



Nickelore Limited
ABN 13 086 972 429

ANNUAL REPORT

30 June 2016



NICKELORE LIMITED

ABN 13 086 972 429

ANNUAL REPORT 30 JUNE 2016

Corporate Directory

Directors

Robert Gardner	<i>Executive Chairman</i>
Paul Piercy	<i>Non-executive Director</i>
Jay Stephenson	<i>Non-executive Director</i>

Company Secretary

Jay Stephenson

Registered Office

Street: 182 Claisebrook Road
Perth WA 6000

Postal: PO Box 52
WEST PERTH WA 6872

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Email: info@nickelore.com.au

Website: www.nickelore.com.au

Securities Exchange

Australian Securities Exchange

Street: Exchange Plaza
Level 10, Central Park
152-158 St Georges Terrace
PERTH WA 6000

ASX Code: NIO

Share Registry

Computershare Registry Services

Street: Level 11, 172 St Georges Terrace
Perth WA 6000

Postal: GPO Box D182
Perth WA 6840

Telephone: 1300 787 272 (investors within Australia)
+61 (0)8 9323 2000

Auditor

Stantons International

Street: Level 2, 1 Walker Avenue
WEST PERTH WA 6005, AUSTRALIA

Telephone: +61(0)8 9481 3188

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ANNUAL REPORT
30 JUNE 2016

Contents

☺ Directors' report	1
☺ Remuneration report	5
☺ Auditor's independence declaration	9
☺ Statement of profit or loss and other comprehensive income	10
☺ Statement of financial position	11
☺ Statement of changes in equity	12
☺ Statement of cash flows	13
☺ Notes to the financial statements	14
☺ Directors' declaration	37
☺ Independent auditor's report	38
☺ Corporate governance statement	40
☺ Additional information for listed public companies	46
☺ Tenement report	48






Directors' report

Your Directors present their report together with the summary of the financial information of Nickelore Limited (**the Company**) for the financial year ended 30 June 2016 and the auditor's report thereon.

1. Directors


The names of Directors in office at any time during or since the end of the year are:

 Mr Robert Gardner	<i>Executive Chairman</i>
 Mr Paul Piercy	<i>Non-executive Director</i>
 Mr Jay Stephenson	<i>Non-executive Director</i>

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 9 Information on directors of this Directors' Report.

2. Company secretary

The following person held the position of Company Secretary at the end of the financial year:

 Mr Jay Stephenson	Please refer to paragraph 9 Information on directors.
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3. Nature of operations and principal activities

Due to difficult market conditions in the mining and exploration sector, the Company has been evaluating high quality and value adding investment opportunities outside the mineral exploration industry to take advantage of global market trends and maximise the value of its Shares. On 10 February 2016, the Company entered into a non-binding agreement to acquire Helio Energia Holdings S.A. (refer to section 5.1.a for further details).

The Company will also seek either a strategic partner or commercial opportunities to divest its existing Canegrass Project mineral exploration assets and projects. At the current nickel price Nickelore's interest in the remains a valuable asset.

4. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2016.

5. Review of operations

5.1. Operations review

a. Helio Energia Holdings S.A.

On 10 February 2016, Nickelore entered into a non-binding agreement to acquire Helio Energia Holdings S.A. (**Helio**). Helio is a leading-edge, full-service, end-to-end provider of distributed generation solar energy systems for commercial and industrial energy customers in Brazil (**the Acquisition**). Nickelore believes the Acquisition will provide shareholders with an opportunity to enter an exciting new market with strong prospects for growth.

Helio continues to grow its operations since the acquisition was announced, with six projects totalling 2.9MW now operating, including a 1MW system that is currently the largest private industrial solar system in Brazil. In addition, Helio has 6 projects under construction or contract, which will deliver a further 10.0MW of installed capacity, bringing Helio's total installed capacity to 12.9MW upon completion. The pipeline for additional solar rental agreements is robust, with more than 12.3MW in signed proposals or short listings on requests for proposals, and over 120MW of identified pipeline under development.

On 29 July 2016, Nickelore executed a binding Share Sale Agreement to acquire 100% of the issued capital of Helio and is progressing the Acquisition for Nickelore shareholder approval in the current quarter.

Nickelore proposes to acquire Helio in exchange for equity in the Company for a fixed quantum of consideration. Included in the consideration will be performance shares in Nickelore, subject to the achievement of key business milestones. The terms provide incentives to realise significant business outcomes, provides a clear structure to deliver an increased investment return for both Nickelore and Helio shareholders, as well as a capital structure that ensures Helio is well positioned to capture its growth pipeline opportunities.

As part of the transaction, Nickelore will undertake a Principal Raising for a minimum of A\$5 million, with oversubscriptions for up to an additional A\$20 million. Patersons Securities Limited has been appointed as lead manager to conduct the Principal Raising. Funds from the Principal Raising will provide additional capital for Helio to capture pipeline opportunities as it targets 38MW of cumulative installed capacity within 18 months of conclusion of the fundraising. As Helio grows its installed capacity, it is expected that debt and alternate forms of infrastructure funding, such as asset portfolio level equity structures, will be utilised to expand Helio's installed capacity.



Directors' report

Completion of Nickelore's acquisition of Helio remains conditional upon a number of conditions precedent, such as undertaking the Principal Raising, and regulatory and shareholder approvals for both Nickelore and Helio, including ASX requirements for re-admission being met by the combined entity.

b. Existing Business Activities

The Acquisition of Helio will result in a significant change to the nature and scale of the Company's main business, which the Nickelore Board considers to be positive and in the best interests of Nickelore shareholders.

While Nickelore intends to continue to fund its obligations in respect to the Canegrass Project, if Nickelore shareholders approve the Acquisition, post-completion the new board of Nickelore will undertake a review of the Canegrass assets to investigate opportunities to divest its existing assets and projects by way of a sale, joint venture, or farm-out agreement.

5.2. Operating results

The loss of the Company for the year amounted to \$271,880 (2015: \$162,142), which is consistent with 2015 and expected at the Company's current operating levels. This has been minimised through Directors' election to accrue fees. No Directors' fees have been settled in cash since November 2011; refer to note 12b of the financial statements.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in Note 1 Statement of significant accounting policies: Going Concern on page 14. The auditor's report on page 38 contains an emphasis on matter in this regard.

5.3. Financial position

The net assets of the Company have increased by \$262,444 from 30 June 2015 to \$460,535 at 30 June 2016.

As at 30 June 2016, the Company's cash and cash equivalents increased from 30 June 2015 by \$253,938 to \$508,675 and had working capital of \$460,535 (2015: \$198,091 working capital).

6. Significant changes in state of affairs

Other than referred to in 5 Review of operations, no significant changes in the state of affairs of the Company occurred during the financial year.

7. Events subsequent to reporting date

There are no other significant events subsequent to reporting date that are not covered in this Directors' Report or within the financial statements at Note 14 Events subsequent to reporting date on page 30.

8. Likely developments

Other than matters referred to in sections 3 and 5.1 of this Directors' Report, no other likely developments, future prospects and business strategies of the operations of the Company and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

9. Information on directors

Mr Robert Gardner ▶ Chairman (Executive)

Experience and Qualifications ▶ Mr Gardner is a Perth based business proprietor, with over 28 years' experience in the mining industry. Mr Gardner has developed a number of projects that are now major assets of ASX listed companies and has extensive experience in the China region. Mr Gardner is also a major shareholder in the Company.

Interest in Shares and Options ▶ 87,622,500 ordinary shares in Nickelore Limited.

Directorships held in other listed entities ▶ Executive Chairman of Dragon Mountain Gold Limited, from October 2010 to present.



Directors' report

Mr Paul Piercy

Experience and Qualifications

▶ Director (Non-executive)

▶ Mr Piercy is a metallurgist who has held senior management and technical positions within the Rio Tinto Limited group during the 1980s and 1990s, including General Manager of Hamersley Iron's Dampier port and rail operations, General Manager of Hamersley Iron's Paraburdoo & Channar operations and Managing Director of Novacoal and Kembla Coal & Coke.

