

NICKELORE LIMITED
(TO BE RENAMED 'STONEHORSE ENERGY LIMITED')
ACN 086 972 429
SECOND SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This Second Supplementary Prospectus (**Second Supplementary Prospectus**) is dated 19 February 2019 and is supplementary to the Prospectus dated 19 November 2018 (**Prospectus**) and the Supplementary Prospectus dated 5 December 2018 (**Supplementary Prospectus**) issued by Nickelore Limited (ACN 086 972 429) (**Company**).

This Second Supplementary Prospectus was lodged with the ASIC on 19 February 2019. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Second Supplementary Prospectus.

This Second Supplementary Prospectus is a **refresh document** as defined in section 724(3H) of the Corporations Act, as inserted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70.

This Second Supplementary Prospectus must be read together with the Prospectus and the Supplementary Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Second Supplementary Prospectus. If there is a conflict between either of the Prospectus or the Supplementary Prospectus and the Secondary Supplementary Prospectus, the Second Supplementary Prospectus will prevail.

This Second Supplementary Prospectus will be issued with the Prospectus and the Supplementary Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company at www.nickelorelimited.com.au or at <https://NickelorePublicOffer.thereachagency.com>. The Company will send a copy of this Second Supplementary Prospectus to all Applicants who have subscribed for Shares pursuant to the Prospectus and Supplementary Prospectus to the date of this Second Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

1. PURPOSE OF THIS DOCUMENT

The Supplementary Prospectus has been prepared to:

- (a) refresh the period for:
 - (i) admission to quotation of Shares offered under the Prospectus; and
 - (ii) the minimum subscription to the Offer under the Prospectus being achieved.

pursuant to ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70;
- (b) include additional financial information of the Company and Lone Star in Section 6 of the Prospectus;

- (c) advise investors that the Lead Manager to the Offers has changed from PAC Partners Securities Pty Ltd to Red Leaf Securities Pty Ltd;
- (d) update the Investigating Accountant's Report in Section 7 of the Prospectus to include changes arising as a result of the change in fee payable to the Lead Manager;
- (e) advise that the end date for satisfaction of the conditions precedent to the Acquisition Agreement has been extended to 30 June 2019; and
- (f) advise investors that the closing date of the Public Offer and the Vendor has been extended until 12 March 2019.

2. SPECIFIC DISCLOSURES REQUIRED BY LEGISLATIVE INSTRUMENT 2016/70

This Second Supplementary Prospectus has been prepared to:

- (a) refresh the period for admission to quotation of Shares offered under the Prospectus from three months from the date of the Prospectus to three months from the date of the Second Supplementary Prospectus (**Quotation Condition**); and
- (b) refresh the period for the minimum subscription to the Offer under the Prospectus being achieved from the date four months after the date of the Prospectus to four months from the date of the Second Supplementary Prospectus (**Minimum Subscription Condition**),

pursuant to ASIC Corporations (*Minimum Subscription and Quotation Conditions*) Instrument 2016/70 (**Instrument**).

Quotation Condition

The Company makes the following statements regarding the Quotation Condition as required by the Instrument:

- (a) an application for admission to quotation of Shares offered under the Prospectus was made within seven days after the date of the Prospectus;
- (b) the Shares offered under the Prospectus have not been admitted to quotation as at the date of the Second Supplementary Prospectus;
- (c) the ASX has not yet indicated whether or not the Shares will be admitted to quotation or will be admitted to quotation subject to certain conditions being satisfied;
- (d) the Quotation Condition is being amended to extend the period for admission to quotation of Shares offered under the Prospectus from three months from the date of the Prospectus to three months from the date of the Second Supplementary Prospectus;
- (e) the Quotation Condition must be satisfied by 19 May 2019, being the date three months from the date of the Second Supplementary Prospectus; and
- (f) as at the date of the Second Supplementary Prospectus, the number of Shares for which applications have been received is 9,475,000.

Minimum Subscription Condition

The Company makes the following statements regarding the Minimum Subscription Condition as required by the Instrument:

- (a) as at the date of the Second Supplementary Prospectus, \$189,500 has been raised, representing applications for 9,475,000 Shares under the Prospectus;
- (b) the Minimum Subscription Condition is being amended to extend the period for the minimum subscription being achieved from the date four months from the date of the Prospectus to four months from the date of the Second Supplementary Prospectus; and
- (c) the Minimum Subscription Condition must be satisfied by 19 June 2019 being the date that is four months from the date of the Second Supplementary Prospectus.

3. AMENDMENTS TO THE PROSPECTUS

3.1 Minimum Subscription

Section 2.5 of the Prospectus is replaced with the following:

If the Minimum Subscription to the Public Offer of \$4,200,000 has not been raised within 4 months after the date of the Second Supplementary Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

3.2 ASX Listing

The second paragraph at Section 2.11 of the Prospectus is replaced with the following:

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of the Second Supplementary Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest. In those circumstances the Company will not proceed with the Acquisition.

3.3 Inclusion of additional financial information – Section 6

Due to the elapsing of time since the lodgement of the Prospectus, the Board wishes to include a pro forma statement of financial information of the Company and Lone Star based on the unreviewed and unaudited financial information of the Company and Lone Star as at 30 November 2018.

This information is included as an addition to Section 6 of the Prospectus.

Investors should note that this additional financial information does not affect or amend the Investigating Accountant's Report in Section 7 of the Prospectus, which includes a pro forma statement of financial position derived from the audited historical financial information of the Company and Lone Star as at 30 June 2018.

Section 6 of the Prospectus is amended by inserting the following new Section 6.4:

6.4 Pro forma financial information

This Section 6.4 contains the following pro forma information that the Directors consider relevant to investors:

- pro forma statement of financial position of the Company and Lone Star derived from the unaudited and unreviewed financial statements of the Company and Lone Star as at 30 November 2018.

