

QUARTERLY REPORT

For the Three months ending 31 December 2009



PROJECT OVERVIEW

Nickel Alliance

In August 2009, Nickelore formed a nickel alliance (“Nickel Alliance”) with Wingstar Investments Pty Ltd (“Wingstar”). Under this alliance both parties will aim to maximise the potential of their respective nickel assets by presenting them together for possible sale or joint venture, as the Canegrass Project.

The Canegrass Project comprises mining leases; exploration licences; prospecting licences; rights to explore for, mine and treat non-sulphide, lateritic nickel and cobalt; and technical information held by Nickelore and Wingstar.

The parties to the Nickel Alliance have agreed to apportion any benefits accruing to the parties upon completion of a sale, joint venture or other commercial arrangements in relation to the Canegrass Project, 10% to Nickelore and 90% to Wingstar. This reflects the proportionate value of the assets comprising the Canegrass Project as contributed by Nickelore and Wingstar. The Nickel Alliance will terminate on 1 July 2014 or such other date as is agreed between the parties.

Papua Gold and Copper Project

During the quarter Nickelore announced the signing of a formal option agreement (“the Option”) to acquire up to a 51% interest in a gold and copper project in Papua Province, Indonesia (“Papua Gold & Copper Project”). The Company previously announced on 12 August 2009, the signing of a heads of agreement in relation to the Papua Gold & Copper Project. For further details please refer to the ASX announcement of 16 October 2009 ([http://www.nickelore.com.au/uploads/file/docs/Papua Gold & Copper Project Formal Option Agreement Signed.pdf](http://www.nickelore.com.au/uploads/file/docs/Papua_Gold_%20Copper_Project_Formal_Option_Agreement_Signed.pdf)).

The Option will be exercisable on or about 30 June 2010, subject to Nickelore’s satisfactory completion of the Company’s ongoing legal and technical due diligence. It is important to note that Nickelore can terminate any further expenditure or share issues at any point after the exercise of the Option if the Company is not satisfied with the exploration performance.

Nickelore has also recently appointed an Indonesian based Project Geologist to provide assistance in identifying and reviewing further project opportunities in Indonesia and the greater south-east Asian region.

Lake Marmion Uranium Project (100%)

Expenditure requirements for this project have been met and no fieldwork was undertaken during the quarter.

Lake Ballard Project (100%)

Expenditure requirements for this project have been met and no fieldwork was undertaken during the quarter.

Goongarrie East Nickel Project (100%)

Expenditure requirements for this project have been met and no fieldwork was undertaken during the quarter.

CORPORATE

During the quarter the Company completed a Board restructure which saw the appointment of Mr Ian Cunningham and Mr Ron Heeks to the Board.

Mr Cunningham is a Chartered Accountant and holds a Bachelor of Commerce and Bachelor of Laws. Mr Cunningham has been involved in the mining industry in an executive capacity for over five years and prior to that he acted as a corporate advisor to a range of companies both in Australia and the UK.

Mr Heeks is a geologist with more than 25 years experience in the Australian, Asian and African exploration and mining industry. Mr Heeks has worked for numerous companies including Western Mining, Newcrest, Newmont and Resource Service Group (now Coffey) and was a former co-director of Exploration and Mining Consultants that operated out of offices in Kalgoorlie, Perth and Jakarta. More recently Mr Heeks was General Manager Technical for Straits Asia Resources, based in Indonesia, responsible for their gold and coal operations and later the Whim Creek copper mine. Mr Heeks is currently Chief Technical Officer for Adamus Resources.



Ian Cunningham
Executive Director

Caution Regarding Forward Looking Information.

Certain statements included in this announcement, including information regarding Nickelore's plans with respect to its mineral properties, constitute forward-looking information. Forward-looking information includes, among other things, statements regarding expected operations. Forward-looking information is based upon a number of estimates and assumptions made by the Company in light of its experience, current conditions and expectations of future developments, as well as other factors that the Company believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable by the Company, they are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Investors are cautioned that forward-looking information is no guarantee of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. Forward-looking information is made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward-looking information, whether as a result of new information, future events or results or otherwise.

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 Dec 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(79)	(239)
(b) development		
(c) production		
(d) administration	(167)	(367)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	15
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	64	97
Net Operating Cash Flows	(174)	(493)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) businesses	-	(200)
(b) equity investments	(250)	(250)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) businesses	-	-
(b) equity investments	-	-
(c) other fixed assets	-	457
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	(250)	7
1.13 Total operating and investing cash flows (carried forward)	(424)	(486)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(424)	(486)
	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	(424)	(486)
1.20	Cash at beginning of quarter/year to date	1,218	1,280
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	794	794

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	35
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

-

Non-cash financing and investing activities

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

-

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

-

+ See chapter 19 for defined terms.

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	100
4.2 Development	-
Total	100

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	144	318
5.2 Deposits at call	650	900
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	794	1,218

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

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				
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>	71,000,000 1,350,000 100,000 100,000 300,000 1,500,000 3,500,000		<i>Exercise price</i> 1 cent 20 cents 19 cents 14 cents 30 cents 30 cents 12.5 cents	<i>Expiry date</i> 28 February 2010 30 April 2011 30 August 2011 30 August 2011 30 June 2012 29 January 2013 31 December 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ 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: 29 January 2010
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.

== == == == ==