More recently Mr Piercy was Managing Director of WesTrac Equipment from 1997 to 2000 before playing an integral role in the successful establishment of WesTrac China, as its Chairman/CEO based in China.

Dip. Metallurgy, Dip Bus Admin, AICD Diploma

Interest in Shares and Options

▶ 20,912,500 ordinary Shares in Nickelore Limited.

Directorships held in other listed entities

▶ Non-Executive Chairman of APAC Coal Limited, from September 2007 to October 2010. Non-Executive Director of Australasian Resources Limited, February 2006 to present; Dragon Mountain Gold Limited, November 2010 to present; and Quest Minerals Limited (Subject to Deed of Company Arrangement), 22 April 2014 to present.

Mr Jay Stephenson

Experience and Qualifications

▶ Director (Non-executive) and Company Secretary

▶ Mr Stephenson has been involved in business development for over 25 years, including approximately 21 years as Director, Chief Executive Officer, and Company Secretary of various listed and unlisted entities in resources, manufacturing, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, and business restructuring, as well as managing all areas of finance for companies.

MBA, FCPA, CMA, FCIS, MAICD

Interest in Shares and Options

▶ 9,781,250 ordinary Shares in Nickelore Limited.

Directorships held in other listed entities

▶ Mr Stephenson is currently Non-Executive Chairman of Yonder and Beyond Group Limited and Non-Executive Director of Condor Blanco Mines Limited, Doray Minerals NL, Drake Resources Limited, Hillcrest Litigation Services Limited, Nickelore Limited, and Strategic Minerals Corporation NL, and is company secretary of a number of ASX listed companies.

10. Meetings of directors

During the financial year, two meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year are stated in the following table.

	COMMITTEE MEETINGS							
	DIRECTORS' MEETINGS		DUE DILIGENCE COMMITTEE		REMUNERATION COMMITTEE		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Robert Gardner	3	3	<i>At the date of this report, the Remuneration Committee, Audit Committee and Nomination Committee comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.</i>					
Paul Piercy	3	3						
Jay Stephenson	3	3						

11. Indemnifying officers or auditor

11.1. Indemnification

The Company entered into an Agreement with each Director of the Company indemnifying them against liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company and its controlled entities, with the exception of conduct involving a wilful breach of duty or improper use of information to gain a personal advantage. This agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.



Directors' report

11.2. Insurance premiums

Since the end of the previous financial year the Company paid insurance premiums of \$9,935 in respect of Directors and Officers liability insurance contracts for current and former Directors and Officers of the Company.

12. Options

12.1. Unissued shares under option

At the date of this report, there were no un-issued ordinary shares of Nickelore Limited under option (listed or unlisted) (2015: nil).

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

12.2. Shares issued on exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during or since the end of the financial year.

13. Environmental regulations

The Company's operations are subject to environmental regulations in relation to its exploration activities. The Directors are not aware of any outstanding breaches.

The Directors have considered the enacted *National Greenhouse and Energy Reporting Act 2007* (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Company for the current, nor subsequent, financial year. The Directors will reassess this position as and when the need arises.

14. Non-audit services

During the year, independent expert report services were provided to the Company by a party related to the auditors, Stantons International, in respect to the proposed acquisition of Helio. These services amounted to \$12,500 (2015: \$-). Details of remuneration paid to the auditor can be found within the financial statements at Note 16 Auditor's Remuneration on page 31.

The Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth). These procedures include:

- ☺ non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ☺ ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The Directors are satisfied that the provision of non-audit services during the year by Stantons International (or by another person or firm on Stantons International's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

15. Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

16. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2016 has been received and can be found on page 9 of the annual report.



Directors' report

17. Remuneration report (Audited)

17.1. Principles of compensation

Remuneration is referred to as compensation throughout this report.

Key Management Personnel (**KMP**) have authority and responsibility for planning, directing and controlling the activities of the Company. KMP comprise the directors of the Company.

Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- ☺ Provide competitive rewards to attract qualified and experienced executives;
- ☺ Link executive rewards to length of service, experience and overall performance of the Company; and
- ☺ Equity participation is a cost effective and efficient incentive given the Company's pre-production status.

The Board of Nickelore Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

Shares and options may only be issued to directors subject to approval by shareholders in a general meeting.

The Board has no established retirement or redundancy schemes.

The remuneration structure for KMP is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and KMP are on a continuing basis, the terms of which are not expected to change in the immediate future.

The Board determines the proportion of fixed and variable compensation for each KMP.

Director's fees are reviewed annually by the Board. No termination payments are payable to Non-Executive Directors.

In accordance with best practice corporate governance, the structure of Non-Executive Director and senior management remuneration is separate and distinct.

a. Fixed Remuneration

Generally, compensation is provided by the Company to its executive officers by way of salary and share option grants. The objective is to ensure that executive compensation is fair and reasonable in order to attract and retain qualified and experienced executives.

Fixed remuneration consists of base cash remuneration and statutory superannuation entitlements. Longer term discretionary remuneration consists of share option grants. Remuneration levels are based on an overall assessment of both individual and Company performance.

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interest to those of its shareholders. In addition, equity participation is a cost effective and efficient incentive as compared to cash bonuses or increased remuneration, particularly given the Company's pre-production status. Accordingly, all executives and employees are entitled to participate in the Company's equity incentive scheme. Generally, the ability to exercise an option is conditional upon the holder remaining in the Company's employment. There are presently no other non-cash benefits available to Directors or employees. There is no separate profit-sharing or bonus plan.

The contracts for service between the Company and Directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, Directors and executives are paid employee benefit entitlements accrued to date of retirement. The Company may terminate the contracts without cause by providing one month's written notice. Termination payments (if applicable) are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

b. Performance Based Remuneration – Short-term and long-term incentive structure

The Board will review executive packages annually by reference to the Company's performance and executive performance and comparable information from industry sectors using independent external advice where appropriate.



Directors' report

17. Remuneration report (Audited)

Short-term incentives

No short-term incentives in the form of cash bonuses were granted during the year.

Long-term incentives

No long-term incentives in the form of cash bonuses were granted during the year.

c. Service Contracts

The employment conditions of the executive director, Mr Robert Gardner and other KMP are formalised in contracts of employment. Terms of employment contracts are structured to industry standards including normal provisions for termination and notice periods.

d. Non-executive Directors

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Non-Executive Director receives a fee for being a Director of the Company. No additional fees are paid for participation on subcommittees, such as the Audit Committee. Non-Executive Directors are encouraged by the Board to hold shares in the Company.

Accordingly, they are entitled to participate in equity incentive schemes offered by the Company.

Fees for the Non-Executive Directors for the financial year were \$30,000 of which \$13,375 remains accrued and unpaid at 30 June 2016 (2015: \$30,000 of which \$22,500 was accrued and unpaid).

e. Engagement of Remuneration Consultants

During the financial year, the Company did not engage any remuneration consultants.

f. Relationship between Remuneration of Key Management Personnel and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore, there was no relationship between the Board's policy for determining, or in relation to, the nature during the current and previous financial years.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and previous financial years. However, as noted above, the Directors of the Company received incentive options in which generally would only be of value if the Company's share price increased sufficiently to warrant exercising the incentive options.

g. Relationship between Remuneration of Key Management Personnel and Earnings

The Company is currently undertaking the proposed acquisition of Helio, as referred to in 5 Review of operations, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful completion of the Helio transaction. Accordingly, the Board does not consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

17.2. Remuneration Details for the Year Ended 30 June 2016

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses.

