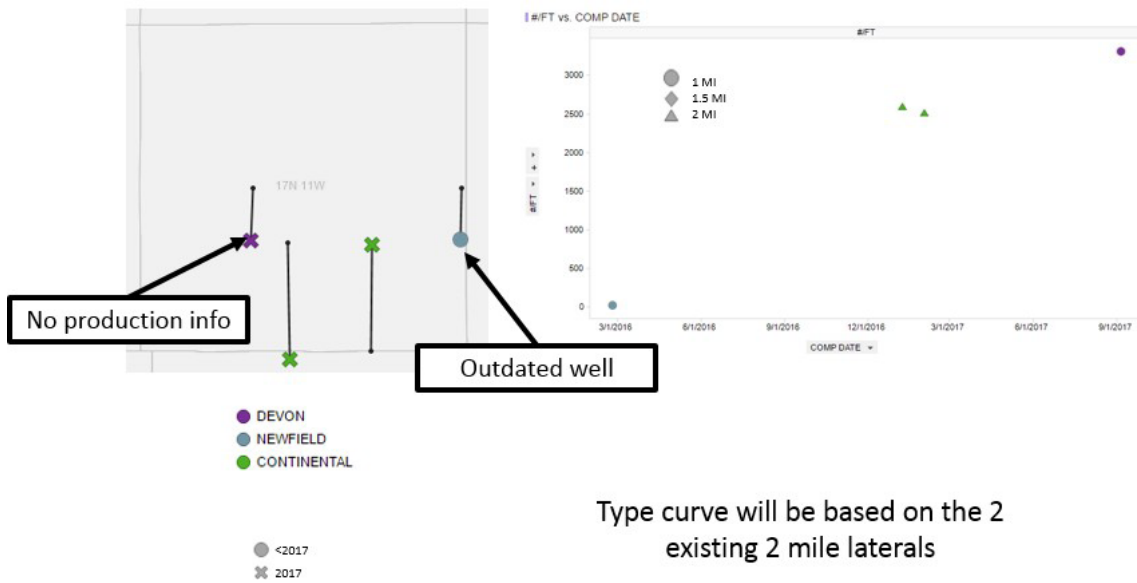
16N11W					
	BO/FT	P90/P10	MCF/FT	P90/P10	COUNT
ALL	41.51	3.16	226.78	3.38	28
1 MI	36.79	3.24	140.05	2.59	9
1.5 & 2 MI	43.46	3.16	262.74	2.71	19
>2200 #/FT	39.86	3.65	203.60	3.54	14
INFILLS	39.53	2.83	221.93	3.59	17
NO INFILLS	45.33	3.89	237.37	3.18	10



Section 7-15N-10W

Ownership is 3.38 acres (0.5281%) in Section 7 of 15N-10W and investment is estimated to be \$43,000. As shown below, multiple one and two mile horizontal Meramec wells have been drilled in and around Section 7.

STACK – Mississippian – 17N 11W



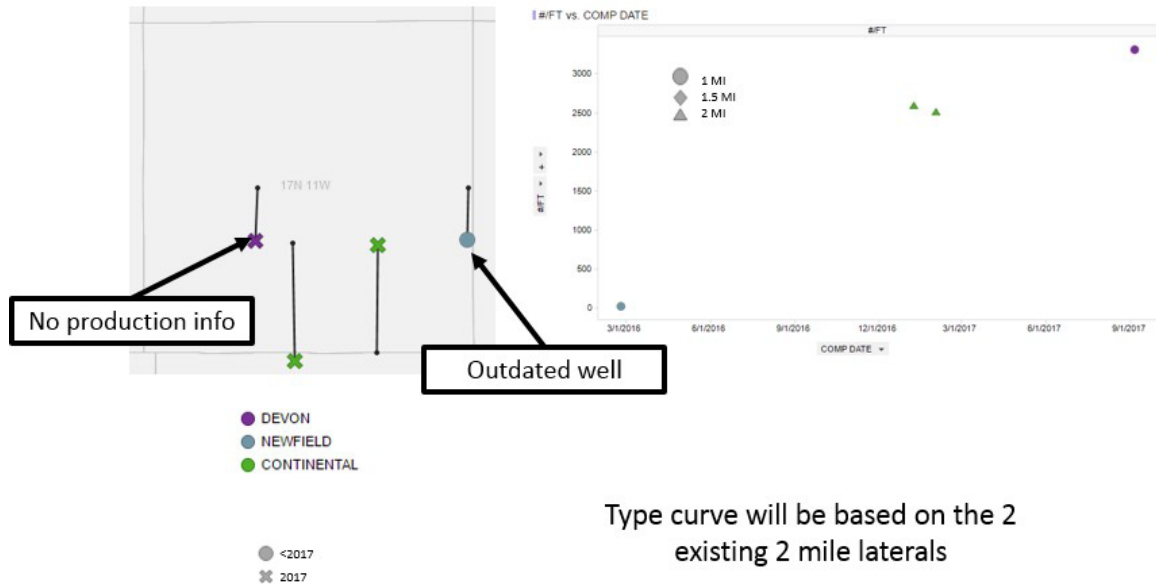
Type curve will be based on the 2 existing 2 mile laterals



Section 27-17N-11W

Ownership is 6.44 acres (1.0063%) in Section 27 of 17N-11W and investment is estimated to be \$81,000. As shown below, multiple one and two mile horizontal Meramec wells have been drilled in and around Section 7

STACK – Mississippian – 17N 11W

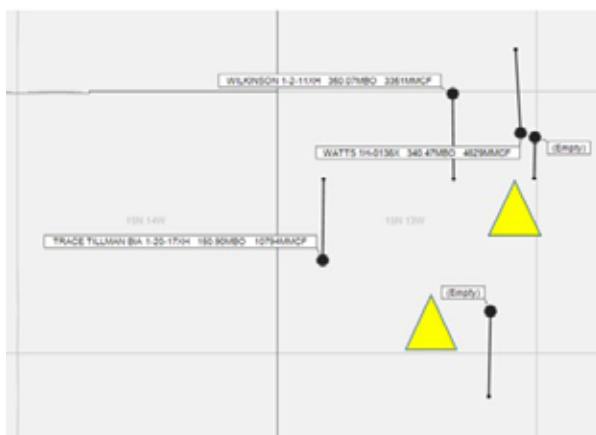


Type curve will be based on the 2 existing 2 mile laterals

Sections 27&34 15N-13W, 13&24 15N-13W

Ownership is 2.475 acres (.2578%) in Sections 27&34 and investment is estimated to be \$23,000. Ownership is 13.00 acres (1.0156%) in Sections 13&24 and investment is estimated to be \$108,000. As shown below, multiple one and two mile horizontal Meramec wells have been drilled in and around the sections.

STACK – Mississippian – 15N 13W



TC is based on the average EUR of the three wells with production info.



General Analysis

INTERESTS

Interest information is provided (below) by Lone Star for each prospect. The provided interests are assumed to be accurate as no title was run on the properties; therefore, Pinnacle cannot take responsibility for the ownerships provided.

Well Name	Legal Description of Spacing Unit	Working		APO		Drilling & Completion Costs (100%)	Program Share (USD)
		Interest	NRI	WI	NRI		
Randolph 34-27XHM	S/2 Sec. 27 & Sec. 34-15N-13W	0.2578%	0.1999%	0.1934%	0.1499%	\$8,775,889.00	\$22,625.11
Henry Federal 1-8-5XH	Sec. 5 & 8-15N-11W	5.2281%	4.0888%	3.9211%	3.0666%	\$10,588,480.00	\$553,578.97
Watonga 1-19H	Sec. 19-16N-11W	0.2641%	0.1971%	0.1980%	0.1478%	\$6,750,000.00	\$17,824.22
TBD 7-15-10	Sec. 7-15N-10W	0.5281%	0.4309%	0.3961%	0.3232%	\$7,256,000.00	\$38,320.75
TBD 27-17-11	Sec. 27-17N-11W	1.0063%	0.8010%	0.7547%	0.6007%	\$7,256,000.00	\$73,013.50
McKinley Unit	Sec. 13 & 24-15N-13W	1.0156%	0.8115%	0.7617%	0.6087%	\$10,600,000.00	\$107,656.25

EXPENSES

Monthly operating expense information for each well was estimated from review and analysis of multiple STACK and Scoop wells producing at similar conditions. The estimated monthly expense model assumes 5,000 \$/per month per well fixed expense plus 1.00 \$/Bbl and 0.10 \$/Mcf variable expenses. The expense model with fixed and variable expense parameters was applied to account for the frac fluid disposal costs and other expenses related to new wells, but declines over time to a relatively consistent lower operating cost per month and appears to more accurately portray well life cycle expenses.

PROPOSED EXPENDITURE

The Company has advised that following the acquisition of Lone Star and completion of the capital raise, it proposes to allocate a minimum of AUD2,799,682 and a maximum of AUD4,155,000 towards exploration of the assets over the next two years.

Well Name	Bullard 1-18-07	Randolph 34-27XHM	Henry Federal 1-8-5XH	Watonga 1-19H	TBD 7-15-10	TBD 27-17-11	McKinley Unit
Preparation	\$26,205.02	\$352.95	\$8,635.83	\$278.06	\$597.80	\$1,139.01	\$1,679.44
Mob/Demob	\$42,331.19	\$570.15	\$13,950.19	\$449.17	\$965.68	\$1,839.94	\$2,712.94
Drilling Rig	\$172,852.37	\$2,328.12	\$56,963.28	\$1,834.11	\$3,943.21	\$7,513.09	\$11,077.83
Frac Stimulation	\$675,955.23	\$9,104.34	\$222,760.18	\$7,172.47	\$15,420.27	\$29,380.63	\$43,320.88



Consumables	\$157,902.07	\$2,126.76	\$52,036.42	\$1,675.48	\$3,602.15	\$6,863.27	\$10,119.69
Disposal	\$153,702.54	\$2,070.20	\$50,652.48	\$1,630.92	\$3,506.35	\$6,680.74	\$9,850.55
Miscellaneous	\$282,879.87	\$3,810.07	\$93,222.70	\$3,001.60	\$6,453.21	\$12,295.47	\$18,129.31
Contingency	\$167,980.92	\$2,262.51	\$55,357.90	\$1,782.42	\$3,832.08	\$7,301.35	\$10,765.63
Program Management	\$419,952.25	\$5656.25	\$138,394.75	\$4,456.00	\$9,580.25	\$18,253.50	\$26,614.00
TOTAL (USD)	\$2,099,761	\$28,281	\$691,974	\$22,280	\$47,901	\$91,268	\$134,570
TOTAL (AUD)*	\$2,799,682	\$37,708	\$922,632	\$29,707	\$63,868	\$121,691	\$179,427

AUD/USD 0.7500

Summary Table – Estimated Drilling and Completion cost breakdown by prospect.

Pinnacle considers that the exploration strategy and programs proposed by the Company are consistent with the potential and status of the projects. The proposed expenditure is sufficient to meet the costs of the exploration programs proposed.

GENERAL

Available Data - This study was based on and fairly represents data supplied by the project Operator Black Mesa Production, LLC, and supplemented by publicly available data and Pinnacle in-house information. The supplied data was reviewed for reasonableness from a technical perspective. As is common in oil field situations, basic physical measurements taken over time cannot be verified independently in retrospect. As such, beyond the application of normal professional judgment, such data must be accepted as representative. While we are not aware of any falsification of records or data pertinent to the result of this study, Pinnacle does not warrant the accuracy of the data and accepts no liability for any losses from actions based upon reliance on data which is subsequently shown to be falsified or erroneous.

In evaluating the information available for this analysis, items excluded from consideration were all matters as to which legal or accounting, rather than engineering interpretation, may be controlling. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering data and such conclusions necessarily represent only informed professional judgments. The titles to the properties have not been examined nor has the actual degree or type of interest targeted been independently confirmed. A field inspection of the properties is not usually considered necessary for the purpose of this report.

Pinnacle Energy Services is registered as a Professional Engineering Firm in Oklahoma and Texas and focuses on Petroleum Reservoir Engineering consulting in the Mid-continent areas of Oklahoma, Kansas, and Texas. Information reviewed will be retained and is available for review at any time. Pinnacle Energy Services, L.L.C. can take no



responsibility for the accuracy of the data used in the analysis, whether gathered from public sources or otherwise.

FORWARD LOOKING STATEMENTS

This document contains certain statements which may constitute “forward-looking statements”. It is believed that the expectations reflected in these statements are reasonable but may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to; price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve and resource estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

Lone Star’s operations and activities are subject to regulatory and other approvals and their timing and order may also be affected by weather, availability of equipment and materials and land access arrangements. Although we believe that the expectations raised in this document are reasonable, there can be no certainty that the events or operations described in this document will occur in the time frame or order presented or at all.

No representation or warranty, expressed or implied, is made by any person that the material contained in this report will be achieved or prove to be correct.

Pinnacle Energy Services, LLC



John Paul (J.P.) Dick, P.E.
Petroleum Engineer



6. FINANCIAL INFORMATION

The summarised financial information contained in this Section 6 has not been reviewed by Pendragon Capital Limited in their role as Investigating Accountant and as such is not covered within its Investigating Accountant's Report included at Section 7.

The following historical information presented is in an abbreviated form and does not contain all of the presentation and disclosures that are usually contained in annual statutory financial statements prepared in accordance with the Corporations Act and Australian Accounting Standards, and should be read in conjunction with the notes from the financial statements from which it is extracted as described below.

Potential investors should be aware that past performance is not a guide to future performance

A Historical and Pro Forma Historical Consolidated Statement of Financial Position as at 30 June 2018 for the Company is contained in Section 7.



6.1 The Company

This Section 6.1 contains the following information of the Company that the Directors consider relevant to investors:

historical financial information of the Company derived from the audited annual financial statements of the Company for the years ended 30 June 2016 (**FY2016**), 30 June 2017 (**FY2017**) and 30 June 2018 (**FY2018**).

Company Historical Financial Information	Audited FY2016 \$	Audited FY2017 \$	Audited FY2018 \$
Profit and loss statement (extract)			
Interest revenue	3,980	2,900	1,203
Other Income	897	(8,967)	1,712
Total expenses	(276,757)	(410,078)	(312,136)
Loss before income tax	(271,880)	(416,145)	(309,221)
Income tax expense	-	-	-
Loss for the period from continued operations	(271,880)	(416,145)	(309,221)
Loss for the period from discontinued operations	-	-	-
Loss for the period	(271,880)	(416,145)	(309,221)
Cash Flow Statement (extract)			
Net cash used in operating activities	(184,562)	(330,200)	(168,748)
Net cash from / (used in) investing activities	-	-	(40,755)
Net cash from / (used in) financing activities	438,500	-	200,000
Net decrease in cash held	253,938	(330,200)	(9,503)

The financial reports of the Company for FY2016, FY2017, and FY2018 were audited by Stantons International in accordance with Australian Auditing Standards. Stantons International issued unmodified audit opinions in each year, and containing an emphasis of matter paragraph relating to going concern in respect to the financial statements for FY2017 and FY2018 only.

6.2 Lone Star Energy Limited

This Section 6.2 contains the following information of Lone Star that the Directors consider relevant to investors:

historical financial information of Lone Star derived from the audited annual financial statements of Lone Star for the years ended 30 June 2016 (**FY2016**), 30 June 2017 (**FY2017**) and 30 June 2018 (**FY2018**).



Company Historical Financial Information	Audited FY2016 \$	Audited FY2017 \$	Audited FY2018 \$
Profit and loss statement (extract)			
Revenue	122,658	-	-
Other Income	11,806	76,960	-
Total expenses	(740,825)	(25,379)	(176,468)
Loss before income tax	(606,361)	51,581	(176,468)
Income tax expense	-	-	-
Loss for the period from continued operations	(606,361)	51,581	(176,468)
Loss for the period from discontinued operations	-	(406,842)	-
Loss for the period	(606,361)	(355,261)	(176,468)
Cash Flow Statement (extract)			
Net cash used in operating activities	(259,653)	(40,833)	(80,541)
Net cash from / (used in) investing activities	-	-	(1,877,003)
Net cash from / (used in) financing activities	2,000	(2,812)	1,947,982
Net decrease in cash held	(257,653)	(43,645)	(9,562)

The financial reports of Lone Star for FY2016, FY2017, and FY2018 were audited by HLB Mann Judd (WA Partnership) in accordance with Australian Auditing Standards. HLB Mann Judd (WA Partnership) issued unmodified audit opinions, each containing an emphasis of matter paragraph relating to going concern, in respect to the financial statements for FY2016, FY2017, and FY2018.

6.3 No material subsequent events since 30 June 2018

The Directors and Proposed Directors confirm that there have been no material subsequent events since 30 June 2018, outside of normal trading, effecting the financial information of the Company or Lone Star reported in this Prospectus.



7. INVESTIGATING ACCOUNTANT'S REPORT



ABN 17 008 963 755

Australian Financial Services
Licence Number 237 549

15 November 2018

The Directors

Nickelore Limited
283 Rokeby Road
Subiaco WA 6008

Dear Sirs

Investigating Accountant's Report – Nickelore Limited

1. Introduction

This Investigating Accountant's Report ("Report") has been prepared at the request of the directors of Nickelore Limited ACN 086 972 429 ("Nickelore" or "the Company"). The Report has been prepared based on the historical financial information of the Company for inclusion in a Prospectus dated on or around 19 November 2018 inviting participation in the issue of 210,000,000 Shares at an issue price \$0.02 per Share to raise \$4,200,000 ('Minimum Subscription'). Oversubscriptions of up to an additional 190,000,000 Shares at an issue price of \$0.02 per Share to raise up to an additional



\$3,800,000 may be accepted ('Oversubscription'). The offer comprises the Public, Vendor Offer and Cleansing Offer.

The Public Offer is conditional on the Acquisition Agreement becoming unconditional.

All amounts are expressed in Australian Dollars unless otherwise stated. Unless otherwise stated, terms have the same meaning as in the Prospectus.

2. Background

Nickelore was incorporated on 14 June 1999 and listed on the ASX on 24 July 2000.

Nickelore changed its name from Halcyon Group Limited on 3 December 2002.

Former names of the Company:

Names	From	To
Nickelore Limited	03/12/2007	current
Halcyon Group Limited	06/12/2002	03/12/2007
Daytraderhq Limited	09/08/2000	06/12/2002
Daytraderhq.com Limited	14/06/1999	09/08/2000

Nickelore is a company listed on the ASX. Nickelore's principal activity has been the exploration for gold and sulphide nickel, and investment in the mineral exploration and development sector. Nickelore has been suspended from quotation on the ASX since 22 July 2016. Nickelore's main assets per the Audited 30 June 2018 interim report were cash and cash equivalents and passive investments.

