



Nickelore Limited

30 July 2010

QUARTERLY REPORT

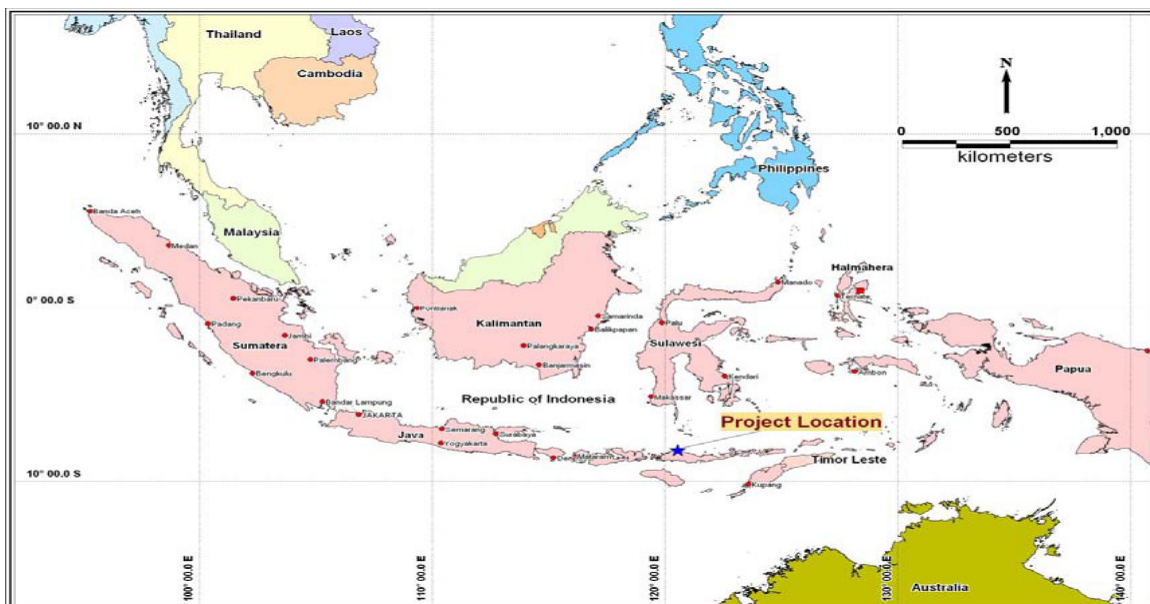
For the Three months ending 30 June 2010



