

14 July 2010

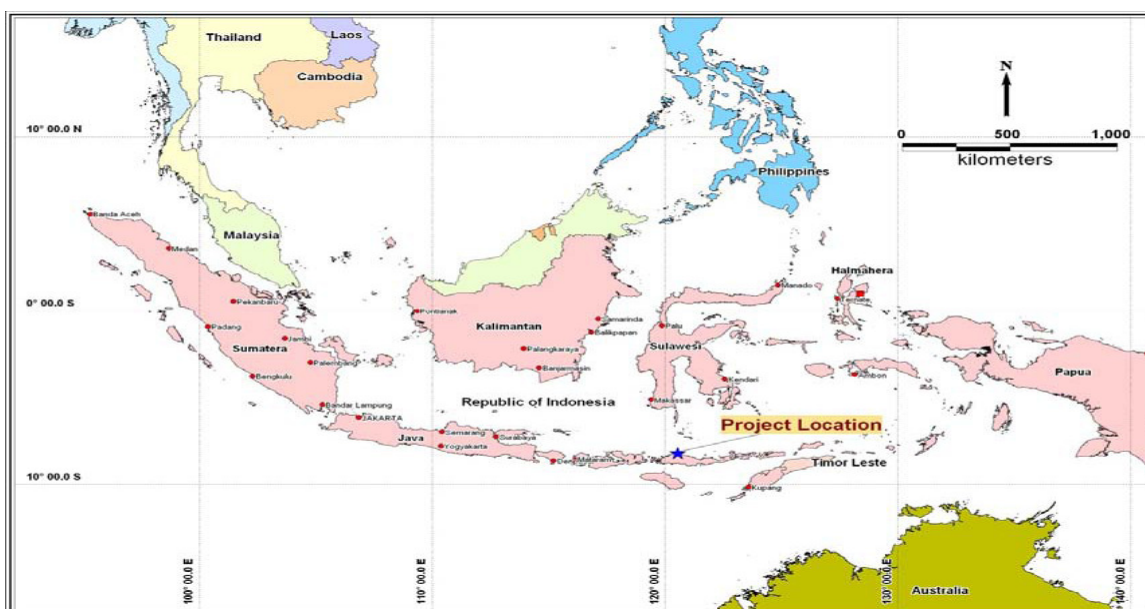
AGREEMENT TO ACQUIRE INTEREST IN GOLD, COPPER AND MANGANESE PROJECT

- Exciting grass roots gold/copper and polymetallic project
- Excellent location on Flores Island, within the Indonesian “Rim Of Fire” volcanic arc
- Large tenement area
- Reconnaissance sampling has already produced very anomalous samples
- Geochemistry suggests nearby porphyry copper mineralisation
- Adjacent to current manganese operations with similar geology to eastern project area

Nickelore Limited (ASX:NIO) is pleased to announce that it has signed a Memorandum of Agreement (**MOA**) with the holders of a prospective manganese, gold and copper project on the island of Flores, Indonesia (**Project**). Nickelore has the right to acquire up to a 90% interest in the Project via payment of share and cash consideration and meeting phased exploration expenditure requirements.

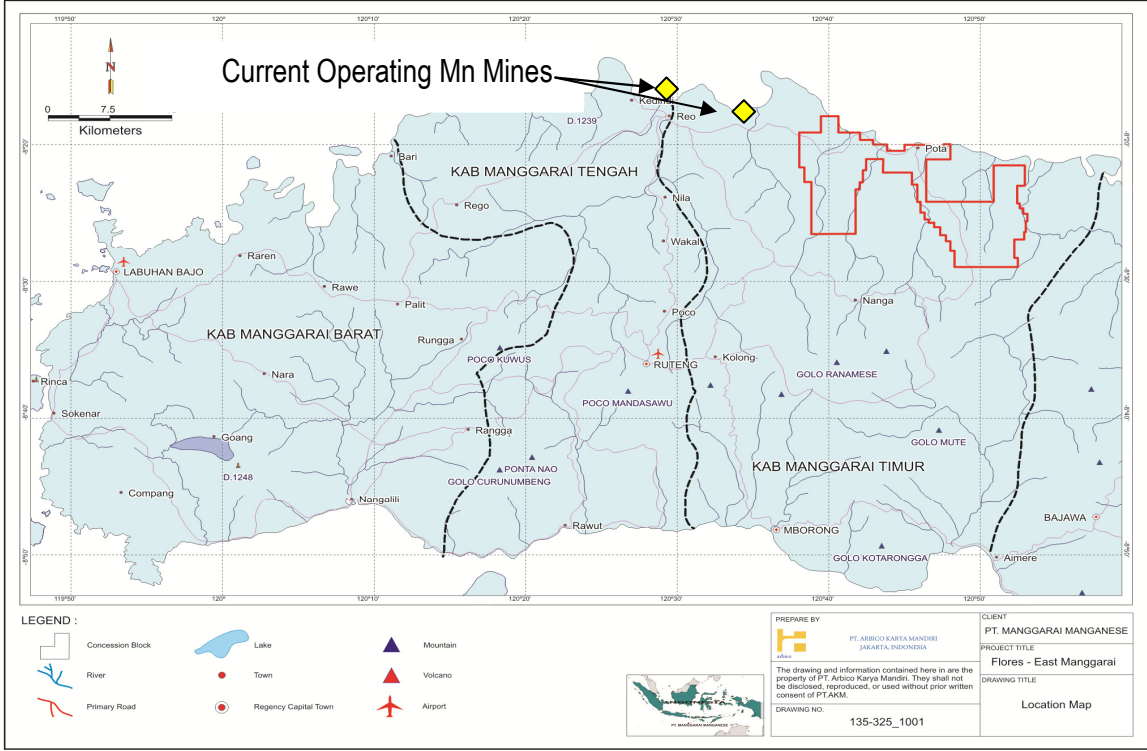
The acquisition forms part of NIOs’ ongoing strategy to acquire mineral projects within Asia and specifically Indonesia, where recent positive changes to the mining law and general prospectivity greatly enhance the potential for economic success.