On 1 December 2017 Nickelore announced it had entered into a binding agreement to acquire 100% of the issued capital in Lone Star Energy Limited ACN 157 789 761 ("Lone Star"). Lone Star was incorporated on 13 April 2012. Lone Star engages in the exploration and development of oil and gas properties in the United States. The company currently has interests in the Greever project in the Hansford oil and gas field located in Hansford County, Texas and in the Burgess project located in Ellis County, Oklahoma.

In consideration for the 100% acquisition of Lone Star, Nickelore will issue to the shareholders of Lone Star:

Share Category	Number of Securities
Ordinary Shares	105,500,000
Options ⁽¹⁾	52,750,000

Consideration Options

The Company has agreed to issue 1 option to acquire 1 Nickelore Share (Consideration Options) for every 2 Consideration Shares issued (each option has an exercise price of \$0.025 and an expiry date which is two years after the settlement date of the Proposed Transaction).



3. Capital Structure

The expected capital structure of the Company (after consolidation of its Shares on a one for six basis approved at the Annual General Meeting on 18 October 2018) following the completion of the Public Offer is as follows:

Issued Shares	Minimum Subscription	Over subscription
Current Shares	51,288,623	51,288,623
Consideration Shares	105,500,000	105,500,000
Converting loan and interest	13,750,000	13,750,000
Shares to be issued - Lead Manager ⁽¹⁾	6,500,000	7,500,000
Shares to be issued - Public Offer	210,000,000	400,000,000
Number of Shares on issue following the Proposed Transaction	387,038,623	578,038,623

Note:

⁽¹⁾ Advisory Fees Shares

Subject to Shareholder approval, which will be sought after completion of the Proposed Transaction, the Company has agreed to issue up to 7,500,000 Shares to the Lead Manager to the Offer under the Lead Manager Mandate between the Company and the Lead Manager.

	Minimum Subscription	Over subscription
Options		
Options currently on issue	-	-
Consideration Options ⁽¹⁾	52,750,000	52,750,000
Lead Manager Options ⁽²⁾	62,000,000	62,000,000
Total Options	114,750,000	114,750,000

⁽¹⁾ Consideration Options

The Company has agreed to issue 1 option to acquire one Nickelore Share (Consideration Options) for every 2 Consideration Shares issued (each Consideration Option has an exercise price of \$0.025 and an expiry date which is two years after the settlement date of the Proposed Transaction).

⁽²⁾ Advisory Fee Options

Subject to Shareholder approval, which will be sought after completion of the Proposed Transaction, the Company has agreed to issue 32,000,000 Options to the Lead Manager upon completion of the Minimum Subscription and up to a further 30,000,000 Options on a pro rata basis to brokers and/or 'introducers' of investors who participate in the raising. Each Option has an exercise price of \$0.025 and expiry date which is three years after the settlement date of the Proposed Transaction.



4. Basis of Preparation

This Report has been included in this Prospectus to provide investors and their financial advisors with information on the pro forma financial statements of Nickelore as set out in Appendix 1. The proforma financial information is presented in a summarised form and does not reflect all the disclosure requirements of financial statements prepared using Australian Accounting Standards in accordance with the Corporations Act 2001 (Cth). This report does not address the rights attaching to the Shares to be issued in accordance with the Prospectus, nor the risks associated with the investment. Pendragon Capital Limited ("Pendragon") has not been engaged to report on the prospects of Nickelore, the pricing of Shares or the benefits and risks of becoming a Shareholder in the Company. Risk factors are set out in Section 4 of the Prospectus. Pendragon bears no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this Report.

5. Scope

Pendragon has been requested to prepare a report covering the following financial information:

- Proforma Unaudited Statement of Financial Position;
- Proforma Unaudited Statement of Changes in Equity; and
- Notes to and forming part of the proforma financial statements.

The proforma unaudited financial information has been derived from historical financial information as at 30 June 2018 after adjusting for the following transactions as if they had occurred at the date of acquisition:

- the consolidation of Nickelore and Lone Star historical financial information;
- the issue of 105,500,000 fully paid Ordinary Shares to shareholders of Lone Star;
- the issue of 52,750,000 Consideration Options valued at \$472,113 using the Black Scholes Model to shareholders of Lone Star;
- \$50,000 borrowed by Nickelore via the issue of converting loans at a fixed 10% interest and convertible on satisfaction of the Conditions Precedent of the Proposed Transaction;
- the issue of up to 62,000,000 Lead Manager Options valued at \$668,542 using the Black Scholes Model to the Lead Manager (32,000,000 options) and brokers and/or 'introducers' of investors who participate in the raising (up to 30,000,000 options);
- the issue of 6,500,000 Shares at \$0.001 to the Lead Manager to raise \$6,500 as an Introduction Fee;
- an increase in the Introduction Fee by the issue of a further 1,000,000 Shares at \$0.001 to the Lead Manager to raise \$1,000 on the successful raising of the Oversubscription;
- fair value adjustment of Lone Star Exploration and evaluation assets of \$396,106 based on a valuation provided by Pinnacle Energy Services llc.;
- conversion of Lone Star convertible loans totalling \$762,500 to issued capital;



- calculation of an acquisition premium of \$575,191 which has been expensed;
- the issue of a minimum of 210,000,000 fully paid Ordinary Shares at an issue price of \$0.02 each to raise \$4,200,000, with an Oversubscription of up to 190,000,000 fully paid Ordinary Shares at an issue price of \$0.02 each to raise up to an additional \$3,800,000;
- payment of estimated expenses of the Public Offer of \$533,022 for the Minimum Subscription representing the amount remaining payable out of total estimated expenses of \$537,700.
- payment of estimated expenses of the Public Offer of \$768,322 for the Oversubscription representing the amount remaining payable out of total estimated expenses of \$773,000.
- adopting Lone Star's accounting policy to capitalise exploration and evaluation expenditure.
- we have not included the possible issue of up to 10,000 shares at an issue price of \$0.02 under the Cleansing Offer which may raise an additional \$200.

The financial information for Nickelore is set out in Appendix 1 to this Report.

6. Review

Pendragon has conducted an independent review of the financial information listed above as set out in Appendix 1 to this Report. The review has been conducted in accordance with auditing and assurance standard ASAE 3450 "Assurance engagement involving corporate fundraisings and/or prospective financial information".

Our review was limited primarily to the following procedures performed as our professional judgement considered reasonable in the circumstances:

- review of the Audited financial report for Nickelore for the period ended 30 June 2018;
- review of the Audited financial report for Lone Star for the period ended 30 June 2018;
- review of the Prospectus to be dated on or about 8 November 2018;
- comparison of consistency in application of accounting standards and policies adopted by the Company. The Directors have confirmed that, where Nickelore does not currently have a relevant accounting policy, it will apply the corresponding Lone Star policy; and
- enquiry of Company office holders and other relevant employees or consultants.

These procedures do not provide all the evidence that would be required in an audit and, therefore, the level of assurance provided is less than that given in an audit. As we have not performed any audit activity, we do not express an audit opinion.

The Directors of Nickelore are responsible for the preparation and presentation of financial information that has formed the basis of our review.

Pendragon disclaims any responsibility for any reliance on this Report or the financial information on which it is based for any purpose other than for which it was prepared.



7. Review Statement

Based on our review, which was not an audit, nothing has come to our attention which causes us to believe that the historical and proforma financial information set out in Appendix 1 is not presented fairly, in accordance with the measurement and recognition requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies adopted by Nickelore as disclosed in Note 1 of Appendix 1.

8. Subsequent Events

To the best of our knowledge and belief, there have been no other material items, transactions or events outside the Company's ordinary business subsequent to 30 June 2018 that require comment or adjustment to our Report or that would cause such information to be misleading or deceptive.

9. Declarations and Disclosures

- a. Pendragon is the holder of an Australian Financial Services Licence (number 237 549).
- b. Pendragon will be paid a fee based upon normal charge out rates for professional time incurred in the preparation and compilation of this Report.
- c. Pendragon has not been involved in any other aspect of the preparation of the Prospectus. Pendragon has issued its consent to include this Report in the Prospectus.
- d. This Report has been prepared to provide general advice to investors only and does not take into account the specific financial needs, objectives and situation of individual investors. The giving of consent to include this Report in the Prospectus should not be taken as an endorsement by Pendragon of Nickelore or the Offer.
- e. The Financial Services Guide from Pendragon is available to investors upon request.

Yours sincerely



Keith Platel

Director



APPENDIX 1 NICKELORE LIMITED STATEMENT OF FINANCIAL POSITION

	Note	Nickelore Audited 30 June 18 \$	Lone Star Audited 30 June 18 \$	Pro Forma Unaudited Minimum Subscription \$	Pro Forma Unaudited Over subscription \$
Current Assets					
Cash and Cash Equivalents	2	168,972	5,176	3,898,876	7,464,576
Security Deposits		-	-		-
Trade and Other Receivables		2,739	-	2,739	2,739
Other Asset and Receivables		2,458	-	2,458	2,458
Financial Asset		10,760	-	10,760	10,760
Loans	3	40,755	-	-	-
Total Current Assets		225,684	5,176	3,914,833	7,480,533
Non-Current Assets					
Exploration and Evaluation Assets	4	-	1,877,003	2,273,109	2,273,109
Total Non-Current Assets		-	1,877,003	2,273,109	2,273,109
Total Assets		225,684	1,882,179	6,231,442	9,796,142
Current Liabilities					
Trade and other payables	5	270,515	19,815	287,830	287,830
Short term financial liabilities	6	220,000	1,011,385	212,043	212,043
Total Current Liabilities		490,515	1,031,200	499,873	499,873
Total Liabilities		490,515	1,031,200	499,873	499,873
Net Assets		(264,831)	850,979	5,688,068	9,253,768
Equity					
Issued Capital	7(a)	24,648,541	3,184,518	30,174,694	33,722,057
Reserves	8(a)	-	67,188	1,140,655	1,140,655
Retained Profits	9(a)	(24,913,372)	(2,400,727)	(25,627,280)	(25,608,943)
Total Equity		(264,831)	850,979	5,688,068	9,253,768

The Statement of Financial Position is to be read in conjunction with the notes set out in this section.



APPENDIX 1 NICKELORE LIMITED STATEMENT OF CHANGES IN EQUITY

(a) Minimum Subscription		Minimum Subscription		
Note	Nickelore Audited 30 June 18 \$	Lone Star Audited 30 June 18 \$	Pro Forma Adjustment \$	Pro Forma After Public Offer \$
	44,390	(8,473)	-	35,917
Profit/(Loss) Attributable to members of the company	9(b) (309,221)	(178,468)	1,686,819	1,199,130
Other comprehensive Income	-	-	-	-
Total comprehensive income/(loss) for the period	(309,221)	(178,468)		1,200,899
Issue of Shares	7(b)	980,732	2,339,866	3,320,598
Reserves	8(b)	57,188	1,073,467	1,130,655
Balance	(264,831)¹	850,979¹		5,688,068
(b) Oversubscription		Oversubscription		
Note	Nickelore Audited 30 June 18 \$	Lone Star Audited 30 June 18 \$	Pro Forma Adjustment \$	Pro Forma After Public Offer \$
	44,390	(8,473)	-	35,917
Profit/(Loss) Attributable to members of the company	9(b) (309,221)	(178,468)	1,705,158	1,217,467
Other comprehensive Income	-	-	-	-
Total comprehensive income/(loss) for the period	(309,221)	(178,468)		1,217,467
Issue of Shares	7(b)	980,732	5,888,998	6,869,730
Reserves	8(b)	57,188	1,073,467	1,130,655
Balance	(264,831)¹	850,979¹		9,253,768

¹ Balance as at 30 June 2018.

The Statement of Changes in Equity is to be read in conjunction with the notes set out in this section.



APPENDIX 1 NICKELORE LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of the historical and pro forma historical financial information (collectively referred to as the “financial statements”) are:

a) Basis of preparation

The financial statements are a special purpose financial report which has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 (Cth).

They have been prepared on the basis of historical costs and do not take into account changing money values, or except when stated, current valuations of non-current assets.

The accounting policies have been consistently applied by the Company unless otherwise stated.

b) Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised:

- when the deferred tax liability arises from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference arises from the initial recognition of goodwill; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.



APPENDIX 1 NICKELORE LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, except:

- when the deductible temporary difference giving rise to the asset arises from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither accounting profit nor taxable income; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is Audited at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Payables

Trade payables and other payable are recognised when the Company becomes obligated to make future payments resulting from the purchase of goods and services which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

d) Receivables

Trade and other receivables are stated at amortised cost. Receivables are usually settled within 30 to 90 days. Collectability of trade and other debtors is Audited on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.



APPENDIX 1 NICKELORE LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Financial Assets

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit or loss.

Gains or losses on available-for-sale investments are recognised in other comprehensive income and presented as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss.

For investments that are actively traded in organised financial markets, fair value is determined by reference to securities exchange quoted market bid prices at the close of business on the Statement of Financial Position date. Where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

f) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant country's taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

g) Exploration and Evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions are also met:



APPENDIX 1 NICKELORE LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in the exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operation activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for which the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount doesn't exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision has been made to proceed with development in respect a particular area of interest, the relevant exploration and evaluation asset tested for impairment and the balance is then reclassified to development.

h) Fair value of convertible loans

Convertible loans are measured at fair value at the initial recognition. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate on interest at the measurement date. In respect of the liability component of convertible loans, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option.

i) Acquisition of assets

Assets acquired, other than goodwill, are initially recorded at their costs of acquisition at the date of acquisition, being the fair value of the consideration provided plus the incidental costs directly attributed to the acquisition. When equity instruments comprising share and options are issued as consideration, their market price at the date of acquisition is used to determine a fair value except when the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received unless otherwise expensed.



APPENDIX 1 NICKELORE LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values for the business combination have been determined for measurement and/or disclosure purposes based on Note 1i. Valuation techniques are applied to determine the fair value for all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

k) Business combination

On 1 December 2017, Nickelore Limited announced it had entered into an Acquisition Agreement to acquire 100% of the issued share capital of Lone Star Energy Limited. Under the principles of AASB 3 Business Combinations, Nickelore Limited is the accounting acquirer in the business combination. Under the principles of AASB 3 Business Combinations, when an entity acquires a group of assets or net assets that does not constitute a business, it shall allocate the cost of the group between the individual identifiable assets and liabilities in the group based on their relative fair value at the date of the acquisition. As Lone Star is not carrying on a business, the acquisition will be accounted for as an asset acquisition and the purchase consideration will be allocated to the individual identifiable assets and liabilities based on their relative fair value.

Purchase consideration

The purchase consideration for the purchase of Lone Star Energy Limited consists of 105,500,000 Consideration Shares and 52,750,000 Consideration Options. The Share price of \$0.02 used to determine the Share consideration is the offer price of Nickelore Limited Shares disclosed in the Prospectus dated on or about 8 November 2018. The Consideration Options have been valued at \$472,113 using the Black-Scholes option pricing model.

Acquisition Premium

Fair Value of	Consideration \$
Share consideration pursuant to Acquisition Agreement	2,110,000
Option consideration pursuant to Acquisition Agreement	472,113
Total	2,582,113
Fair value of Lone Star assets and liabilities held at acquisition date:	
Cash	6,426
Exploration and evaluation assets	2,273,109
Trade and other payables	(19,815)
Short-term financial liabilities	(252,798)
Fair value of identifiable assets and liabilities assumed	2,006,922
Acquisition premium expensed to Profit and Loss	575,191



APPENDIX 1 NICKELORE LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Nickelore Audited 30 June 2018 \$	Lone Star Audited 30 June 2018 \$	Minimum Subscription Unaudited Pro Forma \$	Over subscription Unaudited Pro Forma \$
NOTE 2 – CASH AND CASH EQUIVALENTS				
Balance pre-acquisition	168,972	5,176	174,148	174,148
Adjustments to the pro forma cash balance are summarised as follows:				
Lone Star additional convertible loans	-	-	1,250	1,250
Converting loans issued by Nickelore	-	-	50,000	50,000
Issue of ordinary shares pursuant to Public Offer	-	-	4,200,000	8,000,000
Issue of Lead Manager Shares	-	-	6,500	7,500
Expenses of the Public Offer	-	-	(533,022)	(768,322)
Total cash balance	168,972	5,176	3,898,876	7,464,576
NOTE 3 – LOANS				
Balance pre-acquisition	40,755	-	40,755	40,755
Elimination of inter-entity loans	-	-	(40,755)	40,755
Total Loans	40,755	-	-	-
NOTE 4 – EXPLORATION AND EVALUATION ASSETS				
Balance pre-acquisition	-	1,877,003	1,877,003	1,877,003
Fair value adjustment	-	-	396,106	396,106
Total Exploration and Evaluation Assets	-	187,003	2,273,109	2,273,109



APPENDIX 1

APPENDIX 1 NICKELORE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 5 – TRADE AND OTHER PAYABLES

Balance pre-acquisition	270,515	19,815	290,330	290,330
Payment of costs of the offer	-	-	(2,500)	(2,500)
Total Trade and Other Payables	270,515	19,815	287,830	287,830

Nickelore	Lone Star	Minimum Subscription	Over subscription
Audited 30 June 2018 \$	Audited 30 June 2018 \$	Unaudited Pro Forma \$	Unaudited Pro Forma \$

NOTE 6 – SHORT TERM FINANCIAL LIABILITIES

Balance pre-acquisition	220,000	1,011,385	1,231,385	1,231,385
Conversion of Lone Star convertible loans to issued capital	-	-	(758,587)	(758,587)
Nickelore converting loans	-	-	50,000	50,000
Interest on Nickelore converting loans	-	-	5,000	5,000
Conversion of Nickelore convertible loans to issued capital	-	-	(275,000)	(275,000)
Elimination of Inter-entity loans	-	-	(40,755)	(40,755)
Total Short Term Financial Liabilities	220,000	1,011,385	212,043	212,043

NOTE 7 – ISSUED CAPITAL

(a) Reconciliation of issued capital

Historical financial information:

Balance pre-acquisition	24,648,541	3,184,518	27,833,059	27,833,059
Pro forma movements in issued capital (note 7(b))	-	-	2,341,635	5,888,998
Total issued capital balance	24,648,541	3,184,518	30,174,694	33,722,057



**APPENDIX 1 NICKELORE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

(b) Reconciliation of pro forma movements in issued capital

			Pro forma Movements	
			Minimum Subscription \$	Over subscription \$
Conversion of Lone Star convertible loans to Lone Star Shares	-	-	762,500	762,500
Eliminate Lone Star issued capital	-	-	(3,947,018)	(3,947,018)
Share consideration for 100% of Lone Star	-	-	2,110,000	2,110,000
Conversion of Nickelore convertible loans to Nickelore Shares	-	-	275,000	275,000
Public Offer	-	-	4,200,000	8,000,000
Issue of Lead Manager Shares			6,500	7,500
Issue of Advisory Fee Options			(668,542)	(668,542)
Expenses of the offer	-	-	(396,805)	(650,442)
Pro forma movement balance	-	-	2,341,635	5,888,998



APPENDIX 1 NICKELORE LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Nickelore Audited 30 June 2018 \$	Lone Star Audited 30 June 2018 \$	Minimum Subscription Unaudited Pro Forma \$	Over subscription Unaudited Pro Forma \$
--	--------------------------------------------	--------------------------------------------	---------------------------------------------------------	------------------------------------------------------

NOTE 7 – ISSUED CAPITAL (CONTINUED)

(c) Number of fully paid shares:

	Number	Number	Number	Number
Current fully paid Shares in Nickelore	51,288,623	-	51,288,623	51,288,623
Nickelore Converting Loan and interest	-	-	13,750,000	13,750,000
Public Offer	-	-	210,000,000	400,000,000
Issue of Lead Manager Shares	-	-	6,500,000	7,500,000
Consideration Shares for 100% of Lone Star issued capital	-	-	105,500,000	105,500,000
Total issued Shares	51,288,623	-	387,038,623	578,038,623

NOTE 8– RESERVES

(a) Reconciliation of reserves

	\$	\$	\$	\$
Balance pre-acquisition	-	67,188	67,188	67,188
Pro forma movements in reserves (note 8(b))	-	-	1,073,467	1,073,467
Total reserve balance	-	67,188	1,140,655	1,140,655

¹Consideration Options have been valued at \$472,113 by the Directors using the Black Scholes method.