Flores Project

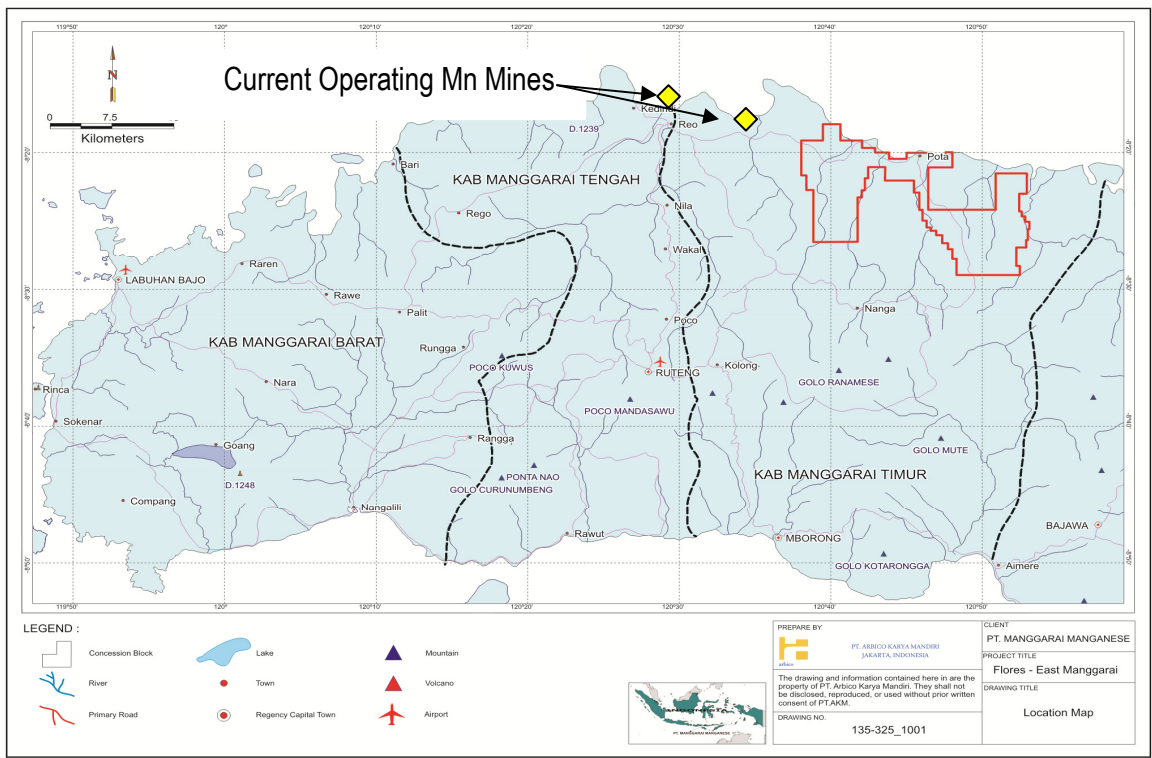
Consistent with its strategy of seeking project opportunities in the south-east Asian region, on 14 July 2010, Nickelore announced the signing of an agreement to acquire up to a 90% interest in a prospective manganese, gold and copper project (**Project**) on the Island of Flores, which is part of the Rim of Fire Islands, located east of Bali, Indonesia.

Project Summary



The Project area, a single tenement (IUP) of some 23,000 hectares is located on the Island of Flores in Indonesia, 630 kilometres east of Bali. The island of Flores forms part of the Banda Arc, a Tertiary volcanic belt that is still active. The Project is located on the north coast of the Island close to a port and the small coastal township of Pota, daily flights operate from Bali to Flores. The Project area has been subject to initial field work including geological mapping and rockchip sampling and this work has produced highly anomalous base metal, gold, silver and manganese samples.

Tenement Location - West Flores



Tenement Area



The western portion of the Project area is covered by a limestone unit which hosts two medium sized manganese operations just west of the Nickelore tenement. Manganese samples of up to 52% have been collected from regional mapping within the tenement and the potential exists to locate a similar sized deposit to those being mined on the adjacent ground. The proximity of the Project area to the coast allows for easy shipment of product should a deposit be identified.

On the eastern side of the Project, reconnaissance field work has identified a base metal and associated gold/silver anomaly. The area of mineralisation is associated with a zone of intense argillic alteration, brecciated volcanics and tuffs and potentially a diatreme. Also, the presence of a one kilometre long zone of outcropping, carbonate hosted polymetallic mineralisation with up to 42% zinc, 4.2% lead, 100ppm silver and up to 0.9 grams per tonne gold indicates the potential presence of a porphyry copper/gold intrusive within the mineral precinct. This area will form the focus of initial exploration by Nickelore.

A review of recently collected field data and a site visit by Nickelore management, confirms that the area has the potential to contain a large base metal and gold deposit.