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the KMP of the Company:



Directors' report

17. Remuneration report (Audited)

2016										
Key Management Personnel	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total	
	Salary, fees and leave ⁽¹⁾	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other	Equity	Options		
	(Accrued)									
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
R Gardner ⁽²⁾	50,400	-	-	-	-	-	-	-	-	50,400
P Piercy ⁽³⁾	15,000	-	-	-	-	-	-	-	-	15,000
J Stephenson ⁽³⁾⁽⁴⁾⁽⁵⁾	15,000	-	-	-	-	-	-	-	-	15,000
	80,400	-	-	-	-	-	-	-	-	80,400

2015										
Key Management Personnel	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total	
	Salary, fees and leave ⁽¹⁾	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other	Equity	Options		
	(Accrued)									
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
R Gardner ⁽²⁾	49,500	-	-	-	-	-	-	-	-	49,500
P Piercy ⁽³⁾	15,000	-	-	-	-	-	-	-	-	15,000
J Stephenson ⁽³⁾⁽⁵⁾	15,000	-	-	-	-	-	-	-	-	15,000
	79,500	-	-	-	-	-	-	-	-	79,500

⁽¹⁾ There has been no cash settlement of Directors' fee since November 2011, refer to note 12b of the financial statements.

⁽²⁾ Mr Gardner received 6,712,500 in shares representing the settlement of \$53,700 in director fees payable: 2016: \$16,800; 2015: \$36,900. The balance of the 2016 director fees of \$33,600 remains accrued and unpaid.

⁽³⁾ Mr Piercy received 2,031,250 in shares representing the settlement of \$16,250 in director fees payable: 2016: \$5,000; 2015: \$11,250. The balance of the 2016 director fees of \$10,000 remains accrued and unpaid.

⁽⁴⁾ Mr Stephenson received 2,031,250 in shares representing the settlement of \$16,250 in director fees payable: 2016: \$5,000; 2015: \$11,250. Mr Stephenson was issued 1,604,167 shares under a capital raising undertaken by the Company as settlement of director fees outstanding to the amount of \$9,625. The balance of the 2016 director fees of \$375 remains accrued and unpaid.

⁽⁵⁾ Wolfstar Group Pty Ltd, a company jointly controlled by Mr Stephenson, provides financial services and Company Secretarial services to Nickelore Limited. These services are provided indirectly by Mr Stephenson and have therefore not been included in remuneration. Please refer to Note 19 Related Party Transactions on page 32 for further details.

17.3. Service Agreements

Robert Gardner: Mr Gardner was appointed as Non-Executive Chairman on 1 October 2010. Base remuneration is \$50,400 per annum. No termination payments are applicable. No fees were settled in cash since November 2011

Paul Piercy: Mr Piercy was appointed as Non-Executive Director on 13 October 2010. Mr Piercy's contract was amended to \$15,000 per annum, effective 1 July 2014 until further notice. No termination payments are applicable. No fees were settled in cash since November 2011

Jay Stephenson: Mr Stephenson was appointed as Non-Executive Director and Company Secretary on 1 July 2011. Mr Stephenson's contract was amended to \$15,000 per annum, effective 1 July 2014 until further notice. No termination payments are applicable. No fees were settled in cash since November 2011

Nickelore Limited has a contract with Wolfstar Corporate Management Pty Ltd for the services of Mr Stephenson as Company Secretary. Please refer to Note 19 Related Party Transactions on page 32 for further details.

17.4. Share-based compensation

a. Director and Key Management Personnel Options

No options were on issue as at 30 June 2016 to Directors or KMP (2015: nil).

b. Share-based Payments

No options were granted as remuneration during the year to Directors or KMP.



Directors' report

17. Remuneration report (Audited)

17.5. Key management personnel equity holdings

a. Fully paid ordinary shares of Nickelore Limited held by each KMP

30 June 2016	Balance at start of year No.	Received during the year as compensation ⁽²⁾ No.	Received during the year on the exercise of options No.	Other changes during the year ⁽¹⁾ No.	Balance at end of year No.
Robert Gardner	55,875,000	6,712,500	-	25,035,000	87,622,500
Paul Piercy	12,906,250	2,031,250	-	5,975,000	20,912,500
Jay Stephenson	6,328,125	2,031,250	-	1,421,875	9,781,250
	75,109,375	10,775,000	-	32,431,875	118,316,250

30 June 2015	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year ⁽¹⁾ No.	Balance at end of year No.
Robert Gardner	37,850,000	18,025,000	-	-	55,875,000
Paul Piercy	2,750,000	10,156,250	-	-	12,906,250
Jay Stephenson	1,250,000	10,156,250	-	(5,078,125)	6,328,125
	41,850,000	38,337,500	-	(5,078,125)	75,109,375

⁽¹⁾ Other changes during the year relate to shares purchased, sold on market, or off-market transfers to unrelated third parties.

⁽²⁾ During the year ended 30 June 2016 unpaid and accrued directors fees totalling \$86,200 (2015: \$306,700) were settled through the issue of shares in the Company; refer note 19 Related party transactions on page 32.

b. Options of Nickelore Limited held by each KMP

No options were on issue during the 2016 (2015: nil) to Directors or KMP.

17.6. Loans to key management personnel

There are no loans made to directors of the Company as at 30 June 2016 (2015: nil).

17.7. Other transactions with key management personnel

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer Note 19 Related party transactions on page 32.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).



ROBERT GARDNER

Chairman

Dated this Tuesday, 16 August 2016



16 August 2016

Board of Directors
Nickelore Limited
Suite 4, 182 Claisebrook Road
Perth WA 6000

Dear Directors

RE: NICKELORE LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Nickelore Limited.

As Audit Director for the audit of the financial statements of Nickelore Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Sam Tirodkar
Director

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Continuing operations			
Revenue	3	3,980	7,235
Other income	3	897	5,380
		4,877	12,615
Compliance costs		(103,742)	(81,958)
Computers and communications		(2,484)	(2,703)
Employee benefits expenses	4	(80,400)	(79,500)
Exploration and evaluation expenditure	5	(9,377)	(9,250)
Professional fees		(79,754)	-
Other expenses		(1,000)	(1,346)
Loss before tax	4	(271,880)	(162,142)
Income tax benefit	6	-	-
Loss from continuing operations		(271,880)	(162,142)
Net loss for the year		(271,880)	(162,142)
Other comprehensive income, net of income tax			
☺ Items that will not be reclassified subsequently to profit or loss		-	-
☺ Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(271,880)	(162,142)
Earnings per share:			
Basic loss per share (cents per share)	7	¢ (0.11)	¢ (0.08)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.



NICKELORE LIMITED

ABN 13 086 972 429

ANNUAL REPORT 30 JUNE 2016

Statement of financial position

as at 30 June 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	8	508,675	254,737
Trade and other receivables	9	11,567	8,535
Financial assets	10	17,933	17,037
Other current assets	11	5,419	6,048
Total current assets		543,594	286,357
Total assets		543,594	286,357
Current liabilities			
Trade and other payables	12	83,059	88,266
Total current liabilities		83,059	88,266
Total liabilities		83,059	88,266
Net assets		460,535	198,091
Equity			
Issued capital	13	24,648,541	24,114,217
Accumulated losses		(24,188,006)	(23,916,126)
Total equity		460,535	198,091

The statement of financial position is to be read in conjunction with the accompanying notes.



Statement of changes in equity

for the year ended 30 June 2016

	Note	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2014		23,810,076	(23,753,984)	56,092
Loss for the year		-	(162,142)	(162,142)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	(162,142)	(162,142)
<i>Transaction with owners, directly in equity</i>				
Shares issued during the year	13a	306,700	-	306,700
Transaction costs		(2,559)	-	(2,559)
Balance at 30 June 2015		24,114,217	(23,916,126)	198,091
Balance at 1 July 2015		24,114,217	(23,916,126)	198,091
Loss for the year		-	(271,880)	(271,880)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	(271,880)	(271,880)
<i>Transaction with owners, directly in equity</i>				
Shares issued during the year	13a	613,740	-	613,740
Transaction costs		(79,416)	-	(79,416)
Balance at 30 June 2016		24,648,541	(24,188,006)	460,535

The statement of changes in equity is to be read in conjunction with the accompanying notes.