PRO FORMA STATEMENT OF FINANCIAL POSITION

	Note	Nickelore Unaudited 30 November 2018 \$	Lone Star Unaudited 30 November 18 \$	Pro Forma Unaudited Minimum Subscription \$	Pro Forma Unaudited Over- subscription \$
Current Assets					
Cash and Cash Equivalents	2	78,948	2,660	3,874,836	7,414,536
Trade and Other Receivables		24,801	1,650	26,452	26,452
Other Asset and Receivables		26,836	-	26,836	26,836
Financial Asset		8,967	-	8,967	8,967
Loans	3	50,514	-	-	-
Total Current Assets		190,066	4,310	3,937,091	7,476,790
Non-Current Assets					
Exploration and Evaluation Assets	4	-	1,877,003	2,298,501	2,298,501
Total Non-Current Assets		-	1,877,003	2,298,501	2,298,501
Total Assets		190,066	1881,313	6,235,592	9,775,291
Current Liabilities					
Trade and other payables	5	383,751	108,211	489,462	489,462
Short term financial liabilities	6	220,000	927,774	118,673	118,673
Total Current Liabilities		603,751	1,035,985	608,135	608,135
Total Liabilities		603,751	1,035,985	608,135	608,135
Net Assets		(413,685)	845,328	5,627,457	9,167,156
Equity					
Issued Capital	7(a)	24,748,541	3,188,118	30,828,737	34,206,314
Reserves	8(a)	-	67,188	655,113	798,898
Retained Profits		(25,162,227)	(2,409,978)	(25,856,393)	(25,838,056)
Total Equity		(413,685)	845,328	5,627,457	9,167,156

NOTES TO AND FORMING PART OF THE PRO FORMA STATEMENT OF FINANCIAL POSITION

NOTE 1 – ACQUISITION PREMIUM

On 1 December 2017, Nickelore Limited announced it had entered into the Acquisition Agreement to acquire 100% of the issued share capital of Lone Star Energy Limited. Under the principles of AASB 3 Business Combinations, Nickelore Limited is the accounting acquirer in the business combination. Under the principles of AASB 3 Business Combinations, when an entity acquires a group of assets or net assets that does not constitute a business, it shall allocate the cost of the group between the individual identifiable assets and liabilities in the group based on their relative fair value at the date of the acquisition. As Lone Star is not carrying on a business, the acquisition will be accounted for as an asset acquisition and the purchase consideration will be allocated to the individual identifiable assets and liabilities based on their relative fair value.

Purchase consideration

The purchase consideration for the purchase of Lone Star Energy Limited consists of 105,500,000 Consideration Shares and 52,750,000 Consideration Options. The Share price of \$0.02 used to determine the Share consideration is the issue price of Nickelore Limited Shares disclosed in the Prospectus dated 19 November 2018 and Second Supplementary Prospectus dated 19 February 2019. The Consideration Options have been valued at \$472,113 using the Black-Scholes option pricing model.

Acquisition Premium

Fair Value of	Consideration
	\$
Share consideration pursuant to Acquisition Agreement	2,110,000
Option consideration pursuant to Acquisition Agreement	472,113
	<hr/>
Total	2,582,113
	<hr/>
Fair value of Lone Star assets and liabilities held at acquisition date:	
Cash	6,426
Exploration and evaluation assets	2,298,501
Trade and other payables	(19,815)
Short-term financial liabilities	(252,798)
	<hr/>
Fair value of identifiable assets and liabilities assumed	2,032,314
	<hr/>
Acquisition premium expensed to Profit and Loss	549,799
	<hr/> <hr/>

NOTES TO AND FORMING PART OF THE PRO FORMA STATEMENT OF FINANCIAL POSITION

	Nickelore Unaudited 30 November 2018 \$	Lone Star Unaudited 30 November 2018 \$	Minimum Subscription Unaudited Pro Forma \$	Over- subscription Unaudited Pro Forma \$
Balance pre-acquisition	78,948	2,660	81,608	81,608
Adjustments to the pro forma cash balance are summarised as follows:				
Lone Star additional convertible loans	-	-	1,250	1,250
Converting loans issued by Nickelore	-	-	50,000	50,000
Shares issued by Nickelore	-	-	25,000	25,000
Issue of ordinary Shares pursuant to Public Offer ¹	-	-	4,200,000	8,000,000
Expenses of the Public Offer	-	-	(483,022)	(743,322)
Total cash balance	168,972	5,176	3,874,836	7,414,536

¹ The pro forma unaudited financial information has the issue of a minimum of 210,000,000 fully paid ordinary Shares at an issue price of \$0.02 each to raise \$4,200,000, with an Oversubscription of up to 190,000,000 fully paid ordinary Shares at an issue price of \$0.02 each to raise up to an additional \$3,800,000;

NOTE 3 – LOANS

Balance pre-acquisition	50,514	-	50,514	50,514
Elimination of inter-entity loans	-	-	(50,514)	40,755)
Total Loans	50,514	-	-	-

NOTE 4 – EXPLORATION AND EVALUATION ASSETS

Balance pre-acquisition	-	1,877,003	1,877,003	1,877,003
Fair value adjustment			421,498	421,498
Total Exploration and Evaluation Assets	-	1,877,003	2,298,501	2,298,501

NOTE 5 – TRADE AND OTHER PAYABLES

Balance pre-acquisition	383,751	108,211	491,962	491,962
Payment of costs of the offer	-	-	(2,500)	(2,500)
Total Trade and Other Payables	270,515	19,815	489,462	489,462

NOTES TO AND FORMING PART OF THE PRO FORMA STATEMENT OF FINANCIAL POSITION

	Nickelore Unaudited 30 November 2018 \$	Lone Star Unaudited 30 November 2018 \$	Minimum Subscription Unaudited Pro Forma \$	Over- subscription Unaudited Pro Forma \$
Balance pre-acquisition	220,000	927,774	1,147,774	1,147,774
Conversion of Lone Star convertible loans to issued capital	-	-	(758,587)	(758,587)
Nickelore converting loans	-	-	50,000	50,000
Interest on Nickelore converting loans	-	-	5,000	5,000
Conversion of Nickelore convertible loans to issued capital	-	-	(275,000)	(275,000)
Elimination of Inter-entity loans	-	-	(50,514)	(50,514)
Total Short-Term Financial Liabilities	220,000	1,011,385	118,673	118,673

NOTE 7 – ISSUED CAPITAL

(a) Reconciliation of issued capital

Historical financial information:

Balance pre-acquisition	24,748,541	3,188,118	27,936,659	27,936,659
Pro forma movements in issued capital (note 7(b))	-	-	2,892,077	6,269,655
Total issued capital balance	24,648,541	3,184,518	30,828,737	34,206,314

(b) Reconciliation of pro forma movements in issued capital

			Pro forma Movements Minimum Subscription \$	Over- subscription \$
Conversion of Lone Star convertible loans to Lone Star Shares	-	-	762,500	762,500
Eliminate Lone Star issued capital	-	-	(3,950,618)	(3,950,618)
Share consideration for 100% of Lone Star	-	-	2,110,000	2,110,000
Conversion of Nickelore convertible loans to Nickelore Shares	-	-	275,000	275,000
Issue of Nickelore Shares	-	-	25,000	25,000
Public Offer	-	-	4,200,000	4,200,000
Issue of Advisory Fees Options	-	-	(183,000)	(326,785)
Expenses of the offer	-	-	(346,805)	(625,442)
Pro forma movement balance	-	-	2,892,077	6,269,655