Terms of Memorandum of Agreement (MOA)

Nickelore has the right to acquire up to a 90% interest in the Project on the terms summarised below:

Stage	Cash Payment (US\$)	Share Payment (# NIO Shares)	Exploration Work Program (A\$)	Project interest held by Nickelore (%)
Execution MOA	100,000	10,000,000 ⁽ⁱ⁾	-	10
Year 1	-	20,000,000	2,000,000	51 ⁽ⁱⁱ⁾
Year 2	-	35,000,000	3,000,000	75 ⁽ⁱⁱ⁾
Year 3+	-	15,000,000	- ⁽ⁱⁱⁱ⁾	75+ ⁽ⁱⁱⁱ⁾
Total	100,000	80,000,000	5,000,000 ⁽ⁱⁱⁱ⁾	Maximum 90% ⁽ⁱⁱⁱ⁾

Notes:

- (i) Initial share payment of 10m shares subject to 12 month escrow from date of MOA.
- (ii) Reduced to 25% if Nickelore elects not to proceed beyond Years 1 or 2.
- (iii) In the event the vendor elects not to contribute to Project expenditure post Nickelore's expenditure of A\$5M in Years 1 & 2, Nickelore will acquire an additional 5% interest for each additional A\$15M of exploration and development expenditure undertaken by it, up to a maximum interest of 90%.

The MOA is subject to Nickelore being satisfied with the results of its ongoing legal due diligence program.

Under the terms of the MOA, existing and future applications by the vendor for additional ground within a 10km radius of the current Project area, will become part of the Project in the event they are granted.

Activity on the Company's other projects during the quarter is summarised below

Papua Gold and Copper Project

In August 2009 Nickelore signed a Heads of Agreement to acquire a 51% stake in a Gold and Copper Project in Papua. Due to a legal dispute between the vendor of the PGCP, InterAsian Resources SA (InterAsian), and the Indonesian tenement holder, Nickelore has halted its due diligence program until further notice. As a result InterAsian has granted an extension to Nickelore of the option period and deferral of payment of the option consideration.

Subject to a satisfactory resolution of the dispute, Nickelore intends to carry out further technical due diligence prior to making a decision of whether to exercise the option.

Nickel Alliance

The Company continued to review opportunities in relation to the Nickel Alliance.

Other

Nickelore recently disposed of its investment in the Goongarie/Lake Marmion Project for an amount of \$100,000. The Company is continuing to review opportunities to realise the value of its non-core assets in line with the Company's new strategy, particularly those assets with high holding costs.



Ron Heeks
Executive Director

Information in this announcement pertaining to exploration results was compiled by Ron Heeks, an employee of Nickelore Limited, who is a Member of The Australasian Institute of Mining and Metallurgy and has more than 5 years experience in estimation of recoverable resources in gold deposits. Ron Heeks 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. Ron Heeks consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Nickelore Limited

ABN

13 086 972 429

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(128)	(423)
(b) development	-	-
(c) production	-	-
(d) administration	(36)	(500)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	97
Net Operating Cash Flows	(159)	(804)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		(200)
(b) equity investments		(250)
(c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets	100	558
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	100	108
1.13 Total operating and investing cash flows (carried forward)	(59)	(696)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(59)	(696)
	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	(59)	(696)
1.20	Cash at beginning of quarter/year to date	643	1,280
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	584	584

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	13
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	350
4.2 Development	
4.3 Production	
4.4 Administration	50
Total	400

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	182	43
5.2 Deposits at call	400	600
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	583	643

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	E29/637	Mining Rights	100%	Nil
	E29/524	Mining Rights	100%	Nil
	E29/543	Mining Rights	100%	Nil
	E29/637	Mining Rights	100%	Nil
	E29/676	Mining Rights	100%	Nil
	E29/677	Mining Rights	100%	Nil
	E31/751	Mining Rights	100%	Nil
	E31/752	Mining Rights	100%	Nil
	P31/1769	Mining Rights	100%	Nil
	P31/1770	Mining Rights	100%	Nil
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	160,845,886	160,845,886		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,350,000 100,000 100,000 300,000 1,500,000 3,500,000		Exercise price 20 cents 19 cents 14 cents 30 cents 30 cents 12.5 cents	Expiry date 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				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

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 July 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.

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+ See chapter 19 for defined terms.