Project Summary

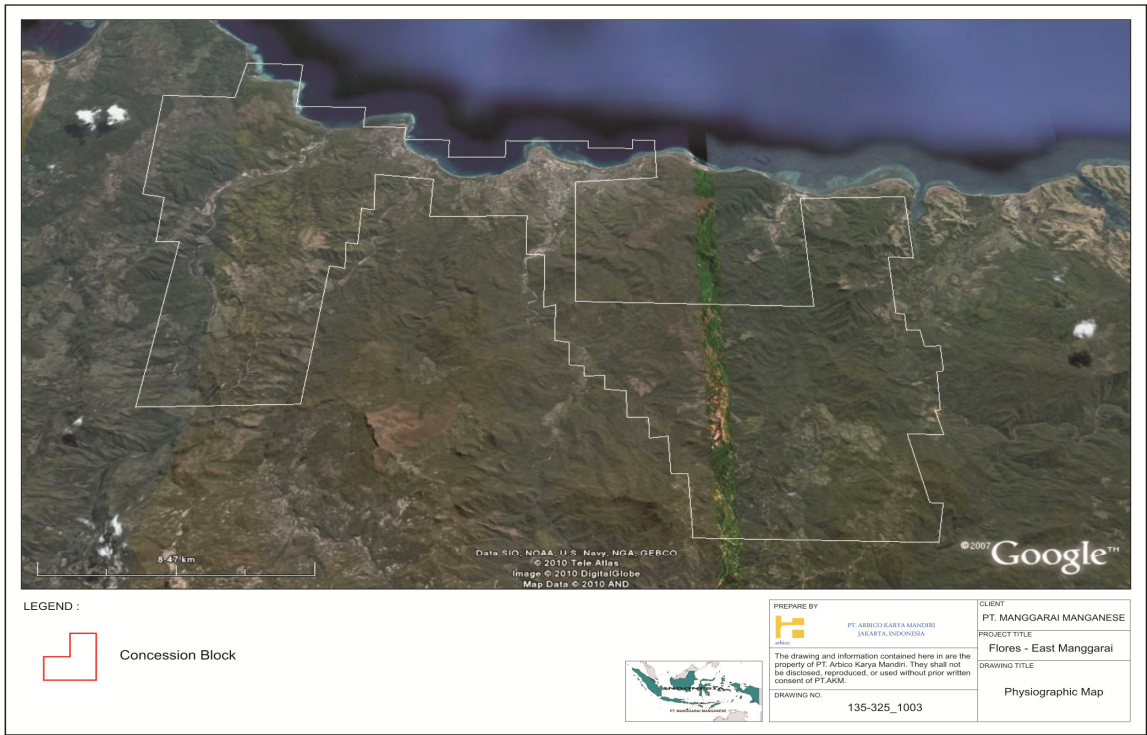


The Project area, a single tenement (IUP) of some 23,000 hectares is located on the Island of Flores in Indonesia, 630 kilometres east of Bali. The island of Flores forms part of the Banda Arc, a Tertiary volcanic belt that is still active. The Project is located on the north coast of the Island close 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, including Indonesian based Exploration Manager Prayogo Hargyono, confirms that the area has the potential to contain a large base metal and gold deposit.

Terms of 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%.

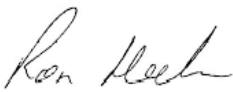
The MOA is subject to Nickelore being satisfied with the results of its ongoing legal due diligence program.

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.

Papua Gold & Copper Project (PGCP) Update

Nickelore previously secured an extension to the PGCP option period, in order to carry out additional due diligence work. 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. If required, InterAsian has agreed to grant a further extension 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.

Kind regards



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.

For further information please contact
John Lewis – Chief Financial Officer
+61 8 9481 2433
email: john@nickelore.com.au