NICKELORE LIMITED

ABN 13 086 972 429

ANNUAL REPORT 30 JUNE 2016

Statement of cash flows

for the year ended 30 June 2016

Note	2016 \$	2015 \$
Cash flows from operating activities		
Payments to suppliers and employees	(176,582)	(87,074)
Interest received	3,980	8,750
Payments for exploration expenditure	(11,960)	(7,152)
Net cash used in operating activities	8d (184,562)	(85,476)
Cash flows from investing activities		
Net cash from / (used in) investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of shares	517,916	-
Share issue costs	(79,416)	(2,559)
Net cash from / (used in) financing activities	438,500	(2,559)
Net increase/(decrease) in cash held	253,938	(88,035)
Cash at the beginning of the year	254,737	342,772
Cash at the end of the year	8 508,675	254,737

The statement of cash flows is to be read in conjunction with the accompanying notes.



Notes to the financial statements

for the year ended 30 June 2016

Note 1 Statement of significant accounting policies

These are the financial statements and notes of Nickelore Limited (**the Company**). Nickelore Limited is a company limited by shares, domiciled and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

a. Basis of preparation

i. Statement of compliance

The financial statements are general purpose financial statements that have 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).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements were authorised for issue on 16 August 2016 by the directors of the Company.

ii. Financial position

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

iii. Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Nickelore's net assets have increased by \$262,444 from \$198,091 at 30 June 2015 to \$460,535 at 30 June 2016.

As at 30 June 2016, the Company's cash and cash equivalents increased by \$253,938 from \$254,737 at 30 June 2015 to \$508,675 and had working capital of \$460,535 (June 2015: \$198,091 working capital).

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets or by other means, and by managing cash flows in line with available funds, and/or the successful development of the Company's exploration assets, including the suspension of payment of Directors' fees. Should the above matters not be achieved, there is a material uncertainty about the ability of the Company to continue as a going concern.

Based upon cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate, including the meeting of exploration commitments. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the condensed financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

iv. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1q on page 21.

v. Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.



Notes to the financial statements

for the year ended 30 June 2016

Note 1 Statement of significant accounting policies

b. Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2015 but determined that their application to the financial statements is either not relevant or not material.

c. Exploration and development expenditure

i. Recognition and measurement

Exploration and evaluation costs, including the costs of acquiring licenses, are written off in the year they are incurred.

ii. Site restoration and rehabilitation

Provision is made for anticipated costs of rehabilitation necessitated by disturbance arising from production activity in respect of certain tenements in the period in which the disturbance occurred. The provision for tenement rehabilitation is provided in respect of a performance guarantee under Department of Mines and Petroleum obligations over site restoration requirements over certain tenements.

Rehabilitation costs are accumulated in the provision on a production output basis commencing in the period that disturbance occurs. In determining the rehabilitation obligations, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to rehabilitation of the disturbances arising from production activity in respect of those tenements.

d. 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 as 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.

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 reviewed 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.



Notes to the financial statements

for the year ended 30 June 2016

Note 1 Statement of significant accounting policies

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.

e. Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1m Impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as an expense as incurred.

iii. Depreciation

With the exception of exploration and evaluation assets, depreciation is charged to the income statement on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

Depreciation rates and methods are reviewed annually for appropriateness. The Company currently has no depreciable assets. Accordingly, the depreciation rates used will be set in future periods as required.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

f. Employee Benefits

i. Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.



Notes to the financial statements

for the year ended 30 June 2016

Note 1 Statement of significant accounting policies

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

iii. Other long-term benefits

For the year ending 30 June 2016, no amount for long term benefits has been recognised in the financial statements as the Company has no employees.

g. Equity-settled compensation

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

The Company operates an employee share option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve.

The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Nickelore (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

No options in respect to the plan were issued or on issue for the financial year ended 30 June 2016.

h. Revenue and other income

Interest revenue is recognised in accordance with note 1k.ix Financial income and expenses.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or there is a risk of return of goods or there is continuing management involvement with the goods.

All revenue is stated net of any GST (note 1h).

i. Goods and Services Tax (GST)

GST is a broad-based consumption tax that the Company is exposed in Australia.

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.



Notes to the financial statements

for the year ended 30 June 2016

Note 1 Statement of significant accounting policies

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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

j. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Company are classified as finance leases. Finance lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in the income statement on a straight-line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

k. Financial instruments

i. Initial recognition and measurement

A financial instrument is recognised if the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified on the contract expire or are discharged or cancelled.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

iii. Classification and subsequent measurement

(1) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six (6) months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of financial position.

(2) Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(3) Trade and other 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 reviewed 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.



Notes to the financial statements

for the year ended 30 June 2016

Note 1 Statement of significant accounting policies

(4) Investments

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.

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.

(5) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised. Investments intended to be held for an undefined period are not included in this classification.

(6) Trade and other 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.

(7) Share capital

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

iv. Amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

v. Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

vi. Effective interest method

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

vii. Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.



Notes to the financial statements

for the year ended 30 June 2016

Note 1 Statement of significant accounting policies

All impairment losses are recognised in the profit or loss statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

viii. Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

ix. Financial income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

l. Earnings per share

i. Basic earnings per share

Basic earnings (or loss) per share is determined by dividing the profit or loss attributable to equity holders of the parent company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings (or loss) per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted as Share-based payments.

The Company does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Company.

m. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets (1d Income tax) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.



Notes to the financial statements

for the year ended 30 June 2016

Note 1 Statement of significant accounting policies

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

n. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying value is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, for example under an insurance contract, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

o. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are regularly reviewed by the Company's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

p. Fair value estimation

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. Information about the assumptions made in determining fair values of assets and liabilities is disclosed in the notes specific to that asset or liability.

q. Critical Accounting Estimates and Judgements

Management discusses with the Board the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Key Judgements – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors' understanding thereof. At the current stage of the company's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

ii. Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Refer Note 6 Income tax on page 25.

r. New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Group does not plan to adopt these standards early.

i. AASB 9 *Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)*

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.



Notes to the financial statements

for the year ended 30 June 2016

Note 1 Statement of significant accounting policies

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The Directors anticipate that the adoption of AASB 9 will not have a material impact on the Company's financial instruments.

ii. AASB 15 Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- (1) Identify the contract(s) with a customer;
- (2) Identify the performance obligations in the contract(s);
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in the contract(s); and
- (5) Recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The Directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

iii. AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The Directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's recognition of leases and disclosures).

iv. AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]

AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

- (1) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11;
- (2) the acquirer to **disclose** the information required by AASB 3 and other Australian Accounting Standards for business combinations

This Standard also makes an editorial correction to AASB 11.

The Directors anticipate that the adoption of these amendments will not have a material impact on the financial statements.

v. AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted).

AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.



NICKELORE LIMITED

ABN 13 086 972 429

ANNUAL REPORT 30 JUNE 2016

Notes to the financial statements

for the year ended 30 June 2016

Note 1 Statement of significant accounting policies

The Directors anticipate that the adoption of these amendments will not have a material impact on the financial statements.

vi. Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

Note 2 Company details

The registered office of the Company is:

Address:

Street: 182 Claisebrook Road
Perth WA 6000

Postal: PO Box 52
West Perth WA 6872

Telephone: +61 (0)8 6141 3500

Facsimile: +61 (0)8 6141 3599

The principal place of business is:

Finance and Administration Office:

Level 1, 11 Ventnor Avenue
West Perth WA 6005

Website: www.nickelore.com.au

E-mail: info@nickelore.com.au



Notes to the financial statements

for the year ended 30 June 2016

Note 3 Revenue and other income

a. Revenue

☺ Interest revenue

Total revenue

b. Other income

☺ Increase/(decrease) in fair value of investments

☺ Other

Total other income

	2016 \$	2015 \$
Interest revenue	3,980	7,235
Total revenue	3,980	7,235
Increase/(decrease) in fair value of investments	897	5,380
Other	-	-
Total other income	897	5,380

Note 4 Loss before income tax

The following significant revenue and (expense) items are relevant in explaining the financial performance:

a. Employee benefits:

▶ Wages and salaries

▶ Superannuation expenses

Total personnel expenses

	2016 \$	2015 \$
Wages and salaries	80,400	79,500
Superannuation expenses	-	-
Total personnel expenses	80,400	79,500

Note 5 Exploration and evaluation expenditure

a. Exploration and evaluation expenditure

☺ Tenement acquisition

☺ Exploration expenditure

Total exploration and evaluation expenditure

	2016 \$	2015 \$
Tenement acquisition	-	-
Exploration expenditure	9,377	9,250
Total exploration and evaluation expenditure	9,377	9,250

b. Cumulative exploration and evaluation expenditure

Cumulative expenditure at the beginning of year

Expenditure incurred and expensed for the year

Cumulative expenditure to the end of year

	Tenement acquisition expenditure \$	Exploration and evaluation expenditure \$	Cumulative exploration and evaluation expenditure \$
Cumulative expenditure at the beginning of year	295,200	2,344,254	2,639,454
Expenditure incurred and expensed for the year	-	9,377	9,377
Cumulative expenditure to the end of year	295,200	2,353,631	2,648,831

c. All exploration and evaluation expenditure is expensed as incurred.