APPENDIX 1 NICKELORE LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(b) Reconciliation of pro forma movements in reserves

	Pro forma Movements	
	Minimum Subscription \$	Over subscription \$
Conversion of Lone Star convertible loans	(57,188)	(57,188)
Revaluation reserve	396,106	396,106
Elimination of investment	(406,106)	(406,106)
Issue of Consideration Options ¹	472,113	472,113
Issue of Advisory Fee Options ²	668,542	668,542
Pro forma reserve balance	<u>1,073,767</u>	<u>1,073,767</u>

¹Consideration Options have been valued at \$472,113 by the Directors using the Black Scholes method.

²Advisory Fee Options have been valued at \$668,542 by the Directors using the Black Scholes method.

Nickelore	Lone Star	Minimum Subscription	Over subscription
Audited 30 June 2018	Audited 30 June 2018	Unaudited Pro Forma	Unaudited Pro Forma
\$	\$	\$	\$

NOTE 8– RESERVES (CONTINUED)

(c) Number of options on issue

	Number	Number	Number	Number
Current options	-	-	-	-
Issue of Consideration Options	-	-	52,750,000	52,750,000
Issue of Advisory Fee Options	-	-	62,000,000	62,000,000
Total	-	-	114,750,000	114,750,000

NOTE 9 – RETAINED PROFITS

(a) Reconciliation of retained profits

Balance pre-acquisition	(24,913,372)	(2,400,727)	(27,314,099)	(27,314,099)
Pro forma movements in retained profits (note 9(b))	-	-	1,686,819	1,705,156
Total retained profit balance	(24,913,372)	(2,400,727)	(25,627,280)	(25,608,943)



APPENDIX 1 NICKELORE LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(b) Reconciliation of pro forma movements in retained profits

		Pro forma Movements	
		Minimum Subscription \$	Over subscription \$
Conversion of Lone Star Convertible Loans	-	-	54,525
Elimination of pre-acquisition accumulated losses	-	-	2,346,202
Nickelore converting loans interest expense	-	-	(5,000)
Acquisition premium expensed	-	-	(575,191)
Expenses of the Public Offer	-	-	(133,717)
Unaudited pro forma retained profit balance	-	-	1,705,156

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to 30 June 2018, there has not arisen any item or transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than those disclosed and considered in these financial statements.

NOTE 11 – RELATED PARTIES

Directors

The directors in the office at the date of Prospectus are:

R Gardner	Executive Chairman
J Stephenson	Non-Executive Director
D Deloub	Non-Executive Director

Directors' interests in Shares and Options

The aggregate number of consolidated Shares and Options in the Company held by the current directors and their director related entities as at date of the Prospectus are:

Director	Shares	Options
R Gardner ¹	14,603,750	-
J Stephenson	1,630,208	-
D Deloub	-	-
Total	16,233,958	-



APPENDIX 1 NICKELORE LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The aggregate number of Shares and Options in the Company in which the current Directors and their director related entities will have a relevant interest on completion of the Acquisition of all the shares of Lone Star and completion of the Public Offer are:

Director	Shares	Options
R Gardner ^{1,2}	77,853,750	15,000,000
J Stephenson ³	2,630,208	-
D Deloub ⁴	1,000,000	-
Total	81,483,958	15,000,000

¹Following the completion of the Proposed Transaction, R Gardner will hold securities in the Company through Fastwitch Enterprises Pty Ltd and Wingstar Investments Pty Ltd (both companies which he controls). Coolcat Enterprises Pty Ltd and Swiftylink Pty Ltd, being associated companies, will also own Shares in the Company.

²Following Shareholder approval at Nickelore's general meeting R Gardner or associated entities are entitled to participate in the Public Offer for the issue of 25,000,000 Shares.

³Following Shareholder approval at Nickelore's general meeting J Stephenson or associated entities are entitled to participate in the Public Offer for the issue of 1,000,000 Shares.

⁴Following Shareholder approval at Nickelore's general meeting D Deloub or associated entities are entitled to participate in the Public Offer for the issue of 1,000,000 Shares..



8. INDEPENDENT TITLE REPORT

BENJAMIN J. BROWN
ATTORNEY AT LAW

1560 EAST 21st STREET
SUITE 310 TULSA,
OKLAHOMA 74114

September 10, 2018

VIA EMAIL

NICKELORE LIMITED
Suite 4, 182 Claisebrook Road
Perth, WA, AUSTRALIA, 6000

Attention: David Deloub, Non Executive Director
Email: d.deloub@cicerogroup.com.au

RE: Section 52, Block 4T in Hansford County, Texas ("*Greever Project*") Sutton #2H-52 well API No. 42-195-31925 ("*Sutton #2H-52 Well*")

NE/4 of 28-24N-23W in Ellis County, Oklahoma ("*Burgess Project*")
Burgess Project: Burgess #1-28 API No.: 35-045-23649 ("*Burgess #1-28 Well*")

Mr. Deloub:

Nickelore Limited ("*Nickelore*") has requested our opinion with respect to certain LS Operating Pty Ltd ("*LS Operating*") beneficial interest in and to the Greever Project and Burgess Project described above (the Greever Project and Burgess Project may also sometimes be referred to herein individually as a "*Project*" and/or collectively as the "*Projects*;" and the Sutton #2H-52 Well and Burgess #1-28-Well described above may also sometimes be referred to herein individually as a "*Well*" and/or collectively as the "*Wells*"). We were engaged by Nickelore as special counsel for the sole purpose of providing this opinion letter on this matter. Our engagement has been limited in scope



solely to our review of the following (individually referred to in this opinion letter as a "Document" and collectively as the "Documents"): (i) the documents provided to us by Nickelore listed on Exhibit A attached hereto and made a part hereof; (ii) other documents, information, statements and/or other factual representations or assurances provided to us by Nickelore; (iii) online search of documents recorded in the County Clerk's office of Ellis County, Oklahoma regarding the Burgess Project; and (iv) online search of documents recorded in the County Clerk's office of the Hansford County, Texas regarding the Greever Project. For the purposes of this opinion letter and as used herein, the term "beneficial interest" means the right to receive benefits on assets held by another party. The capitalized terms used in this opinion letter but not otherwise defined herein shall have the meaning ascribed to them in the Documents. We have not participated in any other matters related to the Projects, the Wells, the Documents or the transactions contemplated thereby, and we have not acted as counsel to the Nickelore in any matter other than this opinion letter.

In connection with rendering the opinions set forth herein, we have assumed, with your permission, that (i) all information contained in the Documents reviewed by us is true, correct, accurate and complete; (ii) all signatures on all Documents examined by us are genuine; (iii) all Documents submitted to us as originals are authentic and all Documents submitted to us as copies conform to the originals of those Documents; (iv) each natural person signing any Document reviewed by us had the legal capacity to do so; (v) each person signing in a representative capacity any Document reviewed by us had authority to sign in such capacity; (vi) each party to a Document has satisfied all legal requirements that are applicable to that party to the extent necessary to make the Documents enforceable against that party and that each Document has been duly executed and delivered; (vii) all transactions contemplated in the Documents were completed in compliance with applicable federal and state securities laws and in the manner stated in the Documents; (viii) value has been given and received between the appropriate parties in connection with the transactions contemplated by and described in the Documents; and (ix) to the extent any of the Documents purport to constitute agreements of parties other than LS Operating, such Documents constitute valid, binding and enforceable obligations of such other parties.

Our opinions set forth in this letter assume and are based and conditioned upon the initial and continuing: (i) accuracy of the facts and the factual matters stated and assumed as set forth in the Documents (including any documents appended to the Documents whether or not reviewed by us) and/or as set forth or provided in any other documents or information provided to us by Nickelore; (ii) accuracy of the representations and warranties set forth in the Documents (including any documents appended to the Documents whether or not reviewed by us) and/or as set forth or provided in any other documents or information provided to us by Nickelore; (iii) compliance with and/or completion of the conditions, obligations or requirements set forth in the Documents (including any documents appended to the Documents whether or not reviewed by us) and/or as set forth or provided in any other documents or information provided to us by Nickelore; and (iv) compliance with all local, state or federal laws.

We have not reviewed any documents or other information other than the Documents stated herein and, in particular, we have not reviewed any document or other information



(other than the Documents) that is referred to, in, or incorporated by reference into any of the Documents (unless otherwise stated herein). In addition, we have assumed that there exists no provision in any of the Documents that we have not reviewed that is inconsistent with the opinions set forth herein.

We have conducted no independent factual investigation of our own but rather have relied solely upon the Documents, the statements and information set forth therein, and/or provided to us by Nickelore, all of which we have assumed to be true, complete and accurate. We have not independently established any of the facts so relied on. Further, in connection with our preparation of this opinion letter, we have not communicated directly with LS Operating or any party to the Documents, but only with David Deloub of Nickelore. Our communications regarding factual and informational matters relevant to our opinions rendered herein have been conducted solely with email correspondence with Mr. David Deloub of Nickelore.

For and only for the *Letter Agreement* dated July 17, 2017 between BRK Oklahoma Holdings LLC ("BRK Oklahoma") an Oklahoma company, and LS Operating Pty Ltd ("LS Operating") an Australian company and the *Deed of Assignment*, dated July 17, 2017, between BRK Oklahoma Holdings, LLC (as "*Assignor*") and LS Operating Pty (as "*Assignee*"), we have further assumed the choice of the law of Australia in these agreements, is valid, binding, and enforceable under the law of Australia, and each of their provisions are valid, binding and enforceable under the law of Australia and of any other jurisdiction whose law applies, other than law covered expressly in an opinion included in this opinion letter.

Except as otherwise expressly stated herein, the opinions expressed in this letter are limited to the laws of the State of Texas for the Greever Project and the laws of the State of Oklahoma for the Burgess Project (the State of Texas and State of Oklahoma collectively referred to herein as the "*State*"). We are not opining on, and we assume no responsibility with respect to, the applicability to or effect on any of the matters covered herein of the laws of any other jurisdiction, including, without limitation, the laws of the country of Australia. Except as expressly set forth in this opinion letter, we are not opining on specialized laws that are not customarily covered in opinion letters of this kind, such as tax, insolvency, antitrust, pension, employee benefit, environmental, intellectual property, banking and securities laws. We are not opining on federal law or the law of any county, municipality or other political subdivision or local governmental agency or authority.

Based on the foregoing, and subject to the foregoing and the additional qualifications and other matters set forth below, it is our opinion that:

1. BRK Oklahoma has a beneficial interest in the Greever Project and Burgess Project, as further specified on Exhibit B attached hereto, through Black Mesa pursuant to that certain *Black Mesa Drilling Program #1 Drilling Program Agreement* dated November 1, 2015 between Black Mesa Production, LLC ("Black Mesa") and BRK Oklahoma Holdings, LLC (as the *Participant*);
2. LS Operating has a beneficial interest in the Greever Project and the Burgess Project, as further specified on Exhibit B attached hereto, through that certain



Letter Agreement dated July 17, 2017 between BRK Oklahoma Holdings LLC ("BRK Oklahoma") an Oklahoma company, and LS Operating Pty Ltd ("LS Operating") an Australian company;

3. the material conditions attached to the leases which permit the holder to conduct exploration and development activities on the Greever Project and Burgess Project ("Leases") are customary for agreements of this nature; and
4. as far as we are aware, the Leases are in good standing.

FURTHER QUALIFICATIONS AND LIMITATIONS

The opinions expressed above are expressly subject to the following qualifications and limitations.

- a. We have made no examination and express no opinion whatsoever as to (i) the completion, or validity, of any assignment, sale or other type of conveyance of right, title, interests, estate, or other right or interest between parties as described and/or purported by the Documents or as may be required by law; (ii) any priority of any deed, assignment or other type of conveyance interest, or security interest, or as to the existence of any liens or security interests thereon; (iii) any party's completion of or compliance with any of the requirements, conditions, or obligations of the Documents (including but not limited to payment and notice obligations); or (v) the financial ability of any party to the Documents to meet its obligations thereunder.
- b. We have made no examination and express no opinion whatsoever as to the existence, priority or rank of any lien or security interest under any of the Documents.
- c. We express no opinion herein with respect to the commercial reasonableness of transaction of the Documents.
- d. We have made no field visit or examination to or of the Wells and related equipment and express no opinion whatsoever as the existence of the Wells.
- e. This opinion relates only to the laws of the state of Texas for the Greever Project and the laws of the state of Oklahoma for the Burgess Project, each as currently in effect. This opinion expresses no opinion whatsoever with regard to any matters that may be governed or affected by the laws of any other state or jurisdiction, including but not limited to the laws of Australia.
- f. We express no opinion as to the specific remedy that any court or other authority or body might grant in connection with the enforcement of rights under any of the Documents.
- g. This opinion is limited solely to the matters stated herein, and no opinion is to be inferred or may be implied beyond the matters expressly stated herein.

The opinions expressed herein are solely for the benefit of Nickelore Limited, solely in connection with the purpose and matter stated herein. Nickelore Limited may not rely on this opinion letter in any other connection, and it may not be furnished to or relied upon by any other person for any purpose, without our specific prior written consent.



The opinions expressed herein are as of the date first set forth above, and we do not assume or undertake any responsibility or obligation to supplement or update such opinions to reflect any facts or circumstances which may hereafter come to our attention or any changes in law which may hereafter occur.

Very truly yours,



Benjamin J. Brown, Esq.
Charney Brown, LLC



EXHIBIT A**TO OPINION LETTER**

The following documents were reviewed during the review:

1. *ASX Announcement*, dated November 27, 2017, regarding Nickelore Limited to Acquire US Oil Projects and Board Changes.
2. *Black Mesa Drilling Program #1 Drilling Program Agreement* dated November 1, 2015 between Black Mesa Production, LLC ("Black Mesa") and BRK Oklahoma Holdings, LLC (as the Participant).
3. *Greever Prospect Offer Letter (from Strat Land), Sutton #2H-52, Sec. 52, Blk. 4T, T&NO, Hansford County, Texas*, regarding an offering of up to a 25% working interest in Strat Land's Greever Prospect for the drilling of horizontal Upper Des Moines (Marmaton) test.
4. *Letter Agreement* dated July 17, 2017 between BRK Oklahoma Holdings LLC ("BRK Oklahoma") an Oklahoma company, and LS Operating Pty Ltd ("LS Operating") an Australian company.
5. *Deed of Assignment*, dated July 17, 2017, between BRK Oklahoma Holdings, LLC (as "Assignor") and LS Operating Pty (as "Assignee"), regarding Assignor's assignment to Assignee of all wellbore and leasehold interests in the Greever Prospect and the Burgess Prospect.
6. *Offer Notice Step-In Opportunity*, dated July 21, 2017, from BRK Oklahoma Holdings LLC ("BRK Oklahoma"), and LS Operating Pty Ltd ("LS Operating"), regarding BRK Oklahoma's presentation to LS Operating with an opportunity to participate as a Working Interest Leaseholder in the Greever Prospect, Sutton 2H-52 well and working interest in 640 acres.
7. *Letter of Direction*, dated July 28, 2017, from Mr. David Prentice of BRK Holdings LLC to Mr. James Robinson of LS Operating Pty Ltd, regarding direction to pay Black Mesa Production LLC (US \$104,000) Invoice # 20170629-L1, for Acreage Bonus, Well Costs, Well Carry [Strat Land Exploration Co., 160 nma Section 52 Block 4-T T&NO, \$650.00/acre, 77.791719% NRI, AMI Leasehold, Hansford & Ochlitree Co., TX, GREEVER PROJECT].
8. *Letter of Direction*, dated July 28, 2017, from Mr. David Prentice of BRK Holdings LLC to Mr. James Robinson of LS Operating Pty Ltd, regarding direction to pay Black Mesa Production LLC (US \$54,304) Invoice # 20170629-L1, for Acreage Bonus, Well Costs, Well Carry [Strat Land Exploration Co., Prospect Fee (carry), Hansford & Ochlitree Co., TX, GREEVER PROJECT].
9. *Letter of Direction*, dated July 28, 2017, from Mr. David Prentice of BRK Holdings LLC to Mr. James Robinson of LS Operating Pty Ltd, regarding direction to pay Black Mesa Production LLC (US \$452,536.25) Invoice # 20170629-L1, for Acreage Bonus, Well Costs, Well Carry [Strat Land Exploration Co., 160 acres of 640 acre Unit,