NOTES TO AND FORMING PART OF THE PRO FORMA STATEMENT OF FINANCIAL POSITION

	Nickelore	Lone Star	Minimum Subscription	Over-subscription
	Unaudited 30 November 2018	Unaudited 30 November 2018	Unaudited Pro Forma	Unaudited Pro Forma
	\$	\$	\$	\$

NOTE 7 – ISSUED CAPITAL (CONTINUED)

(c) Number of fully paid shares:

	Number	Number	Number	Number
Current fully paid Shares in Nickelore	51,288,623	-	51,288,623	51,288,623
Nickelore Converting Loan and interest	-	-	13,750,000	13,750,000
Public Offer	-	-	210,000,000	400,000,000
Consideration Shares for 100% of Lone Star issued capital	-	-	105,500,000	105,500,000
Total issued Shares	51,288,623	-	380,538,623	570,538,623

NOTE 8– RESERVES

(a) Reconciliation of reserves

	\$	\$	\$	\$
Balance pre-acquisition	-	67,188	67,188	67,188
Pro forma movements in reserves (note 8(b))	-	-	587,924	731,710
Total reserve balance	-	67,188	655,112	798,898

(b) Reconciliation of pro forma movements in reserves

	Pro forma Movements	Minimum Subscription	Over-subscription
		\$	\$
Conversion of Lone Star convertible loans		(57,189)	(57,189)
Revaluation reserve		421,498	421,498
Elimination of investment		(431,498)	(431,498)
Issue of Consideration Options ¹		472,113	472,113
Issue of Advisor Fee Options ²		183,000	326,786
Pro forma reserve balance		587,924	731,710

¹Consideration Options have been valued at \$472,113 by the Directors using the Black Scholes method.

²Advisor Fee Options have been valued at \$183,000 (minimum) and \$326,785 (maximum) by the Directors using the Black Scholes method.

NOTES TO AND FORMING PART OF THE PRO FORMA STATEMENT OF FINANCIAL POSITION

	Nickelore	Lone Star	Minimum Subscription	Over-subscription
	Unaudited 30 November 2018	Unaudited 30 November 2018	Unaudited Pro Forma	Unaudited Pro Forma
	\$	\$	\$	\$

(c) Number of Options on issue

	Number	Number	Number	Number
Current Options	-	-	-	-
Issue of Consideration Options	-	-	52,750,000	52,750,000
Issue of Advisor Fee Options			21,000,000	37,500,000
Total	-	-	73,750,000	90,250,000

¹Advisor Fee Options

Subject to Shareholder approval, which will be sought after completion of the Proposed Transaction, the Company has agreed to issue 12,500,000 Options to the Lead Manager upon completion of the success of the Offer as defined in the engagement letter and up to a further 25,000,000 Options on a pro rata basis to brokers and/or 'introducers' of investors who participate in the raising. Each Option has an exercise price of \$0.025 and expiry date which is two years after the settlement date of the Proposed Transaction.

The pro forma unaudited financial information has included the issue of 21,000,000 Advisory Fees Options valued at \$183,000 (minimum subscription) and 37,500,000 Advisory Fees Options valued at \$326,785 (maximum subscription) using the Black Scholes Model to the Lead Manager (12,500,000 options) and brokers and/or 'introducers' of investors who participate in the raising (up to 25,000,000 options);

3.4 Replacement of Lead Manager

The Board wishes to advise that PAC Partners Securities Pty Ltd has been replaced by Red Leaf Securities Pty Ltd as the Lead Manager to the Offers.

Accordingly, the Prospectus is amended as follows:

(a) on page 2, deleting the words "PAC Partners Securities Pty Ltd (Corporate Authorised Representative of PAC Asset Management (AFSL 335 374))" and replacing them with "Red Leaf Securities Pty Ltd (Corporate Authorised Representative (463051) of BR Securities Australia Pty Ltd (AFSL 456663))";

(b) in the Corporate Directory on page 5, deleting the wording under the section "Lead Manager" and replacing it with:

Red Leaf Securities Pty Ltd
(Corporate Authorised Representative (463051) of BR Securities Australia Pty Ltd (AFSL 456663))
Level 1, 37 Bligh Street
Sydney NSW 2000

(c) in Section 1(g) of the "Investment Overview" section, on page 19, deleting the words:

"The lead manager to the Offer is PAC Partners Securities Pty Ltd (**PAC Partners**).
PAC Partners is a Corporate Authorised Representative of PAC Asset Management (AFSL 335 374)."

And inserting the words:

“The lead manager to the Offer is Red Leaf Securities Pty Ltd (**Red Leaf**).

Red Leaf is a Corporate Authorised Representative of BR Securities Australia Pty Ltd (AFSL 456663).”

- (d) in Section 2.8 on page 23, deleting the words “Pac Partners” and replacing them with “Red Leaf”;
- (e) in Section 3.11 on page 30, deleting the wording in Note 3 and replacing it with:

“Subsequent to completion of the Offers, the Company will seek Shareholder approval to issue up to 12,500,000 Options to Red Leaf in consideration for corporate advisory services provided under the Lead Manager Mandate, the key terms of which are set out in Section 11.5, and a further 25,000,000 Options on a pro rata basis to participating brokers and/or eligible participants who participate in the Public Offer.”
- (f) deleting the Investigating Accountant's Report in Section 7 in its entirety, and replacing it with the revised Investigating Accountant's Report which is set out in Annexure 1 to this Second Supplementary Prospectus;
- (g) deleting Section 11.5 in its entirety and replacing it with the following new Section 11.5:

The Company has appointed Red Leaf Pty Ltd to act as lead manager to the Offer. A summary of the key terms of the Lead Manager Mandate is set out below:

- (a) **Placement Fee:** the Company has agreed to pay Red Leaf a capital raising fee of 6% of the amount raised pursuant to the Offer. This capital raising fee includes any fees that Red Leaf may decide to pass on to licensed securities dealers or AFSL holders;
- (b) **Lead Manager Fee:** the Company will pay Red Leaf a lead manager fee of \$25,000 and 12,500,000 Options (with an exercise price of \$0.025 and an exercise period of two years); and
- (c) **Advisory Fees:** subject to completion of the Offer, the Company will issue up to 25,000,000 Options (on a pro rata basis) to participating brokers who participate in the Offer.

The Lead Manager Mandate also contains various other terms and conditions which are considered customary for an agreement of its nature.

The Company will seek Shareholder approval for the issue of the above securities following its readmission to the Official List.