Notes to the financial statements

for the year ended 30 June 2016

Note 6 Income tax

a. Income tax expense / (benefit)

Current tax

Deferred tax

Deferred income tax expense included in income tax expense comprises:

☞ Increase / (decrease) in deferred tax assets

☞ (Increase) / decrease in deferred tax liabilities

b. Reconciliation of income tax expense to prima facie tax payable

The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on operating loss at 30% (2015: 30%)

Add / (Less) tax effect of:

☞ Capital raising costs

☞ Non-deductible expenses

☞ Accounting (gain)/loss

☞ Other timing differences

☞ Deferred tax asset not brought to account – tax losses

Income tax expense / (benefit) attributable to operating loss

Less rebates:

☞ Tax rebate for Research and Development

Income tax expense / (benefit)

The applicable weighted average effective tax rates attributable to operating loss are as follows

Balance of franking account at year end

c. Deferred tax assets

Tax losses

Other timing differences

Other

Set-off deferred tax liabilities

Net deferred tax assets

Less deferred tax assets not recognised

Net tax assets

	2016 \$	2015 \$
	-	-
	-	-
	-	-
6c	-	-
6d	-	-
	-	-
	(81,564)	(48,643)
	(5,008)	(3,844)
	-	92
	(269)	(1,614)
	(1,979)	(68,019)
	88,820	122,028
	-	-
	-	-
	%	%
	nil	nil
	\$	\$
	nil	nil
	7,467,046	7,405,501
	46,112	49,544
	-	90
	7,513,158	7,455,135
6d	-	-
	7,513,158	7,455,135
	(7,513,158)	(7,455,135)
	-	-



Notes to the financial statements

for the year ended 30 June 2016

Note 6 Income tax (cont.)

d. Deferred tax liabilities

Capitalised exploration costs

Set-off deferred tax liabilities

Net deferred tax liabilities

e. Tax losses and deductible temporary differences

Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:

☺ Deductible temporary differences

☺ Revenue losses

☺ Capital losses

	2016 \$	2015 \$
	-	-
	-	-
	-	-
	-	-
	46,112	49,634
	3,978,641	3,917,095
	3,488,405	3,488,406
	7,513,158	7,455,135

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2016 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the company continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.

Should the Company successfully complete the acquisition of Helio, it is likely the tax losses attributed to the Company noted above will be lost as a result of the proposed significant changes in ownership and in the operations of the Company.

Note 7 Earnings per share (EPS)

a. Loss used in the calculation of basic EPS loss

b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS

c. Basic and diluted EPS (cents per share)

	2016 \$	2015 \$
	(271,880)	(162,142)
	2016 No.	2015 No.
	239,292,709	191,177,564
	2016 ¢	2015 ¢
	(0.11)	(0.08)

- The Company is in a loss making position and it is unlikely that the conversion to, calling of, or subscription for, ordinary share capital in respect of potential ordinary shares would lead to diluted earnings per share that shows an inferior view of the earnings per share. Therefore in the event the Company has dilutionary equity instruments on issue, the diluted loss per share for the year ended 30 June 2016 is the same as basic loss per share, whilst the Company remains loss making.



Notes to the financial statements

for the year ended 30 June 2016

Note 8 Cash and cash equivalents

		2016 \$	2015 \$
Cash at bank and in hand		349,242	15,879
Short-term term deposits	8a	120,000	230,000
Trust account (liability)	8b	39,433	8,858
		508,675	254,737

- a. Short-term deposits are made for varying periods of between 1 day and 6 months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The effective interest rate on short-term term deposits and maturity date was as follows:

	Principal %	Terms (Days)	Interest rate %	Maturity Date
Nickelore Limited term deposit	120,000	90	2.90	25 September 2016

- b. The Company holds a trust account for the purposes of an unmarketable parcel share sale.
- c. The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 20 Financial risk management on page 33.

d. Reconciliation of cash flows used in operations to loss after income tax

	2016 \$	2015 \$
Loss after income tax	(271,880)	(162,142)
<i>Cash flows excluded from loss attributable to operating activities</i>		
Non-cash flows in profit from ordinary activities:		
☺ Share-based settlement of directors' fees payable	6,700	20,100
☺ Decrease/(increase) in fair value of investments	(897)	(5,380)
Changes in assets and liabilities:		
☺ (Increase)/decrease in trade and other receivables	(3,033)	791
☺ (Increase)/decrease in prepayments	629	(3,689)
☺ Increase/(decrease) in trade and other payables	83,919	64,844
Cash out flow used in operations	(184,562)	(85,476)

e. Credit Standby Facilities

The Company has no credit standby facilities.

f. Non-Cash Investing and Financing Activities

The Company has no non-cash investing and financing activities.



Notes to the financial statements

for the year ended 30 June 2016

Note 9 Trade and other receivables

		2016	2015
		\$	\$
Current			
Trade and other receivables	9a	-	5,091
Other		11,567	3,444
		11,567	8,535

- a. These amounts arise from the usual operating activities of the Company and are non-interest bearing. The debtors do not contain any overdue or impaired receivables.
- b. The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 20 Financial risk management on page 33.

Note 10 Financial assets

		2016	2015
		\$	\$
Current			
Dragon Mountain Gold Limited (DMG) shares	10a	17,933	17,037
		17,933	17,037

- a. Nickelore currently holds 896,660 DMG shares. The fair value of DMG fully paid ordinary shares at 30 June 2016 was based on the ASX quoted market value. These shares are classified as Tier 1 financial assets. These shares are a financial asset through profit and loss.

Note 11 Other assets

		2016	2015
		\$	\$
Current			
Prepayments		5,419	6,048
		5,419	6,048

Note 12 Trade and other payables

		2016	2015
		\$	\$
Current			
<i>Unsecured</i>			
Trade payables	12a	12,455	3,629
Accruals	12a	16,072	8,500
Director's fees accrual	12b	43,075	58,500
Other		11,457	17,637
		83,059	88,266

- a. These amounts arise from the usual operating activities of the Company. Trade payables and other payables and accruals, except directors' fees, are outstanding less than 90 days.
- b. The Directors' fees accruals relate to amounts outstanding for the period November 2015 to June 2016.
- c. The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 20 Financial risk management on page 33.