- 0.25000000 WI of \$1,810,145.00 AFE dry hole costs, Hansford & Ochlitree Co., TX, GREEVER PROJECT].
10. *Letter of Direction*, dated August 11, 2017, from Mr. David Prentice of BRK Holdings LLC to Mr. James Robinson of LS Operating Pty Ltd, regarding direction to pay Black Mesa Production LLC (US\$290,100.05) Invoice # 20170822-L1, for Completion Well Costs [Strat Land Exploratin Co., 160 net acres of 640 acre Unit; 0.25000000 WI of \$2,970,545.00 AFE, Completion Costs (less Dry Hole Costs), Hansford & Ochlitree Co., TX, GREEVER PROJECT].
 11. *Beneficial Interest Letter*, dated January 23, 2018, from Black Mesa Production, LLC, confirming Black Mesa Production LLC holds certain oil and gas interest for and on behalf of BRK Oklahoma Holdings, LLC (pursuant to Black Mesa Drilling Program Agreement dated December 1, 2015 between Black Mesa Production, LLC and BRK Oklahoma Holdings, LLC).
 12. *Farmout Agreement*, dated August 1, 2016, between FourPoint Energy, LLC ("FourPoint") and Black Mesa Production, LLC ("Black Mesa"), regarding the Burgess #28-1 oil and gas well Section 28-24N-23W, Ellis County, Oklahoma.
 13. *Extension of Farmout Agreement*, dated June 2, 2017, between FourPoint Energy, LLC ("FourPoint") and Black Mesa Production, LLC ("Black Mesa"), regarding the Burgess #28-1 oil and gas well Section 28-24N- 23W, Ellis County, Oklahoma.
 14. *Wellbore Farmout Agreement*, dated May 17, 2016, between Latigo Oil & Gas, Inc. ("Latigo") and Black Mesa Production, LLC ("Black Mesa"), regarding the Burgess #28-1 oil and gas well Section 28-24N-23W, Ellis County, Oklahoma.
 15. *Extension of Farmout Agreement*, dated October 11, 2017, between Latigo Oil & Gas, Inc. ("Latigo") and Black Mesa Production, LLC ("Black Mesa"), regarding the Burgess #28-1 oil and gas well Section 28-24N- 23W, Ellis County, Oklahoma.
 16. *Wellbore Assignment*, dated effective as of November 26, 2017 (recorded March 12, 2018), between Latigo Oil & Gas, Inc. ("Latigo") and Black Mesa Production, LLC ("Black Mesa"), regarding the Burgess #28-1 oil and gas well (API No.: 04523649) located in Section 28-24N-23W, Ellis County, Oklahoma.
 17. *Wellbore Farmout Agreement* dated June 15, 2017 between Tecolote Holdings, LLC ("Tecolote") and Black Mesa Production, LLC ("Black Mesa"), regarding the Burgess #28-1 oil and gas well Section 28-24N-23W, Ellis County, Oklahoma.
 18. *Wellbore Assignment*, dated effective as of November 26, 2017 (recorded March 12, 2018), between Tecolote Holdings, LLC ("Tecolote") and Black Mesa Production, LLC ("Black Mesa"), regarding the Burgess #28- 1 oil and gas well (API No.: 04523649) located in Section 28-24N-23W, Ellis County, Oklahoma.
 19. *Wellbore Assignment*, dated effective as of November 26, 2017 (recorded March 12, 2018), between Bell & Kinley Company, LLP (as the *Assignor*) and Black Mesa Production, LLC (as the *Assignee*), regarding the Burgess #28-1 oil and gas well (API No.: 04523649) located in Section 28-24N-23W, Ellis County, Oklahoma.
 20. *Participation Agreement*, dated June 27, 2017, between Strat Land Exploration Company ("Strat Land") and Black Mesa Production, LLC ("Black Mesa"), regarding



the Greever Prospect, Sutton #2H-52 oil and gas well, Section 52, Block 4T, T&NO, Hansford and Ochlitree Counties, Texas.

21. *Partial Assignment of Oil and Gas Lease*, dated effective as of July 17, 2017, between Strat Land Exploration Company (as the *Assignor*), and Black Mesa Production LLC and Eagle Flats Energy Company LLC (collectively as the *Assignees*), regarding oil and gas leases located in Section 52, Block 4T, T.&N. O. RR. Co. Survey, save and except E/2 SW/4 NW/4 and W/2 SE/4 NW/4, Hansford and Ochlitree Counties, Texas (the Greever Prospect).
22. *Assignment of Oil and Gas Lease*, dated effective as of July 17, 2017, between Strat Land Exploration Company (as the *Assignor*), and Black Mesa Production LLC and Eagle Flats Energy Company LLC (collectively as the *Assignees*), regarding oil and gas leases covering the E/2 SW/4 NW/4 and W/2 SE/4 NW/4 located in Section 52, Block 4T, T.&N. O. RR. Co. Survey, from the surface of the earth down to, but not below, the depth of 6,778 feet as measured from the Rosel Company Dual Induction Log on the Sutton #1-52 well, dated July 23, 2001, Hansford and Ochlitree Counties, Texas (the Greever Prospect).

EXHIBIT B

TO OPINION LETTER

BEFORE PAYOUT			AFTER PAYOUT	
Project	WORKING INTEREST	NET REVENUE INTEREST	WORKING INTEREST	NET REVENUE INTEREST
BURGESS	96.8156%	73.0977%	72.6117%	54.8233%
GREEVER	25.0000%	19.5000%	18.7500%	14.6250%

The above ownership interests are based solely upon examination of the Documents and based upon information provided by Nickelore. While appearing to be reasonable, these estimates may not have been confirmed or verified through an examination of the records of the clerk of the county in which the project is located or by a Title Opinion rendered by a title examiner. Several factors can change or vary the above interests, including if or when a well is commenced in these lands, the percentage of perforated wellbore in these lands, and whether any curative issues exist concerning any of the above interests.



BENJAMIN J. BROWN

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BBROWN@CHARNEYBROWN.COM

September 10, 2018

VIA EMAIL**NICKELORE LIMITED**

Suite 4, 182 Claisebrook Road
Perth, WA, AUSTRALIA, 6000
Attention: David Deloub, Non-Executive Director
Email: d.deloub@cicerogroup.com.au

CC: chris@blkmesa.com

RE: Sections 7 and 18, Township 2 North, Range 2 West Bullard# 1-18/7H Well,
API 35-049-25 I92
Garvin County, Oklahoma ("*Bullard Project*")

Section 8, Township 15 North, Range 11 West
Henry Federal 1-8-5 Well¹

Section 13, Township 15 North, Range 13 West
McKinley Unit¹

Section 27, Township 15 North, Range 13 West
Randolph 34-27XM Well¹

Section 7, Township 15 North, Range 10 West
TBD 7-15-10 Well¹

Section 27, Township 17 North, Range 11 West
TBD27-17-11 Well¹

Section 19, Township 16 North, Range 11 West
Watonga 1-19H Well¹

All in Blaine County, Oklahoma ("*Stack Project*")



Mr. Deloub:

Nickelore Limited ("*Nickelore*") has requested our opinion with respect to certain LS Operating Pty Ltd ("*LS Operating*") beneficial interest in and to the Bullard Project and Stack Project described above (the Bullard Project and Stack Project may also sometimes be referred to herein individually as a "*Project*" and/or collectively as the "*Projects*" and the following wells described above: Bullard # L-18H/7H, Henry Federal 1-8-5, McKinley Unit, Randolph 34-27XM, TBD 7-15-10, TBD 27-17-11, and Watonga 1-19H (may also sometimes be referred to herein individually as a "*Well*" and/or collectively as the "*Wells*"). We were engaged by Nickelore as special counsel for the sole purpose of providing this opinion letter on this matter. Our engagement has been limited in scope solely to our review of the following (individually referred to in this opinion letter as a "*Document*" and collectively as the "*Documents*"): (i) the documents provided to us by Black Mesa Production LLC ("*Black Mesa*") listed on Exhibit B attached hereto and made a part hereof; and (ii) other documents, information, statements and/or other factual representations or assurances provided to us by Black Mesa. For the purposes of this opinion letter and as used herein, the term "**beneficial interest**" means the right to receive benefits on assets held by another party. The capitalized terms used in this opinion letter but not otherwise defined herein shall have the meaning ascribed to them in the Documents. We have not participated in any other matters related to the Projects, the Wells, the Documents or the transactions contemplated thereby, and we have not acted as counsel to Nickelore in any matter other than this opinion letter.

¹As of the date of this opinion, these wells have not been drilled .

In connection with rendering the opinions set forth herein, we have assumed, with your permission, that (i) all information contained in the Documents reviewed by us is true, correct, accurate and complete; (ii) all signatures on all Documents examined by us are genuine; (iii) all Documents submitted to us as originals are authentic and all Documents submitted to us as copies conform to the originals of those Documents; (iv) each natural person signing any Document reviewed by us had the legal capacity to do so; (v) each person signing in a representative capacity any Document reviewed by us had authority to sign in such capacity; (vi) each party to a Document has satisfied all legal requirements that are applicable to that party to the extent necessary to make the Documents enforceable against that party and that each Document has been duly executed and delivered; (vii) all transactions contemplated in the Documents were completed in compliance with applicable federal and state securities laws and in the manner stated in the Documents; (viii) value has been given and received between the appropriate parties in connection with the transactions contemplated by and described in the Documents; and (ix) to the extent any of the Documents purport to constitute agreements of parties other than LS Operating, such Documents constitute valid, binding and enforceable obligations of such other parties .

Our opinions set forth in this letter assume and are based and conditioned upon the initial and continuing: (i) accuracy of the facts and the factual matters stated and assumed



as set forth in the Documents (including any documents appended to the Documents whether or not reviewed by us) and/or as set forth or provided in any other documents or information provided to us by Black Mesa; (ii) accuracy of the representations and warranties set forth in the Documents (including any documents appended to the Documents whether or not reviewed by us) and/or as set forth or provided in any other documents or information provided to us by Black Mesa; (iii) compliance with and/or completion of the conditions, obligations or requirements set forth in the Documents (including any documents appended to the Documents whether or not reviewed by us) and/or as set forth or provided in any other documents or information provided to us by Black Mesa; and (iv) compliance with all local, state or federal laws.

We have not reviewed any documents or other information other than the Documents stated herein and, in particular, we have not reviewed any document or other information (other than the Documents) that is referred to, in, or incorporated by reference into any of the Documents (unless otherwise stated herein). In addition, we have assumed that there exists no provision in any of the Documents that we have not reviewed that is inconsistent with the opinions set forth herein .

We have conducted no independent factual investigation of our own but rather have relied solely upon the Documents, the statements and information set forth therein, and/or provided to us by Black Mesa, all of which we have assumed to be true, complete and accurate. We have not independently established any of the facts so relied on. Further, in connection with our preparation of this opinion letter, we have not communicated directly with LS Operating or any party to the Documents, but only with Mr. David Deloub of Nickelore and with Mr. Chris Girouard of Black Mesa. Our communications regarding factual and informational matters relevant to our opinions rendered herein have been conducted solely with email correspondence with Mr. David Deloub of Nickelore and with Mr. Chris Girouard of Black Mesa.

For and only for the *Letter Agreement* dated July 17, 2017 between BRK Oklahoma Holdings LLC ("BRK Oklahoma") an Oklahoma company, and LS Operating Pty Ltd ("LS Operating") an Australian company and the *Deed of Assignment* between BRK Oklahoma Holdings, LLC (as "Assignor") and LS Operating Pty (as "Assignee"), we have further assumed the choice of the law of Australia in these agreements, is valid, binding, and enforceable under the law of Australia, and each of their provisions are valid, binding and enforceable under the law of Australia and of any other jurisdiction whose law applies, other than law covered expressly in an opinion included in this opinion letter.

Except as otherwise expressly stated herein, the opinions expressed in this letter are limited to the laws of the State of Oklahoma. We are not opining on, and we assume no responsibility with respect to, the applicability to or effect on any of the matters covered herein of the laws of any other jurisdiction, including, without limitation, the laws of the country of Australia. Except as expressly set forth in this opinion letter, we are not opining on specialized laws that are not customarily covered in opinion letters of this kind, such as tax, insolvency, antitrust, pension, employee benefit, environmental, intellectual property, banking and securities laws. We are not opining on federal law or the law of any county, municipality or other political subdivision or local governmental agency or authority.



Based on the foregoing, and subject to the foregoing and the additional qualifications and other matters set forth below, it is our opinion that:

- (1) BRK Oklahoma has a beneficial interest in the Bullard Project and Stack Project, as further specified on Exhibit C attached hereto, through Black Mesa pursuant to that certain *Black Mesa Drilling Program #1 Drilling Program Agreement* dated November 1, 2015 between Black Mesa Production, LLC ("Black Mesa") and BRK Oklahoma Holdings, LLC (as the *Participant*);
- (2) Pursuant to the *Step-In Opportunity Offer Notices*, LS Operating has a beneficial interest in the Bullard Project and Stack Project, as further specified on Exhibit C attached hereto, through that certain *Letter Agreement* dated July 17, 2017 between BRK Oklahoma Holdings LLC ("BRK Oklahoma") an Oklahoma company, and LS Operating Pty Ltd ("LS Operating") an Australian company;
- (3) the material conditions attached to the leases which permit the holder to conduct exploration and development activities on the Bullard Project and Stack Project ("Leases") are customary for agreements of this nature; and
- (4) as far as we are aware, the Leases are in good standing.



FURTHER QUALIFICATIONS AND LIMITATIONS

See Exhibit A attached hereto and made a part hereof.

The opinions expressed herein are solely for the benefit of Nickelore, solely in connection with the purpose and matter stated herein. Nickelore may not rely on this opinion letter in any other connection, and it may not be furnished to or relied upon by any other person for any purpose, without our specific prior written consent.

The opinions expressed herein are as of the date first set forth above, and we do not assume or undertake any responsibility or obligation to supplement or update such opinions to reflect any facts or circumstances which may hereafter come to our attention or any changes in law which may hereafter occur.

Very truly yours,



Benjamin J. Brown, Esq.
Charney Brown, LLC



EXHIBIT A**TO OPINION LETTER**

The opinions expressed above are expressly subject to the following qualifications and limitations.

- a. We have made no examination and express no opinion whatsoever as to: (i) the completion, or validity, of any assignment, sale or other type of conveyance of right, title, interests, estate, or other right or interest between parties as described and/or purported by the Documents or as may be required by law; (ii) any priority of any deed, assignment or other type of conveyance interest, or security interest, or as to the existence of any liens or security interests thereon (iii) any party's completion of or compliance with any of the requirements, conditions, or obligations of the Documents (including but not limited to payment and notice obligations); or (iv) the financial ability of any party to the Documents to meet its obligations thereunder.
- b. We have made no examination and express no opinion whatsoever as to the existence, priority or rank of any lien or security interest under any of the Documents.
- c. We express no opinion herein with respect to the commercial reasonableness of transaction of the Documents.
- d. We have made no field visit or examination to or of the Wells and related equipment and express no opinion whatsoever as the existence of the Wells.
- e. This opinion relates only to the laws of the state of Oklahoma as currently in effect. This opinion expresses no opinion whatsoever with regard to any matters that may be governed or affected by the laws of any other state or jurisdiction, including but not limited to the laws of Australia.
- f. We express no opinion as to the specific remedy that any court or other authority or body might grant in connection with the enforcement of rights under any of the Documents.
- g. This opinion is limited solely to the matters stated herein, and no opinion is to be inferred or may be implied beyond the matters expressly stated herein.
- h. We have assumed that any existing oil and gas leases past their primary term are held by production; we have not, however, performed any examination of production attributable to said leases to determine whether production exists in paying quantities or to determine if any well is capable of production in paying quantities .

END OF EXHIBIT A



EXHIBIT B**TO OPINION LETTER**

The following documents were reviewed during the review:

1. *Black Mesa Drilling Program # 1 Drilling Program Agreement* dated December 1, 2015 between Black Mesa Production, LLC ("Black Mesa") and BRK Oklahoma Holdings, LLC (as the *Participant*).
2. *Letter Agreement* dated July 17, 2017 between BRK Oklahoma Holdings LLC ("BRK Oklahoma") an Oklahoma company, and LS Operating Pty Ltd ("LS Operating") an Australian company.
3. *Deed of Assignment*, currently not executed, between BRK Oklahoma Holdings, LLC (as "*Assignor*") and LS Operating Pty (as "*Assignee*"), regarding Assignor's assignment to Assignee of all wellbore and leasehold interests in the Bullard Prospect and the Stack Prospect.
4. *Step-In Opportunity Offer Notice (Scoop-Bullard)* dated July 20, 2018 and effective July 17, 2017 and subsequently amended in July 2018 between BRK Oklahoma Holdings, LLC and LS Operating Pty Ltd.
5. *Step-In Opportunity Offer Notice (STACK GROUP)* dated July 20, 2018 and effective July 17, 2017 and subsequently amended in July 2018 between BRK Oklahoma Holdings, LLC and LS Operating Pty Ltd.
6. *Letter* dated July 18, 2018 from Mr. Chris Girouard to Mr. David Prentice, confirming that, as of the date of the letter, Black Mesa Production LLC holds certain oil and gas interests for and on behalf of BRK, including for any of its assigns.
7. Unexecuted *Assignment Conveyance and Bill of Sale* between Black Mesa Production LLC (as "*Assignor*") and BRK Oklahoma Holdings LLC (as "*Assignee*") regarding leases in Blaine County, Oklahoma as more specifically described on Exhibit "A" to said document.
8. Unexecuted *Assignment Conveyance and Bill of Sale* between Black Mesa Production LLC (as "*Assignor*") and BRK Oklahoma Holdings LLC (as "*Assignee*") regarding leases in Ellis County, Oklahoma as more specifically described on Exhibit "A" to said document.
9. Unexecuted *Assignment Conveyance and Bill of Sale* between Black Mesa Production LLC (as "*Assignor*") and BRK Oklahoma Holdings LLC (as "*Assignee*") regarding leases in Garvin County, Oklahoma as more specifically described on Exhibit "A" to said document.
10. Unexecuted *Assignment Conveyance and Bill of Sale* between Black Mesa Production LLC (as "*Assignor*") and BRK Oklahoma Holdings LLC (as "*Assignee*") regarding leases in Hansford and Ochiltree Counties, Texas as more specifically described on Exhibit "A" to said document.
11. *Letter Agreement* dated August 1, 2017 between Black Mesa Production LLC and Rimrock Resource Operating LLC regarding OCC Pooling Cause CD No 201704636-