- (h) in Section 13.5(g), on page 162, replacing “PAC Partners Securities Pty Ltd” with “Red Leaf Securities Pty Ltd”; and
- (i) in Section 13.6, on page 163, replacing “PAC Partners Securities Pty Ltd” with “Red Leaf Securities Pty Ltd”.

3.5 Change to End Date of Acquisition Agreement

The Board wishes to advise investors that the parties to the Acquisition Agreement have agreed to extend the end date for completion of the conditions precedent to the Acquisition Agreement to 30 June 2019.

Accordingly, in Section 11.1 of the Prospectus is amended by deleting the words “31 December 2018” and replacing them with “30 June 2019”.

3.6 Timetable

The Board wishes to advise that the Closing Date of the Public Offer and the Vendor Offer has been extended until 5:00pm (WST) on 12 March 2019, and the Closing Date of the Cleansing Offer has been extended to 5:00pm (WST) on 21 March 2019.

Accordingly, the Timetable as set out on page 11 of the Prospectus is replaced with:

KEY DATES – Indicative timetable¹

Lodgement of Prospectus with the ASIC	19 November 2018
Opening Date of the Offers	19 November 2018
Lodgement of Supplementary Prospectus	5 December 2018
Closing Date of the Public Offer and Vendor Offer	12 March 2019
Settlement of Acquisition ²	19 March 2019
Issue of Securities under the Public Offer and Vendor Offer	19 March 2019
Despatch of holding statements	20 March 2019
Closing Date of the Cleansing Offer	21 March 2019
Expected date for reinstatement to Official Quotation	26 March 2019

- 1. The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Dates (or one or more of them) or close the Offers (or one or more of them) early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Securities to Applicants.*
- 2. The above stated date for settlement of the Acquisition is only a good faith estimate by the Directors and may be extended or brought forward.*

4. WITHDRAWAL OF PREVIOUS APPLICATIONS

In accordance with section 724(3G) of the Corporations Act, as inserted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70, if you applied for Shares under the Prospectus (**Existing Applicant**), you may withdraw your application and be repaid your application monies, provided you give the Company written notice of your wish to do so before 19 March 2019.

Any repayments made by the Company pursuant to an Existing Applicant exercising their right to withdraw their application will be made in full without interest.

An Existing Applicant who wishes to withdraw their application and obtain a refund must submit a written request to the Company's share registry by mail to the address set out below so that it is received within 1 month of the date of the Second Supplementary Prospectus (i.e. **by close of business on 19 March 2019**):

**Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001**

The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Application Form lodged by that Existing Applicant.

If you do not wish to withdraw your application, you do not need to take any action.

4.1 New Applications

Applications for Shares under the Public Offer or Vendor Offer after lodgement of the Second Supplementary Prospectus **must** be made using the Second Supplementary Application Form or Second Supplementary Vendor Application Form attached to or accompanying the Second Supplementary Prospectus. Applications after the date of the Second Supplementary Prospectus **must not** be made on the Application Form attached to or accompanying the Prospectus or the Supplementary Application Form attached to or accompanying the Supplementary Prospectus and will not be valid.

5. CONSENTS

The Company confirms that as at the date of this Second Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

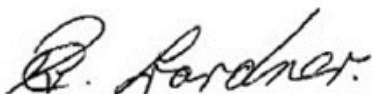
Pendragon Capital Limited has given its written consent to being named as Investigating Accountant of the Company in this Second Supplementary Prospectus and to the inclusion of the revised Investigating Accountant's Report in this Second Supplementary Prospectus in the form and context in which the information and report is included. Pendragon Capital Limited has not withdrawn its consent prior to lodgement of this Second Supplementary Prospectus with the ASIC.

Red Leaf Securities Pty Ltd has given its written consent to being named as Lead Manager in this Second Supplementary Prospectus. Red Leaf Securities Pty Ltd has not withdrawn its consent prior to lodgement of this Second Supplementary Prospectus with the ASIC.

6. DIRECTORS' AUTHORISATION

This Second Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Robert Gardner
Non-Executive Chairman
For and on behalf of
NICKELORE LIMITED

ANNEXURE 1 – INVESTIGATING ACCOUNTANT'S REPORT



19 February 2019

The Directors
Nickelore Limited
283 Rokeby Road
Subiaco WA 6008

Dear Sirs

Investigating Accountant's Report – Nickelore Limited

1. Introduction

This Investigating Accountant's Report ("Report") has been prepared at the request of the directors of Nickelore Limited ACN 086 972 429 ("Nickelore" or "the Company"). The Report was originally prepared based on the historical financial information of the Company for inclusion in the Prospectus lodged on 19 November 2018 and is now updated for inclusion in the Supplementary Prospectus dated on or around 19 February 2019 inviting participation in the issue of 210,000,000 Shares at an issue price \$0.02 per Share to raise \$4,200,000 ('Minimum Subscription'). Oversubscriptions of up to an additional 190,000,000 Shares at an issue price of \$0.02 per Share to raise up to an additional \$3,800,000 may be accepted ('Oversubscription'). The offer comprises the Public Offer, Vendor Offer and Cleansing Offer.

The Public Offer is conditional on the Acquisition Agreement becoming unconditional.

All amounts are expressed in Australian Dollars unless otherwise stated. Unless otherwise stated, terms have the same meaning as in the Prospectus.

2. Background

Nickelore was incorporated on 14 June 1999 and listed on the ASX on 24 July 2000.

Nickelore changed its name from Halcyon Group Limited on 3 December 2002.

Former names of the Company:

Names	From	To
Nickelore Limited	03/12/2007	current
Halcyon Group Limited	06/12/2002	03/12/2007
Daytraderhq Limited	09/08/2000	06/12/2002
Daytraderhq.com Limited	14/06/1999	09/08/2000

Nickelore is a company listed on the ASX. Nickelore's principal activity has been the exploration for gold and sulphide nickel, and investment in the mineral exploration and development sector. Nickelore has been suspended from quotation on the ASX since 22 July 2016. Nickelore's main assets per the Audited 30 June 2018 interim report were cash and cash equivalents and passive investments.

On 1 December 2017 Nickelore announced it had entered into a binding agreement to acquire 100% issued capital in Lone Star Energy Limited ACN 157 789 761 ("Lone Star"). Lone Star was incorporated on 13 April 2012. Lone Star engages in the exploration and development of oil and gas properties in the United States. The company currently has interests in the Greever project in the Hansford oil and gas field located in Hansford County, Texas and in the Burgess project located in Ellis County, Oklahoma.

