

QUARTERLY REPORT

For the Three months ending 31 December 2008



SIGNIFICANT EVENTS DURING QUARTER

- Cost reduction measures implemented in light of current economic conditions, including the Managing Director reducing substantially his time commitment to the Company and other Board members agreeing to a 50% reduction in director fees.
- The Company finalised the ore sale agreement in relation to the gold bearing low grade ore stockpile on M24/133 lease at Bardoc South.



CORPORATE

In view of the worsening global financial climate, the Company has over the past several months been making adjustments to its operations in order to conserve cash while it continues to evaluate opportunities for the advancement of the Company. This has included reducing our staffing and associated costs. As part of these adjustments Mr Tan has reduced substantially his time commitment to the Company. He will remain on the Board as an Executive Director and continue to manage the Company on a part time basis, with the assistance of Mr John Lewis, Chief Financial Officer.

The Board has also agreed to reduce all director fees by 50% and outsource half of the CFO time to another ASX company in order to further reduce costs. Some of the corporate office has also been sub leased to other parties. At the close of the quarter, the employee count consists of one full time geologist and a part time CFO.

CANEGRASS NICKEL COBALT PROJECT

Since the completion of the scoping study the Company has focussed on seeking investors for the Canegrass Project. While the scoping study indicates a robust project which has the potential to deliver significant long term benefits to shareholders, there have been dramatic changes in costs and commodity prices which have adversely impacted on the project's economics. The Company remains committed to advancing the development of this very exciting project when circumstances are more favourable.

LAKE BALLARD PROJECT

A broad-spaced soil sampling program was undertaken over approximately 70% of E29/680 to identify potential nickel laterite mineralisation concealed below superficial cover. The program has been put on hold.

RESEARCH & DEVELOPMENT GRANTS

Nickelore has applied for a R & D expenditure tax refund of \$265,000 (net of fees) for the 2008 financial year. This refund is expected to be received in the first Quarter of 2009.

The claim may or may not result in an expenditure tax refund.

SALE OF NORTH TALBOT ORE STOCKPILE

The Company finalised the sale of approximately 30,000 tonnes of low grade gold bearing ore, generating proceeds in the Quarter of \$101,879, with Paddington Gold Pty Limited, a wholly owned subsidiary of Norton Gold Fields Limited ("Paddington"),

An initial payment of \$47,177 was received in September 2008.

BARDOC GOLD PROJECT (100%)

No drilling was undertaken on the project.

Rehabilitation of drill pads and bag farming was undertaken at several sites in M24/133, M24/134 and M24/871.

MOUNT PLEASANT GOLD COPPER PROJECT

No field work was undertaken during the quarter.

LAKE MARMION URANIUM PROJECT (100%)

No activity was undertaken during the quarter

GOONGARRIE EAST NICKEL PROJECT (100%)

Drilling programs

All assays have been received from drilling undertaken in May on E29/524 at Goongarrie East. Anomalous nickel assays were reported from two adjacent holes on a linear magnetic anomaly at the western edge of E29/524. The down-hole geology was interpreted as in-situ komatiite ultramafics in one hole and channel fill in the other. The anomaly extended north and south into E29/543

During the Quarter, drilling was undertaken on five lines across two linear magnetic anomalies in E24/543. A hole was also drilled between the anomalous nickel holes in E29/524. A total of 29 RAB holes were completed for 785 metres. Four metre composite samples were submitted for assay at ALS laboratories in Kalgoorlie and Perth.

Three adjacent holes on the line approximately 1km north of the ultramafic intercepts in E29/524 also reported ultramafics – mainly schist or strongly sheared units. Assays have not been received for these holes. Microscopic examination of the ultramafic drill chips is being undertaken.

Assays have not yet been received from detailed re-sampling of the ultramafic intercepts in E29/524, nor from the infill hole. However, the down hole geology of the infill hole was interpreted as channel fill suggesting the prospective ultramafic horizon is narrow.

Assays have been received for all the remaining holes, judged "less prospective" at the time of drilling. No significant gold or base metal anomalies have been detected. Nickel values were all below 300 ppm.

TENEMENT ACTIVITY:

During the quarter, Nickelore received notification that DoIR had granted Prospecting Licences P24/4369 and 4370 in the Bardoc Gold Project.

After a review of work undertaken and the potential of the tenements to host economic mineralisation, Nickelore relinquished tenements E29/572 and 573 and relinquished part of E29/543. All three tenements are within the Goongarrie East Nickel Project.



Iggy Tan
Executive Director

About Nickelore

Nickelore Limited is a Perth-based nickel company listed on Australian Securities Exchange. The Company's primary focus is on exploring, realising and expanding the economic potential of the Canegrass, Siberia, Mount Pleasant, Lake Marmion, Goongarrie East and Bardoc projects in Western Australia's Eastern Goldfields. Nickelore acquired Mineral Rights to mine and extract 140,000 tonnes of nickel metal in laterite nickel products from Canegrass. The Company has completed a scoping study into a Heap Leach nickel extraction plant. Members of the Nickelore Board and management team have proven records in mineral exploration, project development and project financing.

The information in this announcement that relates to Exploration Results is based on information compiled by Andrew Radonjic a Non Executive Director of Nickelore, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Radonjic has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a "Competent Person" as defined in the JORC Code. Mr Radonjic consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Caution Regarding Forward Looking Statements.

Statements regarding Nickelore's plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Nickelore's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Nickelore will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Nickelore's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Nickelore Limited

ABN

13 086 972 429

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	102	149
1.2 Payments for (a) exploration and evaluation	(140)	(289)
(b) development		
(c) production		
(d) administration	(366)	(675)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	23
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	52	98
Net Operating Cash Flows	(345)	(694)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) businesses	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) businesses	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (receipts for joint venture exploration)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(345)	(694)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(345)	(694)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(345)	(694)
1.20	Cash at beginning of quarter/year to date	607	956
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	262	262

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	89
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

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

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

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
Total	50

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	162	57
5.2 Deposits at call	100	550
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	262	607

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E29/572	Mining Rights	100%	Nil
	E29/573	Mining Rights	100%	Nil
	E29/543	Mining Rights	100%	Nil
6.2 Interests in mining tenements acquired or increased	P24/4369	Mining Rights	Nil	100%
	P24/4370	Mining Rights	Nil	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter


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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through conversion				
7.3 +Ordinary securities	89,845,886	89,845,886		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,425,000	1,425,000	7 cents	7 cents
7.5 +Convertible debt securities Convertible Redeemable Preference Shares (CRPS)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through conversion of securities (CRPS)				
7.7 Options <i>(description and conversion factor)</i>	1,350,000 100,000 100,000 300,000 3,185,000 6,315,000 71,000,000 3,500,000		<i>Exercise price</i> 20 cents 19 cents 14 cents 30 cents 20 cents 30 cents 1 cent 12.5 cents	<i>Expiry date</i> 30 April 2011 30 August 2011 30 August 2011 30 June 2012 29 January 2013 29 January 2013 28 February 2013 31 December 2012
7.8 Issued during quarter	2,500,000 3,500,000		1 cent 12.5 cents	28 February 2013 31 December 2012
7.9 Exercised during quarter				
7.10 Expired during quarter	2,000,000		34 cents	17 December 2008
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 January 2009
Company Secretary

Print name: Ian Cunningham

Notes

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

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