- T, OCC Pooling Cause CD No 201704637-T, and the Proposed Bullard #1-18H/7H well, located in Sections 18 & 7-2N-2W, Garvin County, Oklahoma.
12. *Letter* dated May 11, 2018 from Rimrock Resource Operating LLC to Black Mesa Production LLC offering force pooled acreage.
 13. *Letter* dated May 15, 2018 from Black Mesa Production LLC to Rimrock Resource Operating LLC regarding Black Mesa Production LLC's election to acquire its share of force pooled acreage and to participate with same.
 14. *Spreadsheet* entitled "BULLARD ACQ.xlsx."
 15. *Oil & Gas lease* dated June 20th, 2017 by and between Robert W. Dow and Beverly J. Dow (as "lessor") and Nichols Energy Services (as "Lessee"), recorded at Book 2182 Page 780 with the clerk of Garvin County, Oklahoma, covering the SE/4 NE/4 & NE/4 SE/4 & N/2 S/2 SE/4 & SW/4 SW/4 SE/4 of Section 18, Township 2 North, Range 2 West, Garvin County, Oklahoma.
 16. *Term Assignment of Oil and Gas Leases* dated July 10, 2017 and effective July 1, 2017 by and between George Dale, Maxine Dale and Doris Shirley, successors to the partnership of Roy Roady and George Dale, d/b/a Rand D Oil Company and George Dale, individually (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 18, Township 2 North, Range 2 West, Garvin County, Oklahoma, recorded at Book 2182 Page 782 with the clerk of Garvin County, Oklahoma.
 17. *Oil & Gas lease* dated June 22nd, 2017 by and between Margaret Hensley, Trustee of the Margaret Hensley Trust dated January 20, 2014 (as "Lessor") and Nichols Energy Services LP (as "Lessee"), recorded at Book 2183 Page 511 with the clerk of Garvin County, Oklahoma, covering the SW/4 SW/4 SE/4 of Section 18, Township 2 North, Range 2 West, Garvin County, Oklahoma.
 18. *Term Assignment of Oil and Gas Leases* dated July 21, 2017 and effective July 1, 2017 by and between George Dale, Maxine Dale and Doris Shirley, successors to the partnership of Roy Roady and George Dale, d/b/a Rand D Oil Company and George Dale, individually (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 7, Township 2 North, Range 2 West, Garvin County, Oklahoma, recorded at Book 2184 Page 701 with the clerk of Garvin County, Oklahoma.
 19. *Term Assignment of Oil and Gas Leases* dated July 21, 2017 and effective July 15, 2017 by and between A.L. Smith, Inc. (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 18, Township 2 North, Range 2 West, Garvin County, Oklahoma, recorded at Book 2184 Page 706 with the clerk of Garvin County, Oklahoma.
 20. *Term Assignment of Oil and Gas Leases* dated July 21, 2017 and effective July 15, 2017 by and between A.L. Smith, Inc. (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 7, Township 2 North, Range 2 West,



- Garvin County, Oklahoma, recorded at Book 2184 Page 709 with the clerk of Garvin County, Oklahoma.
21. *Term Assignment of Oil and Gas Leases* dated July 28, 2017 and effective July 15, 2017 by and between Greg Shepherd and JoAnn Parman, Trustees of the Bert Wining, Sr. and Bertha Wining Irrevocable Trust (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 7, Township 2 North, Range 2 West, Garvin County, Oklahoma, recorded at Book 2188 Page 118 with the clerk of Garvin County, Oklahoma.
 22. *Term Assignment of Oil and Gas Leases* dated July 28, 2017 and effective July 15, 2017 by and between Greg Shepherd and JoAnn Parman, Trustees of the Bert Wining, Sr. and Bertha Wining Irrevocable Trust (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 18, Township 2 North, Range 2 West, Garvin County, Oklahoma, recorded at Book 2188 Page 121 with the clerk of Garvin County, Oklahoma.
 23. *Assignment of Oil & Gas Leases* dated May 17, 2018 and effective as of the dates of the Oil and Gas Leases described on Exhibit "A" by and between Nichols Energy Services LP (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Sections 17 and 18, Township 2 North, Range 2 West, Garvin County, Oklahoma, recorded at Book 2222 Page 450 with the clerk of Garvin County, Oklahoma.
 24. *Ownership Report* by Nichols Energy Services, indexed through July 12, 2017 for the Black Mesa - Elmore - George Dale et al Due Diligence, covering Section 7, Township 2 North, Range 2 West, Garvin County, Oklahoma.
 25. *Draft Original Drilling Unit Title Opinion*, rendered by Ronald O. Ray, Jr. dated April 15, 2016 and addressed to Rimrock Resource Operating, LLC, covering Section 18, Township 2 North, Range 2 West, Garvin County, Oklahoma, less and except all existing wellbores and further limited to the Sycamore, Woodford, and Hunton common sources of supply.
 26. *Original Drilling Unit Title Opinion*, rendered by Ronald O. Ray, Jr. dated January 28, 2016 and addressed to Rimrock Resource Operating, LLC, covering Section 7, Township 2 North, Range 2 West, Garvin County, Oklahoma, less and except all existing wellbores and further limited to the Sycamore, Woodford, and Hunton common sources of supply.
 27. *Email correspondence* between M. Caywood and D. Bodenhamer dated October 13, 2017 through November 1, 2017 regarding "Bullard Title I 8 2N 2W."
 28. *Email correspondence* between M. Caywood and D. Bodenhamer dated April 20, 2018 regarding "Bullard - Notice of Intent to Spud."
 29. *Letter Agreement* dated January 11, 2017 between Black Mesa Production LLC and Continental Resources Inc. regarding Cause CD No: 201700092, and the Henry Federal 1-8-5XH located in Sections 8-l 5N-l l W, Blaine County, Oklahoma.



30. *Joint Operating Agreement* dated August 15¹ 1978 between Mustang Production Company, as Operator, and An-Son Corporation, et al, as Non-Operators, covering all of section 8-15N-11W, Blaine County, Oklahoma from the surface of the ground down to the base of the Atoka/Morrow Formation being 640.00 acres.
31. *Oil & Gas lease* dated April 24th, 1974 between Alma G. Compton (as "lessor") and T.W. Walbert, Inc. (as "lessee"), recorded at Book 230 Page 38 with the clerk of Blaine County, Oklahoma, covering the NW/4 a/k/a Lots 1, 2, 10, 12, 13, 14, and SW/4 a/k/a Lots 7, 8, 11, and SW/4 SW/4 plus any Accretions and any Riparian rights of Section 8, Township 15 North, Range 11 West, Blaine County, Oklahoma.
32. *Assignment of Oil & Gas leases* dated June 30, 2016 and effective as of July 1, 2016 by and between Baker Recovery, Inc (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 8, Township 15 North, Range 11 West, Blaine County, Oklahoma, recorded at Book 1222 Page 41 with the clerk of Blaine County, Oklahoma.
33. *Assignment of Oil & Gas leases* dated June 30, 2016 and effective as of July 1, 2016 by and between The Pinion Group LLC (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 8, Township 15 North, Range 11 West, Blaine County, Oklahoma, recorded at Book 1222 Page 44 with the clerk of Blaine County, Oklahoma.
34. *Assignment of Oil & Gas leases* dated as of the acknowledgement dates of the signatures on said document and effective as of June 1, 2016 by and between Manuel Corporation, Okmar Oil Company, Beren Corporation, Shelro Petroleum Corporation, Robert M. Beren, L.P., Matzliach, L.P., Berenergy Coporation, G-Oil, L.P., Frits-Oil, L.P., HVI-Oil, L.P., JW-Oil, L.P. Bayberry Oil and Gas LLC, and the Estate of Therese Gadomski (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 8, Township 15 North, Range 11 West, Blaine County, Oklahoma, recorded at Book 1227 Page 691 with the clerk of Blaine County, Oklahoma.
35. *Assignment of Oil & Gas leases* dated April 26, 2017 and effective as of September 22, 2016 by and between The Pinion Group LLC (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 8, Township 15 North, Range 11 West, Blaine County, Oklahoma, recorded at Book 1277 Page 331 with the clerk of Blaine County, Oklahoma.
36. *Assignment of Oil & Gas leases* dated April 26, 2017 and effective as of September 22, 2016 by and between Nancy M. Beaver (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, located in Section 8, Township 15 North, Range 11 West, Blaine County, Oklahoma, recorded at Book 1277 Page 335 with the clerk of Blaine County, Oklahoma.



37. *State of Delaware Certificate of Amendment of Certificate of Incorporation*, effective as of 11:59 p.m. on March 31, 2010 reflecting a name change for BEREXCO INC to Manuel Corporation.
38. *limited Acquisition Title Opinion*, dated June 28, 2016, rendered by Thomas R. Schoenenberger, covering the interests of Manuel Corporation, Okmar Oil Company, Beren Corporation, Shelro Petroleum Corporation, Robert M. Beren, L.P., Matzliach, L.P., Berenergy Corporation, G-Oil, L.P., Frits-Oil, L.P., HVI-Oil, L.P., JW-Oil, L.P. Bayberry Oil and Gas LLC, and the Estate of Therese Gadomski in Section 8, Township 15 North, Range 11 West, Blaine County, Oklahoma.
39. *Supplemental Title Opinion* dated June 12, 2000, rendered by Timothy J. Lamiell, addressed to Mustang Fuel Corporation, covering Section 8, Township 15 North, Range 11 West, Blaine County, Oklahoma, containing 640 acres, more or less, less and except the wellbores of the existing Compton #1-8 and Compton #2-8 Wells.
40. *Letter* dated January 27, 2017 from Black Mesa Production LLC to Continental Resources Inc regarding Pooling Order #659908, Cause CD 201601665, McKinley 1-24-13XH, Section 13-15N-13W, Blaine County, Oklahoma.
41. *Offer and Agreement to Purchase* dated February 9, 2017 from Continental Resources Inc to Black Mesa Production LLC, regarding Sections 13 and 24-15N-13W, Blaine County, Oklahoma.
42. *Letter Agreement* dated February 9, 2017 from Continental Resources Inc. to Black Mesa Production LLC regarding the McKinley 1- 24-13 XH, Sections 13 & 24-15N-13W, Blaine County, Oklahoma.
43. *Oil and Gas lease* dated May 26th 2016 by and between Clelia Ann LaValley, individually and as Personal Representative of the Estate of Anna Louise Scott (as "lessor") and East River Energy, LLC (as "Lessee") covering the SE/4 of Section 13, Township 15 North, Range 13 West, Blaine County, Oklahoma, recorded at Book 1216 Page 99 with the clerk of Blaine County, Oklahoma.
44. *Oil and Gas lease* dated June 6th 2016 by and between Anna Junia Doan Properties LLC (as "Lessor") and East River Energy, LLC (as "Lessee") covering the E/2 SE/4 of Section 24, Township 15 North, Range 13 West, Blaine County, Oklahoma, recorded at Book 1221 Page 449 with the clerk of Blaine County, Oklahoma.
45. *Assignment of Oil & Gas leases* dated July 21, 2016 and effective as of the date of each lease assigned thereby by and between East River Energy LLC (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, recorded at Book 1227 Page 84 with the clerk of Blaine County, Oklahoma.
46. *Assignment of Overriding Royalty Interest* dated March 31st. 2017 and made effective as to each of the leases on the effective date of each such lease (as described on Exhibit "A" to said document), by and between Black Mesa Production, LLC (as "Assignor") and West Energy Management, LLC (as "Assignee"), recorded at Book 1271 Page 691 with the clerk of Blaine County, Oklahoma.
47. *Assignment of Overriding Royalty Interest* dated March 31st. 2017 and effective as of May 27th. 2016, by and between Black Mesa Production, LLC (as "Assignor") and



- James L. Eddleman (as "Assignee"), recorded at Book 1271 Page 695 with the clerk of Blaine County, Oklahoma.
48. *Assignment of Overriding Royalty Interest* dated March 31, 2017 on the effective date of each such lease (as described on Exhibit "A" to said document), by and between Black Mesa Production, LLC (as "Assignor") and James L. Eddleman (as "Assignee"), recorded at Book 1271 Page 697 with the clerk of Blaine County, Oklahoma .
 49. *Assignment of Oil & Gas leases* dated October 31st. 2017 and effective as September 1. 2016 by and between Black Mesa Production LLC (as "Assignor") and Continental Resources Inc (as "Assignee") covering oil and gas leases more specifically described on Exhibit "A" of said document, limited to the Woodford and Hunton formations, less and except all presently existing wellbores, recorded at Book 1313 Page 382 with the clerk of Blaine County, Oklahoma.
 50. *Spreadsheet* entitled "STACK 13- 15-13.xls x."
 51. *Amended Division Order Statement* dated February 7. 2018 and effective as of September 1. 2016, for the McKinley 1-24-13XH well located in Sections 13 and 24, Township 15 North, Range 13 West, Blaine County, Oklahoma.
 52. *Affidavit of Death and Heirship* for Anna Louise Scott, Deceased, dated May 31st, 2016, signed by Clelia Ann LaValley, Personal Representative of the Estate of Anna Louise Scott, recorded at Book 1216 Page 95 with the clerk of Blaine County, Oklahoma.
 53. *Affidavit of Death and Heirship* for J.A. Short, Deceased, dated May 31st, 2016, signed by Clelia Ann LaValley, step-granddaughter of J.A. Short, recorded at Book 1216 Page 97 with the clerk of Blaine County, Oklahoma.
 54. *Order Allowing Final Account, Determining Heirship, and Final Decree of Distribution* in the Matter of the Estate of James A. Short (a/k/a J.A. Short), Case No. P-90-71, signed July 25th, 2017, recorded at Book 1292 Page 504 with the clerk of Blaine County, Oklahoma .
 55. *Partial Assignment of Oil and Gas leases*, dated effective February 6th, 2017 between Cheatham Production, LLC (as "Assignor") and Midwest Land, LLC (as "Assignee"), covering leases more particularly described on Exhibit "A" attached to said document, located in Section 27, Township 15 North, Range 13 West, Blaine County, Oklahoma, recorded at Book 1279 Page 111 with the clerk of Blaine County, Oklahoma.
 56. *Partial Assignment of Oil and Gas leases*, dated effective February 6th 2017, between Paul Yasuda (as "Assignor") and Midwest Land, LLC (as "Assignee"), covering leases more particularly described on Exhibit "A," attached to said document, located in Section 27, Township 15 North, Range 13 West, Blaine County, Oklahoma, recorded at Book 1279 Page 380 with the clerk of Blaine County, Oklahoma .
 57. *Partial Assignment of Oil and Gas leases*, dated effective February 6th 2017, by and between Y Investment Company LLC (as "Assignor") and Midwest Land, LLC (as "Assignee"), covering leases more particularly described on Exhibit "A" attached to said document, located in Section 27, Township 15 North, Range 13 West, Blaine County, Oklahoma, recorded at Book 1281 Page 507 with the clerk of Blaine County, Oklahoma.



58. *Assignment of Oil and Gas leases*, dated May 24th 2017 and effective February 6th 2017, by and between Midwest Land LLC (as "Assignor") and Black Mesa Production, LLC (as "Assignee"), covering leases more particularly described on Exhibit "A" attached to said document, located in Section 27, Township 15 North, Range 13 West, Blaine County, Oklahoma, recorded at Book 128 I Page 577 with the clerk of Blaine County, Oklahoma.
59. *Assignment of Overriding Royalty Interest* dated March 30th, 2018 and effective as of February 6th 2017, by and between Black Mesa Production, LLC (as "Assignor") and James L. Eddleman (as "Assignee"), recorded at Book 1333 Page 649 with the clerk of Blaine County, Oklahoma.
60. *Spreadsheet* entitled "STACK Sec 27- 15N-13W.xls x."
61. *Letter Agreement* dated November 3, 2017 from Black Mesa Production LLC to Continental Resources Inc. regarding Cause CD No: 201602236 and the Randolph l-34- 27XHM, Section 27-15N-13W, Blaine County, Oklahoma.
62. *Lease Purchase Report* dated 2/6/2017, Cheatham Production, LLC (Assignor) to Midwest Land, LLC (Assignee), covering section 27-15N-13W, Blaine County, Oklahoma.
63. *Lease Purchase Report* dated 2/6/2017, Y Investment Company, LLC (Assignor) to Midwest Land, LLC (Assignee), covering section 27- 15N-13W, Blaine County, Oklahoma.
64. *Limited Ownership Report* indexed through 3/24/2017, prepared by Adam Keller, covering section 27-15N l 3W, Blaine County, Oklahoma.
65. *Joint Operating Agreement* dated April 20th 1971 between Petroleum, Inc., as Operator, and Jones & Pellow Oil Company, as Non-Operator, covering all of section 7-15N-10W, Blaine County, Oklahoma.
66. *Assignment, Conveyance & Bill of Sale* dated effective December 5, 2016 between Ramir Oil Corporation (as "Assignor") and Midwest Land LLC (as "Assignee") covering leases more particularly described on Exhibit "A" attached to said document, covering Sections 7-15N-10W and 26-16N-11W, Blaine County, Oklahoma, recorded at Book 1262 Page 364 with the clerk of Blaine County, Oklahoma.
67. *Partial Assignment of Oil and Gas Leases* dated February 20th, 2017 and effective as of December 5th, 2016, between Midwest Land LLC (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering leases more particularly described on Exhibit "A" attached to said document, covering section 7-15N-10W, Blaine County, Oklahoma, recorded at Book 1264 Page 549 with the clerk of Blaine County, Oklahoma.
68. *Oil and Gas lease* dated September 4th, 1968 between Betty Buell Bradstreet (as "Lessor") and Robert C. Anderson (as "Lessee") covering the NE/4 of Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma recorded at Book 149 Page 20 with the clerk of Blaine County, Oklahoma.
69. *Oil and Gas Lease* dated September 4th 1968 between Betty Buell Bradstreet, Trustee under the Will of Ethel Buell, deceased (as "Lessor") and Robert C. Anderson (as "Lessee") covering the NE/4 of Section 7, Township 15 North, Range 10 West,



- Blaine County, Oklahoma recorded at Book 149 Page 22 with the clerk of Blaine County, Oklahoma.
70. Oil and Gas Lease dated August 29th 1968 between Charles E. Trim and Elsie E. Trim, husband and wife (as "Lessor") and Robert C. Anderson (as "Lessee") covering the NE/4 of Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma recorded at Book 149 Page 253 with the clerk of Blaine County, Oklahoma.
 71. *Oil and Gas lease* dated April 22nd 1971 between Elise Berry Herndon (as "Lessor") and Petroleum, Inc. d/b/a Petroleum, Inc. of Kansas (as "lessee") covering the NE/4 of Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma recorded at Book 176 Page 370 with the clerk of Blaine County, Oklahoma.
 72. *Assignment of Oil and Gas leases* dated April J41", 1969 between Robert C. Anderson (as "Assignor") and Jones & Pellow Oil Company (as "Assignee") covering leases more particularly described therein in the NE/4 of Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma and recorded at Book 157 Page 170 with the clerk of Blaine County, Oklahoma.
 73. *Individual Ownership Report* indexed through November 15, 2016 prepared by KW covering the interest of Ramir Oil Corporation located in Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma.
 74. *Supplemental Drilling Title Opinion* dated January 31, 1995 rendered by Peter M. Dobelbower covering Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma.
 75. *First Supplemental Opinion* dated November 11 1966 rendered by Pan American Petroleum Corporation covering the SE/4 of Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma.
 76. *Original Opinion* dated March 27, 1962 rendered by Pan American Petroleum Corporation covering the SE/4 of Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma.
 77. *Opinion No. OC (Div.) 809* dated June 15, 1967 rendered by A.O. Erdberg and addressed to Continental Oil Company, covering the N/2 SE/4 and SE/4 SE/4 of Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma.
 78. *Title Opinion* dated November 2 1967 rendered by Smith, Leaming, and Swan covering the SE/4 SE/4 of Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma.
 79. *Original Opinion* dated April 20, 1967 rendered by M.R. Baker and addressed to Continental Oil Company, covering Lot 2 (a/k/a SW NW) and Lot 3 (a/k/a NW SW) and the SE NW and NE SW of Section 7, Township 15 North, Range 10 West, Blaine County, Oklahoma.
 80. *Assignment of Oil and Gas Lease s* dated March 21st 2017 and effective as of December 21st, 2016, between Midwest Land LLC (as "Assignor") and Black Mesa Production LLC (as "Assignee") covering leases more particularly described on Exhibit "A" attached to said document, covering sections 27 and 34, Township 17 North, Range 11 West, Blaine County, Oklahoma, recorded at Book 1270 Page 414 with the clerk of Blaine County, Oklahoma.