In consideration for the 100% acquisition of Lone Star, Nickelore will issue to the shareholders of Lone Star:

Share Category	Number of Securities
Ordinary Shares	105,500,000
Options ¹	52,750,000

¹Consideration Options

The Company has agreed to issue 1 option to acquire 1 Nickelore Share (Consideration Options) for every 2 Consideration Shares issued (each option has an exercise price of \$0.025 and an expiry date which is two years after the settlement date of the Proposed Transaction).

3. Capital Structure

The expected capital structure of the Company (after consolidation of its Shares on a one for six basis approved at the Annual General Meeting on 18 October 2018) following the completion of the Public Offer is as follows:

Issued Shares	Minimum Subscription	Over subscription
Current Shares	51,288,623	51,288,623
Consideration Shares	105,500,000	105,500,000
Converting loan and interest	13,750,000	13,750,000
Shares to be issued - Public Offer	210,000,000	400,000,000
Number of Shares on issue following the Proposed Transaction	380,538,623	570,538,623

	Minimum Subscription	Over subscription
Options		
Options currently on issue	-	-
Consideration Options ¹	52,750,000	52,750,000
Advisory Fees Options ²	21,000,000	37,500,000
Total Options	73,750,000	90,250,000

¹Consideration Options

The Company has agreed to issue 1 option to acquire 1 Nickelore Share (Consideration Options) for every 2 Consideration Shares issued (each Consideration Option has an exercise price of \$0.025 and an expiry date which is two years after the settlement date of the Proposed Transaction).

²Advisory Fee Options

Subject to Shareholder approval, which will be sought after completion of the Proposed Transaction, the Company has agreed to issue 12,500,000 Options to the Lead Manager upon successful completion of the Offer ("success" defined as a raising of \$5 million or more) and up to a further 25,000,000 Options on a pro rata basis to brokers and/or "introducers" of investors who participate in the raising. Each Option has an exercise price of \$0.025 and expiry date which is two years after the settlement date of the Proposed Transaction.

4. Basis of Preparation

This Report has been included in this Prospectus to provide investors and their financial advisors with information on the pro forma financial statements of Nickelore as set out in Appendix 1. The pro forma financial information is presented in a summarised form and does not reflect all the disclosure requirements of financial statements prepared using Australian Accounting Standards in accordance with the Corporations Act 2001 (Cth). This report does not address the rights attaching to the Shares to be issued in accordance with the Prospectus, nor the risks associated with the investment. Pendragon Capital Limited ("Pendragon") has not been engaged to report on the prospects of Nickelore, the pricing of Shares or the benefits and risks of becoming a Shareholder in the Company. Risk factors are set out in Section 4 of the Prospectus. Pendragon bears no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this Report.

5. Scope

Pendragon has been requested to prepare a report covering the following financial information:

- pro forma Unaudited Statement of Financial Position;
- pro forma Unaudited Statement of Changes in Equity; and
- notes to and forming part of the pro forma financial statements.

The pro forma unaudited financial information has been derived from historical financial information as at 30 June 2018 after adjusting for the following transactions as if they had occurred at the date of acquisition:

- the consolidation of Nickelore and Lone Star historical financial information;
- the issue of 105,500,000 fully paid ordinary Shares to shareholders of Lone Star;
- the issue of 52,750,000 Consideration Options valued at \$459,678 using the Black Scholes Model to shareholders of Lone Star;
- the issue of 21,000,000 Advisory Fees Options valued at \$183,000 (Minimum Subscription) and 37,500,000 Advisory Fees Options valued at \$326,785 (Oversubscription) to the Lead Manager (12,500,000 options) and brokers and/or 'introducers' of investors who participate in the raising (up to 25,000,000 options). Options have been valued using the Black Scholes Model.;
- \$50,000 borrowed by Nickelore via the issue of converting loans at a fixed 10% interest and convertible on satisfaction of the Conditions Precedent of the Proposed Transaction;
- fair value adjustment of Lone Star Exploration and evaluation assets of \$421,498 based on a valuation provided by Pinnacle Energy Services llc.;
- conversion of Lone Star convertible loans totalling \$762,500 to issued capital;
- calculation of an acquisition premium of \$537,364 which has been expensed;
- the issue of a minimum of 210,000,000 fully paid ordinary Shares at an issue price of \$0.02 each to raise \$4,200,000, with an Oversubscription of up to 190,000,000 fully paid ordinary Shares at an issue price of \$0.02 each to raise up to an additional \$3,800,000;
- payment of estimated expenses of the Public Offer of \$493,022 for the Minimum Subscription representing the amount remaining payable out of total estimated expenses of \$497,700;

- payment of estimated expenses of the Public Offer of \$753,322 for the Oversubscription representing the amount remaining payable out of total estimated expenses of \$758,000;
- adopting Lone Star's accounting policy to capitalise exploration and evaluation expenditure; and
- we have not included the possible issue of up to 10,000 shares at an issue price of \$0.02 under the Cleansing Offer which may raise an additional \$200.

The financial information for Nickelore is set out in Appendix 1 to this Report.

6. Review

Pendragon has conducted an independent review of the financial information listed above as set out in Appendix 1 to this Report. The review has been conducted in accordance with auditing and assurance standard ASAE 3450 "Assurance engagement involving corporate fundraisings and/or prospective financial information".

Our review was limited primarily to the following procedures performed as our professional judgement considered reasonable in the circumstances:

- review of the Audited financial report for Nickelore for the period ended 30 June 2018;
- review of the Audited financial report for Lone Star for the period ended 30 June 2018;
- review of the Prospectus lodged on 19 November 2018;
- review of the Supplementary Prospectus to be dated on or about 19 February 2019;
- comparison of consistency in application of accounting standards and policies adopted by the Company. The Directors have confirmed that, where Nickelore does not currently have a relevant accounting policy, it will apply the corresponding Lone Star policy; and
- enquiry of Company officeholders and other relevant employees or consultants.

These procedures do not provide all the evidence that would be required in an audit and, therefore, the level of assurance provided is less than that given in an audit. As we have not performed any audit activity, we do not express an audit opinion.

The Directors of Nickelore are responsible for the preparation and presentation of financial information that has formed the basis of our review.

Pendragon disclaims any responsibility for any reliance on this Report or the financial information on which it is based for any purpose other than for which it was prepared.

7. Review Statement

Based on our review, which was not an audit, nothing has come to our attention which causes us to believe that the historical and pro forma financial information set out in Appendix 1 is not presented fairly, in accordance with the measurement and recognition requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies adopted by Nickelore as disclosed in Note 1 of Appendix 1.

8. Subsequent Events

To the best of our knowledge and belief, there have been no other material items, transactions or events outside the Company's ordinary business subsequent to 30 June 2018 that require comment or adjustment to our Report or that would cause such information to be misleading or deceptive.