Notes to the financial statements

for the year ended 30 June 2016

Note	13	Issued capital	Note	2016 No.	2015 No.	2016 \$	2015 \$
Fully paid ordinary shares at no par value	13a			307,731,740	209,033,386	24,648,541	24,114,217
a. Ordinary shares							
At the beginning of the year				209,033,386	170,695,886	24,114,217	23,810,076
Shares issued during the year:							
☺ 17 December 2014				-	38,337,500	-	306,700
☺ 26 November 2015			19b	10,775,000	-	86,200	-
☺ 31 May 2016				87,923,354	-	527,540	-
Less: transaction costs				-	-	(79,416)	(2,559)
At reporting date				307,731,740	209,033,386	24,648,541	24,114,217

The holders of ordinary shares are entitled to receive dividends as declared from time to time and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

b. Capital Management

i. Capital management policy

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that they can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As the Company incurs net cash outflows from operations and has large accumulated losses, the primary method used to adjust its capital structure is the issue of new shares. The Company has determined that where possible it will issue ordinary shares to avoid any restrictions on its use of capital or commit to interest payments. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

There are no externally imposed capital requirements.

ii. Current ratio

The current ratio the Company at 30 June 2016 and 30 June 2015 were as follows:

	2016	2015
Current ratio	6.54	3.24

iii. Working capital position

The working capital position of the Company at 30 June 2016 and 30 June 2015 were as follows:

	2016 \$	2015 \$
Cash and cash equivalents	508,675	254,737
Trade and other receivables	11,567	8,535
Financial assets	17,933	17,037
Other assets	5,419	6,048
Trade and other payables	(83,059)	(88,266)
Working capital position	460,535	198,091



Notes to the financial statements

for the year ended 30 June 2016

Note 14 Events subsequent to reporting date

- a. Subsequent to reporting date, the Company executed a binding Share Sale Agreement to acquire 100% of the issued capital in Helio Energia Holdings S.A. (**Helio**).

i. Consideration

In consideration for the sale of the Helio Shares to Nickelore and termination of the Helio Warrants, at settlement Nickelore will issue to the Helio's shareholders and warrant holders (or their nominees):

- (1) 4,027,777,778 Nickelore Shares (on a pre-consolidation basis) (**Consideration Shares**);
- (2) 2,083,333,333 performance shares (on a pre-consolidation basis) which will convert into Nickelore shares on a 1:1 basis (**Performance Shares**); and
- (3) 1,481,481,481 Options (on a pre-consolidation basis) exercisable at the issue price of Nickelore Shares under the principal raising and expiring 3 years after the date of issue (**Consideration Options**),

(together, **the Consideration**).

The Performance Shares will be issued in three equal tranches with the following milestones:

- (1) Class A: shall convert upon Helio completing the installation of projects consisting of solar panels with a rated capacity totalling an aggregate of a minimum of 12.5 megawatts (MW), with those projects operating and generating revenue to Helio within 18 months of the date of issue of the Class A Performance Shares;
- (2) Class B: shall convert upon the Company or Helio securing a senior debt facility of at least USD\$12.5m from a bank or financial institution, or other lender specializing in solar or Brazilian investments, for the purposes of funding the Helio business, which carries a commercial interest rate of not more than 12%, within 2 years of the date of issue of the Class B Performance Shares;
- (3) Class C: shall convert upon the Company securing an equity investment by a strategic partner in a subsidiary or subsidiaries subject to the investment (a) representing not more than 80% of the Helio subsidiary or subsidiaries and not more than 30% of the Helio Group's MW in operation at the time, (b) the receipt of cash proceeds of at least USD\$30 million where such investment relates to 30% of the Helio Group's MW in operation at the time of completion of the equity investment or where the investment relates to a lesser percentage of the Helio Group's MW in operation at the time of completion of the equity investment the minimum cash proceeds required are proportionately reduced subject to being not less than USD25 million, and (c) being completed within 3 years of the date of issue of the Class C Performance Shares.

ii. Conditions Precedent

The Acquisition is subject to a number of conditions being satisfied, including:

- (1) Nickelore being satisfied that all assets and intellectual property relevant to Helio's business are held by Helio;
- (2) Roca Investments Limited, a shareholder of Helio, entering into a deed of covenant with Nickelore agreeing to give the vendor warranties and indemnities included in the Share Sale Agreement in favour of Nickelore;
- (3) Helio being satisfied that all assets, liabilities and intellectual property relevant to Nickelore's business is held by Nickelore;
- (4) Nickelore procuring the preparation of an independent expert's report in accordance with the requirements of item 7 section 611 of the Corporations Act and the expert forming the opinion that the acquisition is either fair and reasonable or not fair but reasonable to the non-associated shareholders in Nickelore;
- (5) if Nickelore considers that it will be required by ASIC, Helio preparing audited accounts for Helio for the shorter period of three years and the date of incorporation of Helio and delivering those accounts to Nickelore;
- (6) Nickelore preparing a prospectus, lodging a prospectus with the ASIC and completing the capital raising;
- (7) Nickelore obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the acquisition, including, without limitation:
 - a. ASX Listing Rules approval and, if required, approval for the purpose of the Corporations Act, for the issue of the Consideration Securities in accordance with this Agreement;
 - b. ASX Listing Rules approval and, if required, approval for the purpose of the Corporations Act, for the issue of Nickelore Shares pursuant to the Capital Raising;
 - c. ASX Listing Rules approval and, if required, approval for the purpose of the Corporations Act, for the issue of the Advisor Securities and the Incentive Scheme;
 - d. ASX Listing Rule 11.1.2 approval authorising a change of activities of Nickelore;



Notes to the financial statements

for the year ended 30 June 2016

Note 14 Events subsequent to reporting date

- e. the Consolidation;
 - f. approval of the appointment of new directors nominated by Helio, subject to completion of the acquisition; and
 - g. approval for the change of Nickelore’s name to “Helio Energia Limited”;
- (8) Helio obtaining all necessary corporate approvals to allow Helio to lawfully complete the matters contemplated by this Agreement;
- (9) Nickelore obtaining all necessary third party approvals or consents to allow Nickelore to lawfully complete the matters contemplated by the Share Sale Agreement;
- (10) the parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law on terms acceptable to the Parties as are required to allow the parties to lawfully complete the matters set out in this Agreement (including, but not limited to, re-compliance by Nickelore with Chapters 1 and 2 of the Listing Rules and Nickelore receiving conditional approval from ASX to reinstate Nickelore’s quoted securities to trading on ASX following completion of the Acquisition on conditions satisfactory to Nickelore, acting reasonably);
- (11) the minority holders accepting the minority holder offer;
- (12) all of the convertible notes converting into Helio shares and warrants; and
- (13) to the extent required by the ASX, Nickelore or the ASX Listing Rules, each Helio shareholder entering into a restriction agreement as required by ASX imposing such restrictions on trading of those securities as mandated by the ASX Listing Rules in respect of the Consideration Securities that are issued to those parties by Nickelore

The Acquisition remains conditional on satisfaction (or waiver) of the above conditions precedent and as such the ability of the Company to complete it is not certain.

b. Other than the matters mentioned above, there have been no other material events subsequent to reporting date

Note 15 Contingent liabilities

The Company has no contingent liabilities (2015: nil).

Note 16 Auditor's remuneration

Remuneration of the auditor of the Company for:

- ☺ Auditing or reviewing the financial reports
- ☺ Other services provided by a related practice of the auditor

	2016 \$	2015 \$
Auditing or reviewing the financial reports	17,064	15,064
Other services provided by a related practice of the auditor	12,500	-
	29,564	15,064

Note 17 Operating segments

a. Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are provided to the Board of Directors on a regular basis and in determining the allocation of resources. Management continually assesses the Company’s segments and has identified the operating segments based on the one (1) principal location based on geographical areas and therefore one regulatory environment being Australia. The Company operates predominantly in the minerals exploration and evaluation industry.

Due to its reduced activity, the Company currently operates materially in one business segment being and one geographical segment as described above. Accordingly, the financial information presented in the statement of profit or loss and other comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker.






Notes to the financial statements

for the year ended 30 June 2016

Note 18 Key management personnel compensation

a. Key management personnel (KMP)

The names and positions of KMP are as follows:

 Mr Robert Gardner	<i>Executive Chairman</i>
 Mr Paul Piercy	<i>Non-executive Director</i>
 Jay Stephenson	<i>Director and Company Secretary</i>

b. KMP compensation

The totals of remuneration paid to KMP during the year are as follows:

	2016 \$	2015 \$
Short-term employee benefits	80,400	79,500
Other short-term benefits	-	-
Post-employment benefits	-	-
Share-based payments	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Total	80,400	79,500

Refer to the Remuneration Report contained in the Directors' Report on page 5 for details of the remuneration paid to each member of the Company's KMP for the year ended 30 June 2016.