81. *Oil and Gas lease* dated December 21st, 2016 between David H. Murdock dba International Mining Company (as "lessor") and Midwest Land (as "lessee") covering a strip of land 100 feet wide through the SE/4 of Section 27, Township 17 North, Range 11 West, Blaine County, Oklahoma. There is no recording information on the copy of the lease provided for this opinion.
82. *lease Purchase Report* dated December 22nd 2016 covering the 7.16 acre tract described as a strip of land 100 feet wide through the SE/4 of Section 27, Township 17 North, Range 11 West, Blaine County, Oklahoma.
83. *Memorandum of Oil and Gas lease* dated December 21st, 2016 between David H. Murdock dba International Mining Company (as "lessor") and Midwest Land (as "lessee") covering a strip of land 100 feet wide through the SE/4 of Section 27, Township 17 North, Range 11 West, Blaine County, Oklahoma recorded at Book 1264 Page 585 with the clerk of Blaine County, Oklahoma.
84. *Individual Ownership Report* indexed through June 3, 2016 prepared by Adam Keller covering the interest of International Mining Company located in Section 27, Township 17 North, Range 11 West, Blaine County, Oklahoma.
85. *lease Purchase Agreement* dated November 11, 2016 between Black Mesa Production LLC and the Roger Folsom Living Trust, dated November 6, 2001 covering a part of Lot One (1) of Section 19, Township 16 North, Range 11 West, Blaine County, Oklahoma.
86. *Oil and Gas lease* dated November 11, 2016 between Joyce E. Silvernail, Trustee of the Roger S. Folsom Living Trust, dated November 6, 2001, a revocable trust (as "lessor") and Black Mesa Production LLC (as "lessee") covering a part of Lot One (1) of Section 19, Township 16 North, Range 11 West, Blaine County, Oklahoma, recorded at Book 1251 Page 429 with the clerk of Blaine County, Oklahoma.
87. *Warranty Deed* dated November 26th, 1980 between Coot H. Nelson and Bette L. Nelson, parties of the first part, and Roger S. Folsom, party of the second part, covering an undivided two-fifths interest in and to a part of Lot One, Section 19, Township 16 North, Range 11 West, Blaine County, Oklahoma, recorded at Book 358 Page 321 with the clerk of Blaine County, Oklahoma.
88. *Conveyance and Assignment* dated September 20th 2004 between Roger S. Folsom (as "Grantor") and Roger Folsom and Joyce E. Silvernail, Co-Trustees of the Roger S. Folsom Living Trust, dated November 6, 2001 (as "Grantee") covering lands more particularly described therein, recorded at Book 1075 Page 207 with the clerk of Blaine County, Oklahoma.
89. *Memorandum of Trust Agreement* dated November 6th, 2001 between Roger S. Folsom (as "Grantor") and Roger S. Folsom and Joyce E. Silvernail, Co-Trustees of the Roger S. Folsom Living Trust, dated November 6, 2001 (as "Grantee") covering lands more particularly described therein. No recording information was found on the copy of this document provided for the rendering of this opinion.
90. *State of Oklahoma Certificate of Death* dated June 13, 2011 for Roger Stanley Folsom.
91. *Spreadsheet* entitled "Folsom Calculation.xlsx."

END OF EXHIBIT B



EXHIBIT C

to opinion letter

Project	BEFORE PAYOUT		AFTER PAYOUT	
	WORKING INTEREST	NET REVENUE INTEREST	WORKING INTEREST	NET REVENUE INTEREST
BULLARD	20.5702%	15.3505%	15.4277%	11.5129%
STACK 34-15-13	0.2578%	0.1999%	0.1934%	0.1499%
STACK 8-15-11	5.2281%	4.0888%	3.9211%	3.0666%
STACK 19-16-11	0.2641%	0.1971%	0.1980%	0.1478%
STACK 7-15-10	0.5281%	0.4309%	0.3961%	0.3232%
STACK 27-17-11	1.0063%	0.8010%	0.7547%	0.6007%
STACK 24-15-13	1.0156%	0.8115%	0.7617%	0.6087%

The above ownership interests are based solely upon examination of the Documents and based upon information provided by Nickelore. While appearing to be reasonable, these estimates may not have been confirmed or verified through an examination of the records of the clerk of the county in which the project is located or by a Title Opinion rendered by a title examiner. Several factors can change or vary the above interests, including if or when a well is commenced in these lands, the percentage of perforated wellbore in these lands, and whether any curative issues exist concerning any of the above interests.



9. BOARD, MANAGEMENT AND INTERESTS

9.1 Directors and key personnel

As at the date of this Prospectus, the Board comprises the following:

Mr Robert Gardner

Executive Chairman

Mr Gardner is a Perth based business proprietor, with over 28 years' experience in the mining industry. Mr Gardner has developed a number of projects that are now major assets of ASX listed companies and has extensive experience in the China region. Mr Gardner is also a major shareholder in the Company.

Mr Jay Stephenson – MBA, FCPA, CPA, CMA, FGIA, FCIS, MAICD

Non-Executive Director

Mr Stephenson has been involved in business development for over 30 years including approximately 24 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, IT, manufacturing, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies.

Mr Stephenson holds a Master of Business Administration, is a Fellow of the Certified Practising Accountants (Australia), a Chartered Professional Accountant (Canada), a Certified Management Accountant (Canada), a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

Mr David Deloub – B.Ec (Hons), B.A., DipFin

Non-Executive Director

Mr Deloub has over 25 years' experience in the finance and corporate sectors and holds a Bachelors' degree in economics with honors and post graduate qualifications in Banking and Finance. He was the Managing Director of Merah Resources Limited an ASX listed exploration company. Mr Deloub has previously held a number of executive positions including Chief Financial Officer at the ASX listed Neptune Marine Services an oil and gas services business



and Executive Director at Patersons Capital Partners. Mr Deloub has held non-executive board positions at Neptune Marine, Merah Resources and Minquest Limited.

It is not proposed that the Board will change as a result of the Acquisition.

9.2 Disclosure of Interests

Interests in Securities

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. As at the date of this Prospectus, the Directors have relevant interests in Securities (on a post-Consolidation basis) as follows:

Director	Shares	Options
Mr Robert Gardner	14,603,750 ¹	Nil
Mr Jay Stephenson	1,630,209 ²	Nil
Mr David Deloub	Nil	Nil

Notes:

- These Shares are held by Wingstar Investments Pty Ltd, an entity controlled by Mr Gardner.
- These Shares are held by WSG Capital Pty Ltd (208,334) and Vin Ethos Pty Ltd <Vin Ethos A/C> (1,421,875), each an entity controlled by Mr Stephenson.

Following the successful completion of the Offers and Settlement, the Directors (and their related entities) will have relevant interests in Securities (on a post-Consolidation basis) as follows:

Director	Shares	Options
Mr Robert Gardner	77,853,950 ¹	15,000,000 ²
Mr Jay Stephenson	2,630,209 ³	Nil
Mr David Deloub	1,000,000 ⁴	Nil

Notes:

- Comprising:
 - 14,603,750 Shares held by Wingstar (an entity controlled by Mr Gardner) as at the date of this Prospectus;
 - up to 25,000,000 Shares to be issued to Mr Gardner as a result of his participation in the Public Offer;



- c. 30,000,000 Shares to be issued to Fastwitch (an entity controlled by Mr Gardner) as consideration for the acquisition of Fastwitch's 28.44% interest in Lone Star. This interest will arise as a result of Fastwitch providing a \$600,000 loan to Lone Star in the form of convertible notes, which will convert to 24,000,000 Lone Star shares prior to settlement of the Acquisition. These Lone Star shares will be acquired by the Company under the Acquisition for 30,000,000 Shares and 15,000,000 Options;
 - d. 5,500,000 Shares to be issued to Fastwitch on conversion of a converting loan and accrued interest between the Company and Fastwitch; and
 - e. 1,375,000 Shares to be issued to each of Coolcat Enterprises Pty Ltd and Swiftylink Pty Ltd (being related parties by virtue of being entities controlled by Mr Gardner's daughters) upon the conversion of convertible loan agreements with the Company.
2. These Options will be issued to Fastwitch in consideration for the acquisition of its interest in Lone Star.
 3. Comprising:
 - a. 208,334 Shares held by WSG Capital Pty Ltd (an entity controlled by Mr Stephenson);
 - b. 1,421,875 Shares held by Vin Ethos Pty Ltd <Vin Ethos A/C> (an entity controlled by Mr Stephenson); and
 - c. up to 1,000,000 Shares to be issued to Mr Stephenson as a result of his participation in the Public Offer.
 4. Comprising up to 1,000,000 Shares to be issued to Mr Deloub as a result of his participation in the Public Offer.

Remuneration

Details of the Directors' remuneration for the previous completed and the current financial year (on an annualised basis) are set out in the table below:

Director	Remuneration for the year ended 30 June 2017	Remuneration for year ended 30 June 2018	Remuneration for the current financial year
Directors			
Mr Robert Gardner ¹	\$50,400	\$50,400	\$50,400
Mr Jay Stephenson ²	\$15,000	\$15,000	\$27,500
Mr David Deloub ^{3&4}	Nil	\$8,750	\$53,750

Notes:

1. Mr Gardner received 1,118,750 Shares (on a post-Consolidation basis) on 23 November 2015 representing the settlement of \$53,700 in Director fees (being, \$16,800 for the financial year ended 30 June 2016 and \$36,900 for the financial year ended 30 June 2015). The balance of Mr Gardner's Director fees as at 30 June 2018 of \$134,400 remains accrued



and unpaid. With effect from the Company's readmission to the Official List, Mr Gardner's directors' fees will be \$50,000 per annum (plus superannuation).

2. Mr Stephenson received 338,541 Shares (on a post-Consolidation basis) on 23 November 2015 representing the settlement of \$16,250 in Director fees (being, \$5,000 for the financial year ended 30 June 2016 and \$11,250 for the financial year ended 30 June 2015). Mr Stephenson was issued 270,694 Shares (post-Consolidation) under a capital raising undertaken by the Company as settlement of Director fees outstanding to the amount of \$9,625. The balance of Mr Stephenson's Director fees as at 30 June 2018 of \$30,375 remains accrued and unpaid. With effect from the Company's readmission to the Official List, Mr Stephenson's directors' fees will be \$40,000 per annum (plus superannuation).
3. Appointed as a Director on 1 December 2017.
4. A summary of the material terms of Mr Deloub's executive services agreement with the Company is set out in Section 9.3. With effect from the Company's readmission to the Official List, Mr Deloub's salary shall be \$90,000 per annum (plus superannuation).

The Company's Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for Non-Executive Directors has been set at \$150,000 per annum. This amount may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

9.3 Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

- a. a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- b. for the Board to consider such a matter, the Director who has a material personal interest, is not present while the matter is being considered at the meeting and does not vote on the matter.

Executive Services Agreement – Mr David Deloub

The Company has entered into an executive services agreement with Mr David Deloub on the following material terms:

- a. **Position:** Executive Director.
- b. **Commencement Date:** The date of reinstatement of the Company's securities to official quotation on the ASX, following Settlement under the Acquisition Agreement.
- c. **Term:** Two years from the Commencement Date (at which point the parties may mutually agree to extend the agreement for an additional 12 months), unless validly terminated prior.



- d. **Notice period:** The Company must give 6 months' notice to terminate the agreement other than for cause. The executive must give 3 months' notice to terminate the agreement.
- e. **Salary:** \$90,000 per annum (plus superannuation) for 50% of his time, inclusive of director's fees.
- f. **Expenses:** The Company will reimburse Mr Deloub for all reasonable expenses incurred by him in the performance of his duties in connection with the Company.

The agreement otherwise contains leave entitlements, termination and confidentiality provisions and general provisions considered standard for an agreement of this nature.

Letters of appointment with Non-Executive Directors – Robert Gardner and Jay Stephenson

The Company has entered into letters of appointment with Robert Gardner and Jay Stephenson on the following material terms:

- a. **Position:** Non-Executive Director.
- b. **Commencement Date:** The date of reinstatement of the Company's securities to official quotation on the ASX, following Settlement under the Acquisition Agreement.
- c. **Salary:**
 - (i) Robert Gardner - \$50,000 per annum (plus superannuation), inclusive of director's fees.
 - (ii) Jay Stephenson - \$40,000 per annum (plus superannuation), inclusive of director's fees.
- d. **Expenses:** The Company will reimburse each Non-Executive Director for all reasonable expenses incurred by him in the performance of his duties in connection with the Company.

The agreement otherwise contains leave entitlements, termination and confidentiality provisions and general provisions considered standard for an agreement of this nature.

Converting Loan Agreements

The Company has entered into a converting loan agreement with:

- a. Fastwitch Enterprises Pty Ltd, an entity controlled by Mr Robert Gardner, a Director, pursuant to which Fastwitch Enterprises Pty Ltd has provided a loan of \$100,000 to the Company;
- b. Coolcat Enterprises Pty Ltd, an entity controlled by a daughter of Mr Robert Gardner, a Director, pursuant to which Coolcat Enterprises Pty Ltd has provided a loan of \$25,000 to the Company; and
- c. Swiftylink Pty Ltd, an entity controlled by a daughter of Mr Robert Gardner, pursuant to which Swiftylink Pty Ltd has provided a loan of \$25,000 to the Company.



The material terms of the convertible loan agreements are as follows:

- a. **Conversion:** Subject to the satisfaction of the Conversion Conditions (as defined below), the loan and accrued interest shall automatically convert to Shares (unless already repaid) on the date on which Shares are issued pursuant to the Public Offer. The conversion price shall be the same as the issue price of Shares pursuant to the Public Offer (being \$0.02).
- b. **Conversion Conditions:** Conversion of the loan and accrued interest is conditional upon the Company obtaining Shareholder approval for the issue of Shares to the lender upon conversion of the loan (which was obtained at the Annual General Meeting), and the Company receiving conditional approval from ASX for the reinstatement of its securities to official quotation.
- c. **Repayment:** If the loan and accrued interest has not converted or been repaid by 30 June 2019, the Company must repay the loan and accrued interest on that date.
- d. **Interest:** Interest on the loan shall accrued daily from the date of advance of the loan until the conversion or repayment of the loan, at a rate of 10% per annum.

9.4 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.



10. CORPORATE GOVERNANCE

10.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board, and the implementation of additional corporate governance policies and structures, will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website (www.nickelorelimited.com.au).

10.2 Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- a. maintain and increase Shareholder value;
- b. ensure a prudential and ethical basis for the Company's conduct and activities; and
- c. ensure compliance with the Company's legal and regulatory objectives.



Consistent with these goals, the Board assumes the following responsibilities:

- a. leading and setting the strategic direction and objectives of the Company;
- b. appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of Executives and the Company Secretary and the determination of their terms and conditions including remuneration and termination;
- c. overseeing the Executive's implementation of the Company's strategic objectives and performance generally;
- d. approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- e. overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);
- f. overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- g. reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- h. approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

10.3 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

- a. membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- b. the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company.

On Settlement, the Board will consist of three Directors two of whom will be non-executive Directors of whom none are considered independent. The Board considers the proposed balance of skills and expertise is appropriate for the Company for its currently planned level of activity.



To assist the Board in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board will maintain a Board Skills Matrix.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors which allows new directors to participate fully and actively in Board decision-making at the earliest opportunity, and enable new Directors to gain an understanding of the Company's policies and procedures.

10.4 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

10.5 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

10.6 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

10.7 Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The Constitution sets this amount as \$150,000.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.



Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

10.8 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its directors, officers, employees and contractors. The policy generally provides that for directors, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

10.9 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

10.10 Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

10.11 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

This Corporate Governance Statement set out below discloses the extent to which the Company intends, as at the date the Company's securities are reinstated to official quotation on the ASX following completion of the Offers, to follow the Recommendations and where any Recommendations are not intended to be followed these Recommendations have been identified



and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the Recommendation.

PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
<p>Recommendation 1.1</p> <p>A listed entity should have and disclose a charter which:</p> <ul style="list-style-type: none"> (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management. 	Complying	<p>The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board’s relationship with management, details of the Board’s performance review and details of the Board’s disclosure policy. A copy of the Company’s Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company’s website.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director. 	Complying	<ul style="list-style-type: none"> (a) The Company has detailed guidelines for the appointment and selection of the Board. The Company’s Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. (b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complying	<p>The Company’s Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director’s or senior executive’s appointment.</p>
<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Complying	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>



<p>Recommendation 1.5</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board: <ul style="list-style-type: none"> (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period: <ul style="list-style-type: none"> (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (i) either: <ul style="list-style-type: none"> (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012. 	<p>Complying</p>	<ul style="list-style-type: none"> (a) The Company has adopted a Diversity Policy. <ul style="list-style-type: none"> (i) The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy is stated in Schedule 9 of the Corporate Governance Plan which is available on the company website. (c) <ul style="list-style-type: none"> (i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment. (ii) The currently has no employees and utilizes external consultants and contractors as and when required. (iii) The Board will review this position on an annual basis and will implement measurable objectives as and when they deem the Company to require them.
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PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Complying</p>	<p>a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. .</p> <p>(b) The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period.</p> <p>Due to the size of the Board and the nature of the business, it has not been deemed necessary to institute a formal documented performance review program of individuals. However, the Chairman intends to conduct formal reviews each financial year whereby the performance of the Board as a whole and the individual contributions of each director are disclosed. The Board considers that at this stage of the Company's development an informal process is appropriate.</p> <p>The review will assist to indicate if the Board's performance is appropriate and efficient with respect to the Board Charter.</p> <p>The Board regularly reviews its skill base and whether it remains appropriate for the Company's operational, legal and financial requirements. New Directors are obliged to participate in the Company's induction process, which provides a comprehensive understanding of the Company, its objectives and the market in which the Company operates.</p> <p>Directors are encouraged to avail themselves of resources required to fulfil the performance of their duties.</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Complying</p>	<p>(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 'Performance Evaluation' requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period.</p> <p>During the financial year an evaluation of performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION
<i>Principle 2: Structure the board to add value</i>		
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	<p>Complying</p>	<p>(b) Due to the size and nature of the existing Board and the magnitude of the Company’s operations the Company currently has no Nomination Committee. Pursuant to clause 4(h) of the Company’s Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee.</p> <p>The duties of the Nomination Committee are outlined in Schedule 5 of the Company’s Corporate Governance Plan available online on the Company’s website.</p> <p>The Board devotes time at board meetings to discuss board succession issues. All members of the Board are involved in the Company’s nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p> <p>The Board regularly updates the Company’s board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION																																			
<p>Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Complying</p>	<table border="1"> <thead> <tr> <th data-bbox="785 277 1249 383">Board Skills Matrix</th> <th data-bbox="1249 277 1444 383">Number of Directors that Meet the Skill</th> </tr> </thead> <tbody> <tr> <td data-bbox="785 383 1249 421">Executive & Non- Executive experience</td> <td data-bbox="1249 383 1444 421">3</td> </tr> <tr> <td data-bbox="785 421 1249 459">Industry experience & knowledge</td> <td data-bbox="1249 421 1444 459">3</td> </tr> <tr> <td data-bbox="785 459 1249 497">Leadership</td> <td data-bbox="1249 459 1444 497">3</td> </tr> <tr> <td data-bbox="785 497 1249 571">Corporate governance & risk management</td> <td data-bbox="1249 497 1444 571">3</td> </tr> <tr> <td data-bbox="785 571 1249 609">Strategic thinking</td> <td data-bbox="1249 571 1444 609">3</td> </tr> <tr> <td data-bbox="785 609 1249 647">Desired behavioural competencies</td> <td data-bbox="1249 609 1444 647">3</td> </tr> <tr> <td data-bbox="785 647 1249 685">Geographic experience</td> <td data-bbox="1249 647 1444 685">2</td> </tr> <tr> <td data-bbox="785 685 1249 723">Capital Markets experience</td> <td data-bbox="1249 685 1444 723">3</td> </tr> <tr> <td data-bbox="785 723 1249 761">Subject matter expertise:</td> <td data-bbox="1249 723 1444 761"></td> </tr> <tr> <td data-bbox="785 761 1249 799">- accounting</td> <td data-bbox="1249 761 1444 799">2</td> </tr> <tr> <td data-bbox="785 799 1249 837">- capital management</td> <td data-bbox="1249 799 1444 837">3</td> </tr> <tr> <td data-bbox="785 837 1249 875">- corporate financing</td> <td data-bbox="1249 837 1444 875">2</td> </tr> <tr> <td data-bbox="785 875 1249 913">- industry taxation¹</td> <td data-bbox="1249 875 1444 913">0</td> </tr> <tr> <td data-bbox="785 913 1249 952">- risk management</td> <td data-bbox="1249 913 1444 952">3</td> </tr> <tr> <td data-bbox="785 952 1249 990">- legal</td> <td data-bbox="1249 952 1444 990">3</td> </tr> <tr> <td data-bbox="785 990 1249 1028">- IT expertise²</td> <td data-bbox="1249 990 1444 1028">0</td> </tr> </tbody> </table>	Board Skills Matrix	Number of Directors that Meet the Skill	Executive & Non- Executive experience	3	Industry experience & knowledge	3	Leadership	3	Corporate governance & risk management	3	Strategic thinking	3	Desired behavioural competencies	3	Geographic experience	2	Capital Markets experience	3	Subject matter expertise:		- accounting	2	- capital management	3	- corporate financing	2	- industry taxation ¹	0	- risk management	3	- legal	3	- IT expertise ²	0	<p>(1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements. (2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements.</p>
Board Skills Matrix	Number of Directors that Meet the Skill																																				
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<p>Recommendation 2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director</p>	<p>Complying</p>	<p>(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website.</p> <p>(b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Reports and Company website.</p> <p>(c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website.</p>																																			



PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	Not complying	The Board Charter requires that where practical the majority of the Board will be independent. None of the Directors of Nickelore are independent directors. Details of each Director’s independence are provided in the Annual Reports and Company website.
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Not complying	The Board Charter provides that where practical, the Chairman of the Board will be an independent director. The current Chairman is not an independent director. If the Chairman ceases to be independent then the Board will consider appointing a lead independent Director.
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	Complying	The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
<p><i>Principle 3: Act ethically and responsibly</i></p>		
<p>Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.</p>	Complying	<p>(a) The Corporate Code of Conduct applies to the Company’s directors, senior executives and employees.</p> <p>(b) The Company’s Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company’s website.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION
<i>Principle 4: Safeguard integrity in financial reporting</i>		
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Complying</p>	<p>(b) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Complying</p>	<p>The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION
<p>Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Complying	The Company’s Corporate Governance Plan provides that the Board must ensure the Company’s external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
<i>Principle 5: Make timely and balanced disclosure</i>		
<p>Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.</p>	Complying	<p>(a) The Board Charter provides details of the Company’s disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled ‘Disclosure – Continuous Disclosure’ and details the Company’s disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.</p>
<i>Principle 6: Respect the rights of security holders</i>		
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	Complying	<p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company’s website.</p> <p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.</p>
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Complying	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.</p> <p>The Shareholder Communications Strategy can be found in Schedule 10 of the Board Charter which is available on the Company website.</p>
<p>Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Complying	<p>The Shareholder Communications Strategy states that as a part of the Company’s developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company’s website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION
<p>Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Complying	<p>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance.</p>
Principle 7: Recognise and Manage Risk		
<p>Recommendation 7.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iv) the charter of the committee; (v) the members of the committee; and (vi) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework. 	Complying	<p>(b) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p>Recommendation 7.2 The board or a committee of the board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place. 	Complying	<p>(a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.</p> <p>(b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	<p>Complying</p>	<p>(b) Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Complying</p>	<p>Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.</p>
<p>Principle 8: Remunerate fairly and responsibly</p>		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	<p>Complying</p>	<p>(b) Due to the size and nature of the existing board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION
<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	<p>Complying</p>	<p>The Company’s Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior directors.</p>
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it. 	<p>Complying</p>	<ul style="list-style-type: none"> (a) Company’s Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans. (b) A copy of the Company’s Corporate Governance Plan is available on the Company’s website.



11. MATERIAL CONTRACTS

Set out below is a brief summary of the certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

11.1 Acquisition Agreement

The key terms of the Acquisition Agreement are as follows:

- a. **Conditions Precedent:** Settlement of the Acquisition is subject to and conditional upon the satisfaction (or waiver if permitted) of the following outstanding conditions precedent on or before 31 December 2018 (unless otherwise mutually agreed in writing by the parties):
 - (i) **Due Diligence.** Completion of due diligence by each party on the other party and its business, operations and assets, to the absolute satisfaction of each party;
 - (ii) **Capital Raising.** The Company completing a capital raising of not less than \$4,200,000 before costs, or such other amount as required to re-comply with Chapters 1 and 2 of the ASX Listing Rules, through the issue of Shares at not less than \$0.02 per Share (on a post-Consolidation basis);
 - (iii) **Lone Star Shareholder Approvals.** Lone Star obtaining all necessary shareholder approvals pursuant to the Corporations Act to allow it to lawfully complete the matters set out in the Agreement, (including but not limited to approval pursuant to item 7 of section 611 of the Corporations Act);
 - (iv) **Lone Star Shareholder Agreement.** Each shareholder of Lone Star applying for their respective Consideration Securities in the manner set out in this Prospectus which shall include an agreement to sell all of their respective rights and interests in all of their Lone Star shares;



- (v) **Third Party Approvals.** The Company obtaining all necessary third-party approvals or consents to give effect to the matters set out in the Agreement to allow the Company to lawfully complete the matters set out in the Acquisition Agreement;
 - (vi) **Regulatory Approvals.** The Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Company to lawfully complete the matters set out in the Acquisition Agreement, including the Company obtaining conditional approval from ASX that the Company will be reinstated to the official list of ASX on terms and conditions acceptable to the Company and Lone Star; and
 - (vii) **Material Adverse Change.** There being no material adverse change to either party prior to the satisfaction (or waiver) of all of the conditions set out above, as determined by the other party acting reasonably.
- b. **Consideration:** In consideration for the Acquisition, the Company will issue to the shareholders of Lone Star (or their nominees) at Settlement an aggregate of 105,500,000 Shares (Consideration Shares), together with 1 Option (Consideration Option) for every 2 Consideration Shares issued (together the Consideration Securities), to be issued proportionately to Vendors based on their shareholding in Lone Star at Settlement.
- c. **Board Composition:** The parties agree that upon Settlement, the directors of the Company will consist of Mr Robert Gardner (Non-Executive Chair), Mr Jay Stephenson (Non-Executive Director), Mr David Deloub (Executive Director), and the company secretary will be Mr Sonu Cheema, unless otherwise agreed in writing by the Company and Lone Star.

The Acquisition Agreement otherwise contains clauses typical for agreements of this nature, including exclusivity, confidentiality, pre-completion covenants, representations, warranties and indemnities.

11.2 Executive Services Agreement – Mr Deloub

Please refer to Section 9.3 for a summary of this agreement.

11.3 Step-In Agreement – BRK Oklahoma Holdings LLC and LS Operating

The key terms and conditions of the Step-in Agreement are as follows:

- a. **Purpose:** BRK and LS Operating have entered into the Step-in Agreement to collaborate on certain oil and gas exploration and production activities in the United States, including, without limitation, oil and gas lease acquisition, exploration and production, and so that LS Operating may step into and then acquire, working interests in opportunities related to or introduced by BRK under the Drilling Program Agreement (summarised below) and notified by BRK to LS Operating (each, a **Step-in Opportunity**).



b. Step-in Rights:

- (i) At any time within 30 days of receiving notice of a Step-in Opportunity, LS Operating may notify BRK that it wishes to enter into possession of any rights and interest arising out of or under the Drilling Program Agreement (**Interests**) in relation to the Step-in Opportunity (**Step-in Rights**).
- (ii) If LS Operating notifies BRK of exercise of the Step-in Rights, BRK must, and must use best endeavours to procure that, any agent or contractor or other person within the control of BRK Oklahoma, shall:
 - (A) give and afford to LS Operating (and its authorised agents and contractors), possession of and access to the Interests of BRK, to the extent reasonably necessary for LS Operating to exercise its Step-in Rights; and
 - (B) do all things reasonably required by LS Operating to facilitate the exercise of the Step-in Rights.
- (iii) During any period where LS Operating is exercising the Step-in Rights, LS Operating must assume the obligations and liabilities of BRK under the Drilling Program Agreement in relation to the Interests. LS Operating shall act at all times in accordance with obligations and duties imposed on BRK under the Step-in Agreement, the Drilling Program Agreement and any relevant operating agreement (together, the **Relevant Agreements**).

- c. **First right of refusal:** BRK undertakes that it will not present any opportunities under the Drilling Program Agreement to a third party without first offering that opportunity to LS Operating (with such offer to remain open for at least 30 days). Where such offer is not accepted by LS Operating within the 30 days, BRK may then offer the opportunity to third parties on either equivalent terms or terms which are more favourable to BRK than the offer made to LS Operating.

d. Assignment of Relevant Agreements:

- (i) BRK must use its best endeavours to:
 - (A) at the request of LS Operating, promptly assign its rights and interests in any Relevant Agreements and the underlying tenure to LS Operating, simultaneously with the assumption by LS Operating of all BRK's obligations and liabilities in relation to those agreements; or
 - (B) otherwise, if requested by LS Operating, cause Black Mesa and any relevant tenure holder to enter into new agreements with LS Operating to replace the Relevant Agreements.
- (ii) BRK indemnifies LS Operating from and against any and all costs, charges, expenses, taxes, liabilities and obligations, caused by, resulting from or arising in connection with any breach of this sub-section (d).

- e. **Consent of Black Mesa:** BRK warrants and represents that it has obtained the irrevocable consent and agreement of Black Mesa and any underlying tenure holder (to the extent



required) to the Step-in Agreement and the rights and obligations contemplated by the Step-in Agreement, including without limitation, the Step-in Rights.

- f. **Indemnity:** LS Operating will indemnify BRK in respect of all liabilities and reasonable costs and expenses sustained or incurred by BRK in the exercise of the Step-in Rights, except to the extent that such liabilities, costs or expenses are incurred in connection with negligent conduct of BRK.

11.4 Drilling Program Agreement

The key terms and conditions of the Drilling Program Agreement are as follows:

- a. **Program:** Black Mesa will conduct an oil and gas drilling program, involving the identification and acquisition of leasehold interests in oil, gas and other hydrocarbons, geological and geophysical data and other property, and the drilling, completion and production of wells (Program).

Under the Program, Black Mesa will identify contiguous geographic areas in which to establish production of oil, gas and or other hydrocarbons (**Prospect**). Black Mesa may invite BRK to participate in Prospects, which participation shall be governed by the Drilling Program Agreement.

Black Mesa shall be the manager of the Program and shall be responsible for activities and operations relating to a Prospect, including evaluation, contracting, drilling and completion of wells, marketing of production and abandonment of wells. Black Mesa may act as the operator of a well in a Prospect or engage a third party to act as operator. Black Mesa may enter into operating agreements, authority for expenditures and other relevant contracts on behalf of BRK and may vote BRK's interest pursuant to any applicable operating agreement. Black Mesa may also grant royalties or carried interests to third parties if it deems it necessary or desirable when acquiring leasehold interests or other property, which shall be borne by BRK in accordance with its working interest.

- b. **BRK Interest in Prospects:** Subject to Black Mesa's Carried Working Interest (defined in paragraph (d) below), BRK's interest in a Prospect offered by Black Mesa under the Drilling Program Agreement shall be proportionate to the amount which BRK's drilling program commitment of \$10 million bears to the total drilling program commitments of all participants under the Drilling Program Agreement.

As at the date of this Prospectus, BRK is the only participant in the Drilling Program Agreement, and therefore BRK has the right to acquire 100% of each interest offered under the Drilling Program Agreement (subject to the Carried Working Interest).

It is noted that a Prospect identified by Black Mesa may consist of an interest (for example a Leasehold Interest and well) that is jointly owned with third parties external to the Drilling Program Agreement. In that case BRK's interest would consist of 100% of the share of the interest acquired by Black Mesa (and that interest is then subject to Black Mesa's Carried Working Interest).

Black Mesa shall deliver to BRK an executed assignment of BRK's interest in the leasehold interests and other property acquired by BRK under the Drilling Program Agreement.



- c. **Costs:** BRK shall be liable for all costs relating to a Prospect which has been accepted by BRK, including costs of preparation prior to well spudding, acquisition of geophysical data, well operations (including drilling, testing, completing, producing and abandoning of wells), legal fees and insurance and taxes (other than income taxes).

In addition to the direct costs relating to a Prospect, BRK must pay Black Mesa a fee for management and administration services provided by Black Mesa, which is equal to:

- (i) for the first well drilled in a production and spacing unit – 7% of the estimated allocable costs for each well that are incurred up to the point of equipping a well for production (**Estimated Allocable Costs**); or
- (ii) for subsequent wells drilled in a production and spacing unit – 3.5% of Estimated Allocable Costs.
- d. **Black Mesa's Carried Working Interest:** Black Mesa shall be entitled to a carried working interest (**Carried Working Interest**) of 25% of BRK's interest in any well on a Prospect acquired by BRK under the Drilling Program Agreement, effective from the first day following the day during which BRK's gross receipts attributable to the well equals all direct costs billed to BRK by Black Mesa relating to the well.
- e. **Security:** BRK grants Black Mesa a security interest over any leasehold interest or other property acquired by BRK under the Drilling Program Agreement to secure all obligations and liabilities of BRK under the Drilling Program Agreement in respect of that property.
- f. **Product Marketing:** Subject to BRK's right to take in kind or separately dispose of its proportionate share of all oil, gas and other hydrocarbons produced from property covered by the Drilling Program Agreement, Black Mesa shall have the right (but not the obligation) to make and enter into contracts for sale of BRK's share of oil, gas or other hydrocarbons produced from Program wells at prices and terms which are consistent with prevailing prices and terms (and otherwise in accordance with the terms of the Drilling Program Agreement).
- g. **Subsequent Operations:** After the drilling, completion and equipping for production of an initial well on a Prospect in which BRK has participated, in the event Black Mesa elects to deepen or side track an initial well, or to drill a subsequent well (being a well drilled on leaseholder interests after economic production is established), Black Mesa shall notify BRK of BRK's interest in the Prospect and the estimated costs and depth of the proposed operation. Within 10 business days of receiving such notice, BRK shall confirm whether it wishes to participate in the proposed operation. If it elects to participate, it must (among other things) promptly pay its proportionate share of the funds necessary for operations. Where it elects to not participate (or is deemed to have made that election), its interest in the well (and the production and spacing of the well) may be relinquished (less any interest in a pre-existing well owned by BRK and which is capable of commercial production).
- h. **Term:** The Drilling Program Agreement shall remain in full force and effect so long as any leasehold interests subject to the agreement continue in force whether by production, extension, renewal or otherwise.