9. Declarations and Disclosures

- a. Pendragon is the holder of an Australian Financial Services Licence (number 237 549).
- b. Pendragon will be paid a fee based upon normal charge out rates for professional time incurred in the preparation and compilation of this Report.
- c. Pendragon has not been involved in any other aspect of the preparation of the Prospectus. Pendragon has issued its consent to include this Report in the Prospectus.
- d. This Report has been prepared to provide general advice to investors only and does not take into account the specific financial needs, objectives and situation of individual investors. The giving of consent to include this Report in the Prospectus should not be taken as an endorsement by Pendragon of Nickelore or the Offer.

The Financial Services Guide from Pendragon is available to investors upon request.

Yours sincerely



Keith Platel
Director

**APPENDIX 1 NICKELORE LIMITED
STATEMENT OF FINANCIAL POSITION**

		Nickelore Audited	Lone Star Audited	Pro Forma Unaudited Minimum Subscription	Pro Forma Unaudited Over- subscription
	Note	30 June 18 \$	30 June 18 \$	\$	\$
Current Assets					
Cash and Cash Equivalents	2	168,972	5,176	3,932,376	7,472,076
Trade and Other Receivables		2,739	-	2,739	2,739
Other Asset and Receivables		2,458	-	2,458	2,458
Financial Asset		10,760	-	10,760	10,760
Loans	3	40,755	-	-	-
Total Current Assets		225,684	5,176	3,948,333	7,488,033
Non-Current Assets					
Exploration and Evaluation Assets	4	-	1,877,003	2,298,501	2,298,501
Total Non-Current Assets		-	1,877,003	2,298,501	2,298,501
Total Assets		225,684	1,882,179	6,246,834	9,786,534
Current Liabilities					
Trade and other payables	5	270,515	19,815	287,830	287,830
Short term financial liabilities	6	220,000	1,011,385	212,043	212,043
Total Current Liabilities		490,515	1,031,200	499,873	499,873
Total Liabilities		490,515	1,031,200	499,873	499,873
Net Assets		(264,831)	850,979	5,746,961	9,286,661
Equity					
Issued Capital	7(a)	24,648,541	3,184,518	30,698,217	34,074,303
Reserves	8(a)	-	67,188	642,678	786,463
Retained Profits	9(a)	(24,913,372)	(2,400,727)	(25,593,934)	(25,574,105)
Total Equity		(264,831)	850,979	5,746,961	9,286,661

The Statement of Financial Position is to be read in conjunction with the notes set out in this section.

**APPENDIX 1 NICKELORE LIMITED
STATEMENT OF CHANGES IN EQUITY**

(a) Minimum Subscription

		Nickelore	Lone Star	Minimum Subscription	
	Note	Audited 30 June 18 \$	Audited 30 June 18 \$	Pro Forma Adjustment \$	Pro Forma After Public Offer \$
Balance at 1 July 2017		44,390	(8,473)	-	35,917
Profit/(Loss) Attributable to members of the company	9(b)	(309,221)	(178,468)	1,707,730	1,220,041
Other comprehensive Income		-	-	-	-
Total comprehensive income/(loss) for the period		(309,221)	(178,468)		1,220,041
Issue of Shares	7(b)		980,732	2,865,158	3,845,890
Reserves	8(b)		57,188	587,925	645,113
Balance		(264,831)¹	850,979¹		5,746,961

(b) Oversubscription

		Nickelore	Lone Star	Oversubscription	
	Note	Audited 30 June 18 \$	Audited 30 June 18 \$	Pro Forma Adjustment \$	Pro Forma After Public Offer \$
Balance at 1 July 2017		44,390	(8,473)	-	35,917
Profit/(Loss) Attributable to members of the company	9(b)	(309,221)	(178,468)	1,739,994	1,252,305
Other comprehensive Income		-	-	-	-
Total comprehensive income/(loss) for the period		(309,221)	(178,468)		1,252,305
Issue of Shares	7(b)		980,732	6,241,244	7,221,976
Reserves	8(b)		57,188	719,275	776,463
Balance		(264,831)¹	850,979¹		9,286,661

¹Balance as at 30 June 2018.

The Statement of Changes in Equity is to be read in conjunction with the notes set out in this section.

APPENDIX 1 NICKELORE LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of the historical and pro forma historical financial information (collectively referred to as the “financial statements”) are:

a) Basis of preparation

The financial statements are a special purpose financial report which has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 (Cth).

They have been prepared on the basis of historical costs and do not take into account changing money values, or except when stated, current valuations of non-current assets.

The accounting policies have been consistently applied by the Company unless otherwise stated.

b) Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised:

- when the deferred tax liability arises from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference arises from the initial recognition of goodwill; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

APPENDIX 1 NICKELORE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, except:

- when the deductible temporary difference giving rise to the asset arises from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither accounting profit nor taxable income; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is audited at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Payables

Trade payables and other payable are recognised when the Company becomes obligated to make future payments resulting from the purchase of goods and services which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

d) Receivables

Trade and other receivables are stated at amortised cost. Receivables are usually settled within 30 to 90 days. Collectability of trade and other debtors is audited on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

e) Financial Assets

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit or loss.

APPENDIX 1 NICKELORE LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Gains or losses on available-for-sale investments are recognised in other comprehensive income and presented as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss.

For investments that are actively traded in organised financial markets, fair value is determined by reference to securities exchange quoted market bid prices at the close of business on the Statement of Financial Position date. Where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

f) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant country's taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

g) Exploration and Evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions are also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest or, alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in the exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operation activities in a particular area of interest.

APPENDIX 1 NICKELORE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for which the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount doesn't exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision has been made to proceed with development in respect a particular area of interest, the relevant exploration and evaluation asset tested for impairment and the balance is then reclassified to development.

h) Fair value of convertible loans

Convertible loans are measured at fair value at the initial recognition. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate on interest at the measurement date. In respect of the liability component of convertible loans, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option.

i) Acquisition of assets

Assets acquired, other than goodwill, are initially recorded at their costs of acquisition at the date of acquisition, being the fair value of the consideration provided plus the incidental costs directly attributed to the acquisition. When equity instruments comprising share and options are issued as consideration, their market price at the date of acquisition is used to determine a fair value except when the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received unless otherwise expensed.

j) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values for the business combination have been determined for measurement and/or disclosure purposes based on Note 1i. Valuation techniques are applied to determine the fair value for all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

**APPENDIX 1 NICKELORE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Business combination

On 1 December 2017, Nickelore Limited announced it had entered into the Acquisition Agreement to acquire 100% of the issued share capital of Lone Star Energy Limited. Under the principles of AASB 3 Business Combinations, Nickelore Limited is the accounting acquirer in the business combination. Under the principles of AASB 3 Business Combinations, when an entity acquires a group of assets or net assets that does not constitute a business, it shall allocate the cost of the group between the individual identifiable assets and liabilities in the group based on their relative fair value at the date of the acquisition. As Lone Star is not carrying on a business, the acquisition will be accounted for as an asset acquisition and the purchase consideration will be allocated to the individual identifiable assets and liabilities based on their relative fair value.