Note 19 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a. Transactions with Key Management Personnel:

Wolfstar Corporate Management

Wolfstar Corporate Management, a company jointly controlled by Mr Stephenson, provides financial services and company secretarial services to Nickelore Limited. These services are provided indirectly by Mr Stephenson and have therefore not been included in the Remuneration Report contained in the Directors' Report on page 7.

	2016 \$	2015 \$
	36,483	23,566

b. KMP compensation settled by shares

During the year unpaid and accrued directors fees to totalling \$95,825 (2015: \$306,700) were settled through the issue of shares in the Company in accordance with resolutions passed at the Company's Annual General Meeting.

	Fees \$	Shares No.
Robert Gardner	53,700	6,712,500
Paul Piercy	16,250	2,031,250
Jay Stephenson	25,875	3,635,417
Total	95,825	12,379,167



Notes to the financial statements

for the year ended 30 June 2016

Note 20 Financial risk management

a. Financial Risk Management Policies

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Company's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable. The Company does not speculate in the trading of derivative instruments.

A summary of the Company's Financial Assets and Liabilities is shown below:

	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	2016 Total	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	2015 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets								
☺ Cash and cash equivalents ⁽¹⁾	508,675	-	-	508,675	254,737	-	-	254,737
☺ Trade and other receivables	-	-	11,567	11,567	-	-	8,535	8,535
☺ Financial assets	-	-	17,933	17,933	-	-	17,037	17,037
Total Financial Assets	508,675	-	29,500	538,175	254,737	-	25,572	280,309
Financial Liabilities								
☺ Cash and cash equivalents	-	-	-	-	-	-	-	-
☺ Trade and other payables	-	-	83,059	83,059	-	-	88,266	88,266
Total Financial Liabilities	-	-	83,059	83,059	-	-	88,266	88,266
Net Financial assets / (liabilities)	508,675	-	(53,559)	455,116	254,737	-	(62,694)	192,043

⁽¹⁾ All cash and cash equivalents are taken to have a floating interest rate over the financial year. This includes term deposits which are renewed every three months. Refer note 8 Cash and cash equivalents on page 27.

a. Specific Financial Risk Exposures and Management

The main risk the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. This includes assessing, monitoring and managing risks for the Company and setting appropriate risk limits and controls. The Company is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

i. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

☺ Credit risk exposures

The credit risk on financial assets, excluding investments, of the Company which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

Credit risk related to balances with banks and other financial institutions is managed by the Company in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.



Notes to the financial statements

for the year ended 30 June 2016

Note 20 Financial risk management (cont.)

Impairment losses

None of the Company's financial assets are past due (2015: \$nil). There has been no allowance for impairment in respect of the financial assets of the Company during this year.

ii. Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

iii. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(1) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the Company as no debt arrangements have been entered into, and movement in interest rates on the Company's financial assets is not material.

(2) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Company holds financial instruments which are other than the AUD functional currency of the Company. The Board current assesses the Company's exposure to foreign exchange risk as immaterial.

(3) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to securities price risk on investments held for trading or for medium to longer terms.

The investment in listed equities has been valued at the market price prevailing at balance date. Management of this investment's price risk is by ongoing monitoring of the value with respect to any impairment.

iv. Sensitivity Analysis

(1) Interest rates

The following table illustrates sensitivities to the Company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below.



Notes to the financial statements

for the year ended 30 June 2016

Note 20 Financial risk management (cont.)

	Profit \$	Equity \$
Year ended 30 June 2016		
±50 basis points change in interest rates	± 2,543	± 2,543
Year ended 30 June 2015		
±50 basis points change in interest rates	± 1,274	± 1,274

v. **Net Fair Values**

(1) **Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term financial instruments in nature whose carrying value is equivalent to fair value. The investment in a listed entity is carried as described in note 10 Financial assets on page 28.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

vi. **Financial Liability and Asset Maturity Analysis**

	Within 1 Year		Total	
	2016 \$	2015 \$	2016 \$	2015 \$
Financial liabilities due for payment				
☺ Trade and other payables	83,059	88,266	83,059	88,266
Total contractual outflows	83,059	88,266	83,059	88,266
Financial assets				
☺ Cash and cash equivalents	508,675	254,737	508,675	254,737
☺ Trade and other receivables	11,567	8,535	11,567	8,535
☺ Financial assets	17,933	17,037	17,933	17,037
Total anticipated inflows	538,175	280,309	538,175	280,309
Net (outflow)/inflow on financial instruments	455,116	192,043	455,116	192,043



Notes to the financial statements

for the year ended 30 June 2016

Note 21 Commitments

a. Exploration expenditure commitments:

In order to maintain current rights of tenure to exploration tenements, Nickelore is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various agreements held with governments or other companies. These obligations are subject to renegotiation when an application for a mining lease is made. These obligations are not provided for in the financial report as they are commitments for future expenditure at year end. Capital and other commitments comprise amounts to be expended on exploration tenements, as per tenement conditions. Should the Company relinquish these tenements, the amounts stated below may reduce. Further, the Company may decide to sell tenements or renegotiate commitment terms to reduce such commitments.

Exploration expenditure committed to:

Exploration tenement minimum expenditure requirements

Payable:

☺ not later than 12 months

☺ between 12 months and 5 years

☺ greater than 5 years

b. Operating lease commitments:

Operating leases contracted for or committed to but not capitalised in the financial statements

	2016 \$	2015 \$
Exploration tenement minimum expenditure requirements	37,952	611,207
Payable:		
☺ not later than 12 months	37,952	66,023
☺ between 12 months and 5 years	-	147,922
☺ greater than 5 years	-	397,262
	37,952	611,207
Operating leases contracted for or committed to but not capitalised in the financial statements	Nil	Nil



Directors' declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 36, are in accordance with the *Corporations Act 2001* (Cth) and:
 - (a) comply with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and
 - (c) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with s.286 of the *Corporations Act 2001* (Cth);
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



ROBERT GARDNER

Chairman

Dated this Tuesday, 16 August 2016



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NICKELORE LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Nickelore Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1 (a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Nickelore Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 1 (a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 5 to 8 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Nickelore Limited for the year ended 30 June 2016 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International