- i. **Governing Law:** The Drilling Program Agreement is governed by the laws of the State of Oklahoma.

The Drilling Program Agreement otherwise contains clauses typical for agreements of this nature, including assignment, representations, warranties and indemnities.

11.5 Lead Manager Mandate

The Company has appointed PAC Partners Securities Pty Ltd to act as lead manager to the Offer. A summary of the key terms of the Lead Manager Mandate is set out below:

- (a) **Capital Raising Fee:** the Company has agreed to pay PAC Partners a capital raising fee of 6% of the amount raised pursuant to the Offer. This capital raising fee includes any fees that PAC Partners may decide to pass on to licensed securities dealers or AFSL holders;
- (b) **Success Fee:** the Company will pay PAC Partners a success fee of \$50,000 (plus GST) upon completion of the Offer;
- (c) **Advisory Fees:** subject to Shareholder approval, the Company will issue 32,000,000 Options to PAC Partners (Lead Manager Options) for the provision of corporate advisory services in connection with the Offer. The Company has also agreed to issue up to a further 30,000,000 Options (on a pro rata basis) to licensed securities dealers or AFSL holders who participate in the Offer; and
- (d) **Introduction Fee:** subject to Shareholder approval, the Company has agreed to issue 6,500,000 Shares at an issue price of \$0.001 per Share to PAC Partners on completion of the Offer. In the event the Offer is fully subscribed, the Company will issue a further 1,000,000 Shares to PAC Partners.

Following completion of the Offer, the Company has agreed:

- (a) **Retainer:** to pay a retainer fee of \$6,000 per month (plus GST) to PAC Partners up until October 2019; and
- (b) **Future capital raising:** that in respect of future equity capital raisings undertaken by the Company, PAC Partners shall be offered a first right of refusal to be appointed as lead manager to those capital raisings on agreed and competitive arms-length market terms and conditions for twelve months following the Offer.

The Lead Manager Mandate also contains various other terms and conditions which are considered customary for an agreement of its nature.

The Company will seek Shareholder approval for the issue of the above securities following its readmission to the Official List.



12. RIGHTS ATTACHING TO SECURITIES OFFERED UNDER THIS PROSPECTUS

12.1 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).



(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Variation of rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.



If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

12.2 Terms and conditions of Options

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**)

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on that date which is 2 years after the date of Settlement (**Expiry Date**). A Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:



- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued Shares.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



13. ADDITIONAL INFORMATION

13.1 Litigation

As at the date of this Prospectus, our Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

13.2 Option Plan

The principle terms of the Incentive Option Plan (Option Plan) are summarised below:

- a. **Eligibility:** Participants in the Option Plan may be:
 - (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced or as otherwise permitted by the Board in its sole discretion (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

who is declared by the Board to be eligible to receive grants of Options under the Option Plan (**Eligible Participants**).
- b. **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for up to a specified number of Options, upon the terms set out in the Option Plan and upon such additional terms and conditions as the Board determines.
- c. **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when



aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

- d. **Issue price:** Unless the Options are quoted on the ASX, Options issued under the Option Plan will be issued for no more than nominal cash consideration.
- e. **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.
- f. **Vesting:** The Board may in its absolute discretion (except in respect of a Change of Control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant), resolve to waive any of the Vesting Conditions applying to Options due to:
 - (i) Special Circumstances arising in relation to a Relevant Person in respect of those Options; or
 - (ii) a Change of Control occurring; or
 - (ii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- g. **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
 - (i) an unauthorised dealing in the Option;
 - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Option only, an Eligible Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Options only, a relevant person ceases to be an Eligible Participant and the Option granted in respect of that person is not exercised within one (1) month (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
 - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;



- (vi) the Company undergoes a Change of Control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option;
 - (vii) the expiry date of the Option.
- h. **Not transferrable:** Options are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- i. **Shares:** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer paragraph (k)) from the date of issue, rank on equal terms with all other Shares on issue.
- j. **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Option Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the disposal of Shares ends.
- k. **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Options up to a maximum of seven (7) years from the grant date of the Options. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.
- l. **No Participation Rights:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
- m. **Change in exercise price of number of underlying securities:** Unless specified in the offer of the Options and subject to compliance with the ASX Listing Rules, an Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
- n. **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- o. **Amendments:** Subject to express restrictions set out in the Option Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may at any time by resolution amend or add to all or any of the provisions of the Option Plan, or the terms or conditions of any Option granted under the Option Plan including giving any amendment retrospective effect.
- p. **Trust:** The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Options, including for the purpose of enforcing the disposal restrictions and appoint a



trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Option Plan to effect the establishment of such a trust and the appointment of such a trustee.

- q. **Definitions:** Capitalised terms used in the above summary are as defined in the Option Plan, including:
- (i) **Associated Body Corporate** means:
 - (A) a related body corporate (as defined in the Corporations Act) of the Company;
 - (B) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
 - (C) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.
 - (ii) **Change of Control** means:
 - (A) a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in more than 50% of the Company's issued Shares;
 - (B) a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (C) in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.
 - (iii) **Relevant Person** means:
 - (A) in respect of an Eligible Participant, that person; and
 - (B) in respect of a nominee of an Eligible Participant, that Eligible Participant.
 - (iv) **Special Circumstances** means:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or Total or Permanent Disability of a Relevant Person; or
 - (II) Retirement or Redundancy of a Relevant Person;
 - (B) a Relevant Person suffering Severe Financial Hardship;
 - (C) any other circumstance stated to constitute "Special Circumstances" in the terms of the relevant Offer made to and accepted by the Participant; or



- (D) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant.

13.3 ASX Waivers

The Company has obtained the following waivers of the Listing Rules from the ASX in respect of certain terms of the Acquisition and associated matters:

- (a) a waiver from the requirements of ASX Listing Rule 2.1 Condition 2 to permit it to issue 400,000,000 Shares at an issue price of not less than \$0.02 per Share in connection with the Offer, subject to:
- (i) the Company disclosing the terms of the waiver immediately to the market, within the notice for the Annual General Meeting and within this Prospectus; and
 - (ii) the terms of the Acquisition and the Offer not having materially changed since the date of the waiver;
- (b) a waiver from the requirements of ASX Listing Rule 1.1 Condition 12 to permit the exercise price of the following Options to be issued by the Company in connection with the Acquisition and the Offer:
- (i) 37,750,000 Options to the Lone Star Shareholders (or their nominees) exercisable at \$0.025 on before the date that is 2 years after the date of settlement of the Acquisition; and
 - (ii) 15,000,000 Options to Fastwitch Enterprises Pty Ltd (or its nominee) exercisable at \$0.025 on before the date that is 2 years after the date of settlement of the Acquisition, not to be at least \$0.20, subject to the Company disclosing the terms of the waiver immediately to the market, within the notice for the Annual General Meeting and within this Prospectus.
- (c) a waiver from the requirements of ASX Listing Rule 10.13.3 to permit it to issue the following securities later than one month after the date of the Annual General Meeting (being the date Shareholder approval was given to issue the relevant securities):
- (i) 25,000,000 Shares to Robert Gardner and 1,000,000 Shares to each of David Deloub and Jay Stephenson through the Directors' participation in the Public Offer at the same time as the Shares under the Public Offer are issued to unrelated subscribers;
 - (ii) 30,000,000 Shares and 15,000,000 Options to Fastwitch Enterprises Pty Ltd (or its nominee) at the same time the Consideration Securities are issued the unrelated Lone Star Shareholders at settlement of the Acquisition; and
 - (iii) 5,500,000 Shares to Fastwitch Enterprises Pty Ltd and 1,375,000 Shares to each of Coolcat Enterprises Pty Ltd and Swiftylink Pty Ltd (or their respective nominees)



on conversion of the converting loans described in section 9.2, at the same time the Shares are issued to unrelated parties on conversion of the Converting Loans,

((i), (ii) and (iii) together the Related Party Securities).

The Company obtained Shareholder approval to issue the Related Party Securities at its Annual General Meeting.

The waiver granted by ASX in respect of the Related Party Securities is conditional on:

- (i) the Related Party Securities being issued no later than 3 months after the Annual General Meeting;
- (ii) the Related Party Securities being on the same terms approved by Shareholders at the Annual General Meeting;
- (iii) the circumstances of the Company, as determined by ASX, not having materially changed since the date of Annual General Meeting; and
- (iv) the terms of the waiver being disclosed immediately to the market, within the notice for the Annual General Meeting and within this Prospectus.

13.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- a. the formation or promotion of the Company;
- b. any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- c. the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- d. as an inducement to become, or to qualify as, a Director; or
- e. for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.



13.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

a. person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or

b. promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

c. the formation or promotion of the Company;

d. any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offers; or

e. the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

f. the formation or promotion of the Company; or

g. the Offers.

Pinnacle Energy Services, LLC has acted as Independent Technical Advisor and has prepared the Independent Technical Report which is included in Section 5. The Company estimates it will pay Pinnacle Energy Services, LCC a total of \$11,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pinnacle Energy Services, LLC has not received fees from the Company for any other services.

PAC Partners Securities Pty Ltd has acted as Lead Manager in relation to the Offers. The Company estimates it will pay a gross fee of 6% of funds raised (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, PAC Partners Securities Pty Ltd has not received fees from the Company for any other services.

Pendragon Capital Limited has acted as Investigating Accountant and has prepared the Investigating Accountant Report which is included in Section 7. The Company estimates it will pay Pendragon Capital Limited a total of \$15,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pendragon Capital Limited has been paid \$15,000 for the provision of an independent expert report.

Charney Brown, LLC has prepared the Independent Title Report on the Existing Assets and Proposed Assets which is included in Section 8. The Company estimates it will pay Energy Source Advisors, LLC a total of \$4,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Charney Brown, LLC has not received any fees from the Company for any other services.



Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$100,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received or is owed \$173,968 (excluding GST) in fees for legal services provided to the Company.

13.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- a. does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- b. in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Pinnacle Energy Services, LLC has given its written consent to being named as Independent Technical Advisor in this Prospectus, the inclusion of the Independent Technical Report in Section 5 in the form and context in which the report is included. Pinnacle Energy, LLC has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

PAC Partners Securities Pty Ltd has given its written consent to being named as Lead Manager in this Prospectus. PAC Partners Securities Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Stantons International has given its written consent to being named as auditor to the Company with respect to the years ended 30 June 2016, 30 June 2017 and 30 June 2018, in the form and context in which it is named, and to the inclusion of the audited accounts of the Company as set out in Section 6. Stantons International has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

HLB Mann Judd (WA Partnership) has given its written consent to being named as auditor to Lone Star with respect to the years ended 30 June 2016, 30 June 2017 and 30 June 2018, in the form and context in which it is named and to the inclusion of the audited accounts of Lone Star as set out in Section 6. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Pendragon Capital Limited has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant Report included in Section 7 in the form and context in which the information and report is included.



Pendragon Capital Limited has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Charney Brown, LLC has given its written consent to the inclusion of the Independent Title Report in Section 8 in the form and context in which the report is included. Energy Source Advisors, LLC has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named as the share registrar to the Company in this Prospectus in the form and context in which it is named. Computershare Investor Services has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Prospectus other than being named as the share registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

13.7 Expenses of the Public Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$537,700 for the Minimum Subscription or \$772,900 for the Maximum Subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$)	Over Subscription (\$)
ASIC Fees	3,206	3,206
ASX Fees	60,700	68,000
Lead Manager / Broker Fees	302,000	530,000
Legal Fees	100,000	100,000
Independent Technical Advisor's Fees	11,000	11,000
Independent Title Adviser's Fees	4,000	4,000
Misc Consulting	25,000	25,000
Share Registry	5,000	5,000
Investigating Accountant's Fees	15,000	15,000
Printing and Distribution	11,774	11,774
TOTAL	537,700	772,900

13.8 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the



market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

13.9 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.nickelorelimited.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

13.10 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

13.11 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.



14. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Robert Gardner

Non-Executive Chairman
For and on behalf of
Nickelore Limited



15. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Acquisition means the acquisition by the Company of 100% of the issued capital of Lone Star as contemplated by the Acquisition Agreement.

Acquisition Agreement means the binding share sale agreement entered into between the Company, Lone Star and certain majority shareholders of Lone Star, under which the Company has agreed to acquire 100% of the issued capital in Lone Star.

Annual General Meeting means the Annual General Meeting of the Company held on 18 October 2018.

Application Form means an application form attached to or accompanying this Prospectus relating to an Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Black Mesa means Black Mesa Production, LLC.

Board means the board of Directors as constituted from time to time.

BRK means BRK Oklahoma Holdings, LLC.

Brokers means the Lead Manager and other brokers or advisers assisting with the Public Offer as determined by the Company.

Closing Date means the closing date of the Offers as set out in the indicative timetable in the Key Offer Information Section of this Prospectus (subject to the Company reserving the right to extend the Closing Date of one or more of the Offers or close one or more of the Offers early).

Company or **Nickelore** or **NIO** means Nickelore Limited (ACN 086 972 429).



Condition means the condition to the Offers, which is set out in paragraph (b) of the Important Notices Section of this Prospectus.

Consideration Securities has the meaning given in Section 11.1(b).

Consideration Shares means the Shares to be issued to the Vendors pursuant to the Acquisition Agreement on Settlement.

Consolidation means the 1 for 6 consolidation of the Company's Shares which was approved at the Annual General Meeting.

Constitution means the constitution of the Company.

Converting Loan means the loans with an aggregate principal of up to \$250,000 which automatically convert into Shares subject the satisfaction of certain conditions precedent as described in Section 9.3.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Drilling Program Agreement means the agreement between Black Mesa and BRK under which BRK may participate in drilling programs introduced to it by Black Mesa, a summary of which is set out in Section 11.4.

Entitlement means the entitlement of a Shareholder registered at the Record Date to subscribe for Shares under the priority offer which forms part of the Public Offer.

Existing Assets has the meaning given in Section 3.2.

HLB Mann Judd means HLB Mann Judd (WA Partnership).

Incentive Option Plan means the incentive option plan proposed to be adopted at the Annual General Meeting, a summary of which is contained at Section 13.2.

Lead Manager means PAC Partners Securities Pty Ltd (ACN 623 653 912) (Corporate Authorised Representative of PAC Asset Management Pty Ltd (AFSL 335 374)).

Lead Manager Mandate means the corporate advisory mandate between the Company and PAC Partners, a summary of which is set out in Section 11.5.

Lone Star Energy or **Lone Star** means Lone Star Energy Limited (ACN 157 789 761).

LS Operating means LS Operating LLC, a subsidiary of Lone Star.

Minimum Subscription means the minimum amount to be raised under the Public Offer, being \$4,200,000.

Net Revenue Interest means the total revenue interest that a party owns and is entitled to receive in respect of a prospect, after all burdens of production (such as royalties), have been deducted from the party's working interest.



Offers means the offers made pursuant to this Prospectus, being the Public Offer and each Additional Offer.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Petroleum Reserves means those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

Projects means the Existing Assets and the Proposed Assets.

Proposed Assets has the meaning given in Section 3.2.

Prospectus means this prospectus.

Public Offer means the offer of 210,000,000 Shares pursuant to this Prospectus to raise \$4,200,000 as set out in Section 2 (with the ability to accept oversubscriptions of up to an additional 190,000,000 Shares at an issue price of \$0.02 per Share to raise up to an additional \$3,800,000).

Public Offer Application Form means an application form attached to or accompanying this Prospectus relating to the Public Offer.

Record Date means 5:00pm (WST) on 18 November 2018.

Recommendations means The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council.

Section means a section of this Prospectus.

Securities means Shares and Options or any one or more of them as the context requires.

Settlement means settlement of the Acquisition.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Step-in Agreement means the agreement between LS Operating and BRK, a summary of which is set out in Section 11.3.

Vendor Offer means the offer of up to 105,000,000 Shares and 52,750,000 Options to the Vendors (or their nominee(s)).

Vendors means the shareholders of Lone Star at Settlement.



Working Interest means the percentage interest of a party in any prospect included in a drilling program (which shall be determined by Black Mesa), which corresponds with the percentage of the costs required to be paid by that party in relation to a prospect.

WST means Western Standard Time as observed in Perth, Western Australia.





Nickelore Limited

ABN 13 086 972 429

PUBLIC OFFER APPLICATION FORM

This Application Form is important. If you are in doubt as to how to deal with it, please contact your professional advisers without delay. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.



A I/we apply for

Shares at \$0.02 per Share. Applications must be a minimum of 100,000 Shares (\$2,000) or a greater number in multiples of 25,000 Shares (\$500).

B I/we lodge full Application Money

A\$

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E Enter your contact details

Contact Name Telephone Number - Business Hours

F CHESS Participant

Holder Identification Number (HIN)

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

G Payment details - Please note that funds are unable to be directly debited from your bank account

Drawer Cheque Number BSB Number Account Number Amount of cheque

Make your cheque, money order or bank draft payable to 'Nickelore Limited'

By submitting this Application Form:

- I/we declare that this application is complete and lodged according to the Prospectus dated 19 November 2018, and the declarations/statements on the reverse of this Application Form,
I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
I/we agree to be bound by the Constitution of Nickelore Limited ('The Company').

See overleaf for completion guidelines ->

How to complete this form

A Shares applied for
Enter the number of Shares you wish to apply for. The application must be for a minimum of 100,000 Shares (\$2,000) or a greater number in multiples of 25,000 Shares (\$500). The Offer Price of the Shares is payable in full on Application.

B Application Monies
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price of \$0.02 per Share. The minimum amount of Application monies is \$2,000 and applications for less than this amount may be rejected.

C Applicant Name(s)
Enter the full name you wish to appear on the register of Shares and statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this application.

F CHES
The Company participates in CHES. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment
Make your cheque, money order or bank draft payable to 'Nickelore Limited' in Australian currency and cross it 'Not Negotiable'. Your cheque, money order or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented any may result in your Application being rejected.

Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. No receipt for payment will be forwarded to Applicants.

Before completing the Application Form the Applicant(s) should read this Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in the Company is upon and subject to the terms of the Prospectus and the Constitution of the Company, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Nickelore Limited by no later than 5:00pm (WST) on Closing Date. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Neither CIS nor The Company accepts any responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries concerning your application, please contact the Company Secretary on +61 8 6141 3500.

Privacy Statement

Personal information is collected on this form by CIS for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the Company may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf or to third parties upon direction by the Company where related to their administration of your securityholding, or where you have otherwise agreed we may disclose it. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

