



Nickelore Limited

30 May 2011

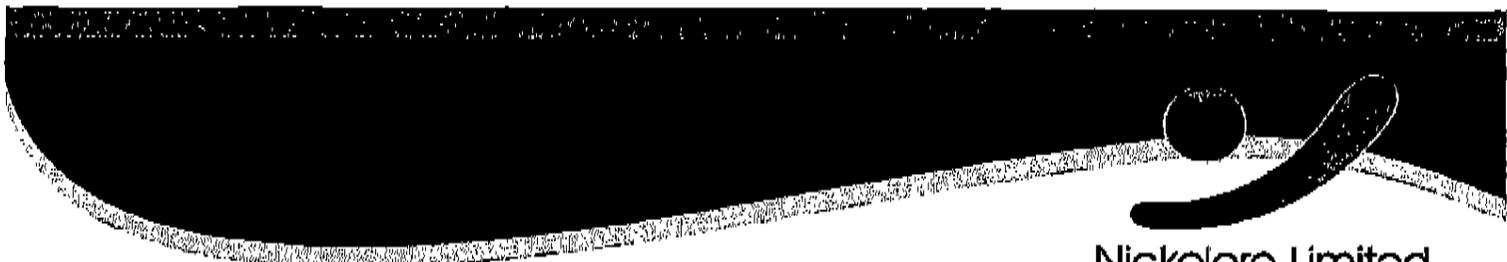
Mr Joseph Jeevaraj
Adviser, Listings (Perth)
Australian Securities Exchange
Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Joseph

I refer to your letter of 19 May 2011 in respect of the Appendix 5B lodged by Nickelore Limited (*the Company*) for the period ended 31 March 2011. Our response to the queries raised in your letter is as follows:

Appendix 5B

1. As at the date of this letter, the Company has available funding of \$(394,000), comprised of cash and the current market price of its listed investments which are readily available for sale. The Board is also pursuing further financing options for the Company and has demonstrated the capacity to raise additional funding in the past. Accordingly, the Company believes that it will continue to be able to fund its activities.
2. The Company's forecast operating cash flows for next two quarters are negative \$31,000 (June 2011 quarter) and negative \$87,000 (September 2011 quarter). The Company notes that it is common for exploration companies to have negative operating cashflows until production is achieved. For the reasons noted in (1) above, the Company believes that it will have sufficient funds in order to continue its operations.
3. The steps currently being taken by the Company to enable it to meet its business objectives include:
 - i) the Company intends to comply with the minimum expenditure requirements for its current tenement holdings;
 - ii) the Company continues to review options in relation to the Nickel Alliance, including possible sale or development options; and
 - iii) the Company continues to seek new resource project opportunities both in Australia and internationally. However, the Company will only consider resource project opportunities where the Company believes funding will be available.
4. The Company confirms that it is in compliance with the listing rules, and in particular, listing rule 3.1.



Nickelore Limited

5. The Company believes that it is in compliance with Listing Rule 12.2 for the following key reasons:
- i) the Company's working capital position per the Consolidated Balance Sheet as at 31 December 2010 was approximately \$398,000; and
 - ii) whilst there can be no assurance that the Company will obtain future financing, the Company has been able to arrange financing in the past and the Board is of the opinion that it will continue to do so.

Listing Rule 12.1

6. The Company believes that it is in compliance with ASX Listing Rule 12.1.
7. The Company's ongoing activities which warrant continued quotation, include:
- i) the Company expects to continue to at least meet its minimum tenement expenditure requirements, in respect of its current tenement holdings. A list of the Company's current tenement holdings is set out on page 44 of the 2010 Annual Financial Report, with the exception of PL 27/1690 which has since been surrendered;
 - ii) the Company continues to review options in relation to the Nickel Alliance, including possible sale or development options; and
 - iii) the Company continues to seek new resource project opportunities both in Australia and internationally. Over the past 2 years the Company has entered into two separate agreements to acquire exploration assets in Indonesia. In both cases the Company has elected not to proceed with the acquisitions following due diligence.

Yours faithfully

A handwritten signature in black ink, appearing to read "R. Gardner".

Robert Gardner
Chairman



ASX Compliance Pty Limited
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19 May 2011

Mr Ian Cunningham
Executive Director
Nickelore Limited
Level 2
45 Richardson Street
WEST PERTH WA 6005

Dear Ian

Nickelore Limited ("Company")

I refer to the Company's Quarterly Activities Report and Cash Flow Report in the form of an Appendix 5B for the period ended 31 March 2011, released to ASX Limited ("ASX") on 29 April 2011, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of - \$0.
2. Net negative operating cash flows for the quarter of \$82,000.
3. Cash at end of quarter of \$55,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.



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Listing Rule 12.1

The ASX further refers to:

1. ASX Listing Rule 12.1 provides that the level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.

2. The Quarterly activities for the period ended 31 March 2011, report which states, 'The Company continues to review options in relation to the Nickel Alliance, including possible sale or development options. There was no activity on the Company's other projects during the quarter and the Company continues to look for opportunities to realise the value of its non-core assets.'

In light of the above, please respond to each of the following questions:

1. Does the Company believe it is in compliance with ASX Listing Rule 12.1?
2. If the answer to question 1 is yes, please provide details on the ongoing activities of the company to comply with the rule
3. If the answer to question 1 is no:
 - 3.1 What steps has the Company taken, or what steps does it propose to take, to comply with the requirements of listing rule 12.1? Please provide details of the time frame in which the Company proposes to achieve this outcome.
 - 3.2 Details of the date when the Company expects it will be in compliance with listing rule 12.1.

Please note ASX will afford the Company a period of three months from the date of this letter to demonstrate to the ASX that it is compliant with listing rule 12.1. If the Company does not demonstrate compliance with this rule to the ASX's satisfaction by 19 August 2011, ASX may suspend the Company's securities from official quotation.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the Information requested by this letter is Information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.



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Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number (08) 9221 2020**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 p.m. W.S.T. on Monday 30 May 2011**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Joseph Jeevaraj'.

Joseph Jeevaraj
Adviser, Listings (Perth)