Purchase consideration

The purchase consideration for the purchase of Lone Star Energy Limited consists of 105,500,000 Consideration Shares and 52,750,000 Consideration Options. The Share price of \$0.02 used to determine the Share consideration is the issue price of Nickelore Limited Shares disclosed in the Prospectus lodged 19 November 2018 and Supplementary Prospectus dated on or about 19 February 2019. The Consideration Options have been valued at \$459,678 using the Black-Scholes option pricing model.

Acquisition Premium

Fair Value of	Consideration
	\$
Share consideration pursuant to Acquisition Agreement	2,110,000
Option consideration pursuant to Acquisition Agreement	459,678
Total	<u>2,569,678</u>
Fair value of Lone Star assets and liabilities held at acquisition date:	
Cash	6,426
Exploration and evaluation assets	2,298,501
Trade and other payables	(19,815)
Short-term financial liabilities	(252,798)
Fair value of identifiable assets and liabilities assumed	<u>2,032,314</u>
Acquisition premium expensed to Profit and Loss	<u><u>537,364</u></u>

APPENDIX 1 NICKELORE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Nickelore	Lone Star	Minimum Subscription	Over-subscription
	Audited 30 June 2018	Audited 30 June 2018	Unaudited Pro Forma	Unaudited Pro Forma
	\$	\$	\$	\$

NOTE 2 – CASH AND CASH EQUIVALENTS

Balance pre-acquisition	168,972	5,176	174,148	174,148
Adjustments to the pro forma cash balance are summarised as follows:				
Lone Star additional convertible loans	-	-	1,250	1,250
Converting loans issued by Nickelore	-	-	50,000	50,000
Issue of ordinary Shares pursuant to Public Offer	-	-	4,200,000	8,000,000
Expenses of the Public Offer	-	-	(493,022)	(753,322)
Total cash balance	168,972	5,176	3,932,376	7,472,076

NOTE 3 – LOANS

Balance pre-acquisition	40,755	-	40,755	40,755
Elimination of inter-entity loans	-	-	(40,755)	40,755
Total Loans	40,755	-	-	-

NOTE 4 – EXPLORATION AND EVALUATION ASSETS

Balance pre-acquisition	-	1,877,003	1,877,003	1,877,003
Fair value adjustment			421,498	421,498
Total Exploration and Evaluation Assets	-	1,877,003	2,298,501	2,298,501

NOTE 5 – TRADE AND OTHER PAYABLES

Balance pre-acquisition	270,515	19,815	290,330	290,330
Payment of costs of the offer	-	-	(2,500)	(2,500)
Total Trade and Other Payables	270,515	19,815	287,830	287,830

NOTE 6 – SHORT TERM FINANCIAL LIABILITIES

Balance pre-acquisition	220,000	1,011,385	1,231,385	1,231,385
Conversion of Lone Star convertible loans to issued capital	-	-	(758,587)	(758,587)
Nickelore converting loans	-	-	50,000	50,000
Interest on Nickelore converting loans	-	-	5,000	5,000
Conversion of Nickelore convertible loans to issued capital	-	-	(275,000)	(275,000)
Elimination of Inter-entity loans	-	-	(40,755)	(40,755)
Total Short Term Financial Liabilities	220,000	1,011,385	212,043	212,043

**APPENDIX 1 NICKELORE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	Nickelore	Lone Star	Minimum Subscription	Over- subscription
	Audited 30 June 2018	Audited 30 June 2018	Unaudited Pro Forma	Unaudited Pro Forma
	\$	\$	\$	\$

NOTE 7 – ISSUED CAPITAL

(a) Reconciliation of issued capital

Historical financial information:

Balance pre-acquisition	24,648,541	3,184,518	27,833,059	27,833,059
Pro forma movements in issued capital (note 7(b))	-	-	2,865,158	6,241,244
Total issued capital balance	24,648,541	3,184,518	30,698,217	34,074,303

(b) Reconciliation of pro forma movements in issued capital

			Pro forma Movements Minimum Subscription \$	Over- subscription \$
Conversion of Lone Star convertible loans to Lone Star Shares	-	-	762,500	762,500
Eliminate Lone Star issued capital	-	-	(3,947,018)	(3,947,018)
Share consideration for 100% of Lone Star	-	-	2,110,000	2,110,000
Conversion of Nickelore convertible loans to Nickelore Shares	-	-	275,000	275,000
Public Offer	-	-	4,200,000	8,000,000
Issue of Advisory Fees Options	-	-	(183,000)	(326,785)
Expenses of the offer	-	-	(352,324)	(632,453)
Pro forma movement balance	-	-	2,865,158	6,241,244

(c) Number of fully paid shares:

	Number	Number	Number	Number
Current fully paid Shares in Nickelore	51,288,623	-	51,288,623	51,288,623
Nickelore Converting Loan and interest	-	-	13,750,000	13,750,000
Public Offer	-	-	210,000,000	400,000,000
Consideration Shares for 100% of Lone Star issued capital	-	-	105,500,000	105,500,000
Total issued Shares	51,288,623	-	380,538,623	570,538,623

**APPENDIX 1 NICKELORE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Nickelore	Lone Star	Minimum Subscription	Over- subscription
Audited 30 June 2018	Audited 30 June 2018	Unaudited Pro Forma	Unaudited Pro Forma
\$	\$	\$	\$

NOTE 8– RESERVES

(a) Reconciliation of reserves

Historical financial information:

Balance pre-acquisition	-	67,188	67,188	67,188
Pro forma movements in reserves (note 8(b))	-	-	575,490	719,275
Total reserve balance	-	67,188	642,678	786,463

(b) Reconciliation of pro forma movements in reserves

	Pro forma Movements Minimum Subscription	Over- subscription
	\$	\$
Conversion of Lone Star convertible loans	(57,188)	(57,188)
Revaluation reserve	421,498	421,498
Elimination of investment	(431,498)	(431,498)
Issue of Consideration Options ¹	459,678	459,678
Issue of Advisor Fee Options ²	183,000	326,785
Pro forma reserve balance	575,490	719,275

¹Consideration Options have been valued at \$459,678 by the Directors using the Black Scholes method.