Sam Tirodkar
Director

West Perth, Western Australia
16 August 2016

Corporate governance statement

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication 'Corporate Governance Principles and Recommendations (3rd Edition)' (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
<p>Recommendation 1.1 A listed entity should have and disclose a charter which:</p> <p>(a) sets out the respective roles and responsibilities of the board, the chair and management; and</p> <p>(b) includes a description of those matters expressly reserved to the board and those delegated to management.</p>	YES	<p>The Company has adopted a Board Charter.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.</p>
<p>Recommendation 1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>(a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</p> <p>(b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.</p>
<p>Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p>
<p>Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>
<p>Recommendation 1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary or it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	YES	<p>(a) The Company has adopted a Diversity Policy.</p> <p>(i) The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality.</p> <p>(ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives.</p> <p>(b) The Diversity Policy is stated in Schedule 9 of the Corporate Governance Plan which is available on the company website.</p> <p>(c)</p> <p>(i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment.</p> <p>(ii) The currently has no employees and utilizes external consultants and contractors as and when required.</p> <p>(iii) The Board will review this position on an annual basis and will implement measurable objectives as and when they deem the Company to require them.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	NO	<p>(a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Due to the size of the Board and the nature of the business, it has not been deemed necessary to institute a formal documented performance review program of individuals. However, the Chairman intends to conduct formal reviews each financial year whereby the performance of the Board as a whole and the individual contributions of each director are disclosed. The Board considers that at this stage of the Company's development an informal process is appropriate. The review will assist to indicate if the Board's performance is appropriate and efficient with respect to the Board Charter. The Board regularly reviews its skill base and whether it remains appropriate for the Company's operational, legal and financial requirements. New Directors are obliged to participate in the Company's induction process, which provides a comprehensive understanding of the Company, its objectives and the market in which the Company operates. Directors are encouraged to avail themselves of resources required to fulfil the performance of their duties.</p>
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	NO	<p>(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 'Performance Evaluation' requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. During the financial year an evaluation of performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.</p>
<p><i>Principle 2: Structure the board to add value</i></p>		
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	NO	<p>(a) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee. The duties of the Nomination Committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at board meetings to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION																																		
<p>Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	YES	<table border="1"> <thead> <tr> <th data-bbox="873 300 1251 353">Board Skills Matrix</th> <th data-bbox="1251 300 1437 353">Number of Directors that Meet the Skill</th> </tr> </thead> <tbody> <tr><td>Executive & Non- Executive experience</td><td>3</td></tr> <tr><td>Industry experience & knowledge</td><td>3</td></tr> <tr><td>Leadership</td><td>3</td></tr> <tr><td>Corporate governance & risk management</td><td>3</td></tr> <tr><td>Strategic thinking</td><td>3</td></tr> <tr><td>Desired behavioural competencies</td><td>3</td></tr> <tr><td>Geographic experience</td><td>2</td></tr> <tr><td>Capital Markets experience</td><td>3</td></tr> <tr><td><i>Subject matter expertise:</i></td><td></td></tr> <tr><td>- accounting</td><td>2</td></tr> <tr><td>- capital management</td><td>3</td></tr> <tr><td>- corporate financing</td><td>2</td></tr> <tr><td>- industry taxation ¹</td><td>0</td></tr> <tr><td>- risk management</td><td>3</td></tr> <tr><td>- legal</td><td>3</td></tr> <tr><td>- IT expertise ²</td><td>0</td></tr> </tbody> </table> <p>(1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements. (2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements.</p>	Board Skills Matrix	Number of Directors that Meet the Skill	Executive & Non- Executive experience	3	Industry experience & knowledge	3	Leadership	3	Corporate governance & risk management	3	Strategic thinking	3	Desired behavioural competencies	3	Geographic experience	2	Capital Markets experience	3	<i>Subject matter expertise:</i>		- accounting	2	- capital management	3	- corporate financing	2	- industry taxation ¹	0	- risk management	3	- legal	3	- IT expertise ²	0
Board Skills Matrix	Number of Directors that Meet the Skill																																			
Executive & Non- Executive experience	3																																			
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Desired behavioural competencies	3																																			
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Capital Markets experience	3																																			
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- capital management	3																																			
- corporate financing	2																																			
- industry taxation ¹	0																																			
- risk management	3																																			
- legal	3																																			
- IT expertise ²	0																																			
<p>Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director</p>	YES	<p>(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website. (b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Reports and Company website. (c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website.</p>																																		
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	YES	<p>The Board Charter requires that where practical the majority of the Board will be independent. Details of each Director's independence are provided in the Annual Reports and Company website.</p>																																		
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	YES	<p>The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director. If the Chairman ceases to be independent then the Board will consider appointing a lead independent Director.</p>																																		
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	YES	<p>The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</p>																																		
<p>Principle 3: Act ethically and responsibly</p>																																				
<p>Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.</p>	YES	<p>(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees. (b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.</p>																																		



PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<i>Principle 4: Safeguard integrity in financial reporting</i>		
<p>Recommendation 4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	NO	<p>(a) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>
<p>Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	YES	<p>The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
<p>Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>
<i>Principle 5: Make timely and balanced disclosure</i>		
<p>Recommendation 5.1 A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>(a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.</p>
<i>Principle 6: Respect the rights of security holders</i>		
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	<p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.</p> <p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.</p>
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.</p> <p>The Shareholder Communications Strategy can be found in Schedule 10 of the Board Charter which is available on the Company website.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	<p>The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.</p>
<p>Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<p><i>Principle 7: Recognise and manage risk</i></p>		
<p>Recommendation 7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	NO	<p>(b) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p>Recommendation 7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>(a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.</p> <p>(b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.</p>
<p>Recommendation 7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	YES	<p>Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	NO	<p>Due to the size and nature of the existing board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>
<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior directors.
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>(a) Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans.</p> <p>(b) A copy of the Company's Corporate Governance Plan is available on the Company's website.</p>



Additional information for listed public companies

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1 Shareholding as at 8 August 2016

a. Distribution of Shareholders

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	54	15,092	0.00
1,001 – 5,000	48	161,595	0.05
5,001 – 10,000	41	337,728	0.11
10,001 – 100,000	237	11,803,644	3.84
100,001 – and over	134	295,413,681	96.00
	514	307,731,740	100.00

b. Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.00-- per unit	19,231	176	986,172

c. Voting Rights

The voting rights attached to each class of equity security are as follows:

- 👉 **Ordinary shares:** Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

d. 20 Largest Shareholders — Ordinary Shares as at 8 August 2016

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	WINGSTAR INVESTMENTS PTY LTD	87,622,500	28.47
2.	WORLD TREND LIMITED	44,800,000	14.56
3.	LL ARTHUR LIMITED	31,080,000	10.10
4.	SILKRIDGE CONSULTING PTY LTD	14,937,500	4.85
5.	RJ & JG HOLDINGS PTY LTD <SWAN FABRICATORS EXECUTIVE STA>	13,711,600	4.46
6.	MR IANAKI SEMERDZIEV	9,500,000	3.09
7.	PINEWOOD ASSET PTY LTD <THE FRASER FAMILY A/C>	8,531,250	2.77
8.	VIN ETHOS PTY LTD <VIN ETHOS A/C>	8,531,250	2.77
9.	TRE PTY LTD <TIME ROAD SUPERANNUATION A/C>	5,978,000	1.94
10.	MR PAUL PIERCY + MRS PAULINE BARBARA PIERCY <P & PB PIERCY S/F A/C>	5,975,000	1.94
11.	MRS LILIANA TEOFILOVA	5,500,000	1.79
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,644,716	1.51
13.	MR THOMAS EDWARD ARTHUR + MS MARY JANE ARTHUR <TE & MJ ARTHUR S/F A/C>	3,715,982	1.21
14.	MS ELIZABETH MAY EDNEY	3,187,500	1.04
15.	MR RALPH EVAN JONES + MRS JO-ANNE JONES	3,092,424	1.00
16.	MR RYAN MARK LOW + MRS SASCHA BEA LOW <THE LOW FAMILY S/F A/C>	2,000,000	0.65
17.	TROMSO PTY LIMITED	1,656,063	0.54
18.	MR ZHENG CANG YI	1,431,416	0.47
19.	MR PHILIP GORDON O'PREY + MRS KAREN O'PREY <RICHIAN S/F A/C>	1,400,000	0.45
20.	MR TONY BOLLELLA + MRS ANTONIETTA PIA BOLLELLA	1,343,397	0.44
	TOTAL	258,638,598	84.05

2 The name of the Company Secretary is Jay Richard Stephenson.



NICKELORE LIMITED

ABN 13 086 972 429

ANNUAL REPORT 30 JUNE 2016

Additional information for listed public companies

3 Principal registered office

As disclosed in Note 2 Company details on page 23 of this Annual Report.

4 Registers of securities are held at the following addresses

As disclosed in the Corporate Directory on page i of this Annual Report.

5 Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, as disclosed in the Corporate Directory on page i of this Annual Report.

6 Unquoted securities

a. Options over Unissued Shares

The Company has no options on issue.


7 Use of funds

The Company has used its funds in accordance with its initial business objectives.



Tenement report

AS AT 30 JUNE 2016

Project/Tenements	Location	Held at end of year	Acquired during the year	Disposed during the year
 Canegress Project <ul style="list-style-type: none"> ▶ M 24/947 ▶ P 24/4573 ▶ P 24/4574 ▶ P 24/4575 ▶ P 24/4576 ▶ P 24/4577 ▶ P 24/4580 	Australia	0%	0%	100%
	Australia	100%	0%	0%
	Australia	100%	0%	0%
	Australia	100%	0%	0%
	Australia	100%	0%	0%
	Australia	100%	0%	0%
	Australia	100%	0%	0%





Nickelore Limited