

## QUARTERLY ACTIVITIES REPORT

FOR THE THREE MONTHS ENDING 31 MARCH 2018

Nickelore Limited (ASX: NIO) (**Nickelore** or the **Company**) is pleased to present this Quarterly Report for the quarter ended 31 March 2018.

On 1 December 2017, the Company announced that it had entered into a binding agreement (**Agreement**), pursuant to which the Company has agreed to acquire a 100% of the issued capital in Lone Star Energy Limited (ACN 157 789 761) (**Lone Star**), an oil and gas exploration and development company which currently has an interest in two oil projects located in Texas and Oklahoma, USA. Details of the transaction can be found in the 1 December 2017 announcement.

The Company is continuing with its due diligence on Lone Star and undertook site visits to Oklahoma and Texas. During the visits, the Company met with the Black Mesa Production team to better understand the two current projects as well as understand the pipeline of new projects available to Lone Star under the Step-in Agreement it has with BRK Oklahoma Holdings LLC (Refer December 2017 announcement for details of this agreement).

In addition, the Company commissioned a technical expert and an independent expert to prepare a Technical Report and an Independent Expert Report (**IER**) for inclusion in the Notice of Meeting to approve the transaction. This IER is nearing completion which will allow the Notice of Meeting to be completed and dispatched to Shareholders. There is a requirement to vary the terms of the Agreement slightly which will be announced as soon as possible along with a revised timetable.

Details of the two oil projects are detailed below:

- **Greever Project:** located in Hansford County, Texas in the United States approximately 96 miles north of Amarillo. The Greever Prospect is a conventional horizontal drilling opportunity in the Marmaton Formation in the Hansford Oil and Gas Field in Hansford County, Texas. The Hansford Field is described as a significant field (>1,000 Billion cubic feet (**Bcf**) of gas) with over 50 years of exploitation. An initial horizontal well bore was spudded in August 2017. The well is offsetting a recent successfully drilled (producing) horizontal well and is adjacent to an analogous field with five recently drilled horizontal Marmaton producing wells. The Greever Prospect opportunity is made up of 640 acres in Section 52, Block 4T in Hansford County, Texas. The Greever Prospect also includes an Area of Mutual Interest (**AMI**) including the adjoining Section 51, Block 4T. LS Operating Pty Ltd (**LS Operating**), a wholly owned subsidiary of Lone Star, has participated for a 25% working interest (with an 18.75% net revenue interest). The Sutton #2H-52 well (located within the Greever Prospect) has now been drilled, successfully completed and is currently flowing back to sales.

- **Burgess Project (Sand Creek):** located in Ellis County, Oklahoma in the United States. The Burgess Prospect, NE/4 28-24N-23W Ellis County, Oklahoma, proposes to target Morrow sands at an approximate depth of 7,850 ft. These Morrow sands are known to produce commercial quantities of natural gas from vertical wells within section 28 and adjacent sections. LS Operating has agreed to participate for up to a 100% working interest (with a 75% net revenue interest) in the drilling of the Burgess well. This well has now been completed and is flowing back to sales.

## **CANEGRASS PROJECT**

Nickelore continued to fund its obligations in respect to the Canegrass Project during the quarter.

## **FINANCIAL**

At 31 March 2018, Nickelore held \$88,000 in cash reserves.

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## **CONTACT**

### **Investors**

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