²Advisor Fee Options have been valued at \$183,000 (Minimum Subscription) and \$326,785 (Oversubscription) by the Directors using the Black Scholes method.

(c) Number of Options on issue

	Number	Number	Number	Number
Current Options	-	-	-	-
Issue of Consideration Options	-	-	52,750,000	52,750,000
Issue of Advisor Fee Options	-	-	21,000,000	37,500,000
Total	-	-	73,750,000	90,250,000

**APPENDIX 1 NICKELORE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	Nickelore	Lone Star	Minimum Subscription	Over- subscription
	Audited 30 June 2018	Audited 30 June 2018	Unaudited Pro Forma	Unaudited Pro Forma
	\$	\$	\$	\$

NOTE 9 – RETAINED PROFITS

(a) Reconciliation of retained profits

Balance pre-acquisition	(24,913,372)	(2,400,727)	(27,314,099)	(27,314,099)
Pro forma movements in retained profits (note 9(b))	-	-	1,720,165	1,739,994
Total retained profit balance	(24,913,372)	(2,400,727)	(25,593,934)	(25,574,105)

(b) Reconciliation of pro forma movements in retained profits

			Pro forma Movements Minimum Subscription	Over- subscription
			\$	\$
Conversion of Lone Star Convertible Loans	-	-	54,525	54,525
Elimination of pre-acquisition accumulated losses	-	-	2,346,202	2,346,202
Nickelore converting loans interest expense	-	-	(5,000)	(5,000)
Acquisition premium expensed	-	-	(537,364)	(537,364)
Expenses of the Public Offer	-	-	(138,198)	(118,369)
Unaudited pro forma movement in retained profits	-	-	1,720,165	1,739,994

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to 30 June 2018, there has not arisen any item or transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than those disclosed and considered in these financial statements.

**APPENDIX 1 NICKELORE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 11 – RELATED PARTIES

Directors

The directors in the office at the date of Prospectus are:

R Gardner	Executive Chairman
J Stephenson	Non-Executive Director
D Deloub	Non-Executive Director

Directors' interests in Shares and Options

The aggregate number of consolidated Shares and Options in the Company held by the current directors and their director related entities as at date of the Prospectus are:

Director	Shares	Options
R Gardner ¹	14,603,750	-
J Stephenson	1,630,208	-
D Deloub	-	-
Total	16,233,958	-

The aggregate number of Shares and Options in the Company in which the current directors and their director related entities will have a relevant interest on completion of the acquisition of all the shares of Lone Star and completion of the Public Offer are:

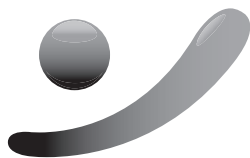
Director	Shares	Options
R Gardner ^{1, 2}	77,853,750	15,000,000
J Stephenson ³	2,630,208	-
D Deloub ⁴	1,000,000	-
Total	81,483,958	15,000,000

¹Following the completion of the Proposed Transaction, R Gardner will hold securities in the Company through Fastwitch Enterprises Pty Ltd and Wingstar Investments Pty Ltd (both companies which he controls). Coolcat Enterprises Pty Ltd and Swiflylink Pty Ltd, being associated companies, will also own Shares in the Company.

²Following Shareholder approval at Nickelore's general meeting, R Gardner or associated entities are entitled to participate in the Public Offer for the issue of 25,000,000 Shares.

³Following Shareholder approval at Nickelore's general meeting, J Stephenson or associated entities are entitled to participate in the Public Offer for the issue of 1,000,000 Shares.

⁴Following Shareholder approval at Nickelore's general meeting, D Deloub or associated entities are entitled to participate in the Public Offer for the issue of 1,000,000 Shares.



Nickelore Limited

ABN 13 086 972 429

PUBLIC OFFER APPLICATION FORM - SUPPLEMENTARY PROSPECTUS

This Application Form is important. If you are in doubt as to how to deal with it, please contact your professional advisers without delay. You should read the entire Prospectus and the First Supplementary Prospectus dated 5 December 2018 and the Second Supplementary Prospectus dated 19 February 2019 carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and Supplementary Prospectuses.



A I/we apply for

Grid for application details

Shares at \$0.02 per Share. Applications must be a minimum of 100,000 Shares (\$2,000) or a greater number in multiples of 25,000 Shares (\$500).

B I/we lodge full Application Money

A\$ Grid for application money

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E Enter your contact details

Contact Name Telephone Number - Business Hours

F CHESS Participant

Holder Identification Number (HIN) X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

G Payment details - Please note that funds are unable to be directly debited from your bank account

Drawer Cheque Number BSB Number Account Number Amount of cheque A\$

Make your cheque, money order or bank draft payable to 'Nickelore Limited'

By submitting this Application Form:

- I/we declare that this application is complete and lodged according to the Prospectus dated 19 November 2018 and First Supplementary Prospectus dated 5 December 2018 and Second Supplementary Prospectus dated 19 February 2019 and the declarations/statements on the reverse of this Application Form,
I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
I/we agree to be bound by the Constitution of Nickelore Limited ('The Company').

See overleaf for completion guidelines ->

How to complete this form

A Shares applied for
Enter the number of Shares you wish to apply for. The application must be for a minimum of 100,000 Shares (\$2,000) or a greater number in multiples of 25,000 Shares (\$500). The Offer Price of the Shares is payable in full on Application.

B Application Monies
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price of \$0.02 per Share. The minimum amount of Application monies is \$2,000 and applications for less than this amount may be rejected.

C Applicant Name(s)
Enter the full name you wish to appear on the register of Shares and statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this application.

F CHES
The Company participates in CHES. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment
Make your cheque, money order or bank draft payable to 'Nickelore Limited' in Australian currency and cross it 'Not Negotiable'. Your cheque, money order or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented any may result in your Application being rejected.

Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. No receipt for payment will be forwarded to Applicants.

Before completing the Application Form the Applicant(s) should read this Prospectus and the Supplementary Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in the Company is upon and subject to the terms of the Prospectus and the Supplementary Prospectus and the Constitution of the Company, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Nickelore Limited by no later than 5:00pm (WST) on Closing Date. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Neither CIS nor The Company accepts any responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries concerning your application, please contact the Company Secretary on +61 8 6141 3500.

Privacy Statement

Personal information is collected on this form by CIS for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the Company may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf or to third parties upon direction by the Company where related to their administration of your securityholding, or where you have otherwise agreed we may disclose it. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com.au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund