

11 August 2009

NICKELORE SIGNS HOA TO ACQUIRE 51% OF PAPUA GOLD & COPPER PROJECT

Highlights

- NIO signs heads of agreement to acquire up to a 51% interest in a Gold and Copper Project in Papua Province, Indonesia
- Project area is approximately 45 km along strike from the Freeport Grasberg operations and the world class Wabu deposit
- The Project area, which is bordered by world class deposits, has been totally unexplored by modern methods.
- Satellite imagery has revealed several ring-structure targets which will form the immediate focus of exploration.
- Photo interpretation mapping has revealed that the project structural regime is conducive to formation of large porphyry bodies.

Nickelore Limited (ASX:NIO) wishes to advise that it has entered into a heads of agreement to acquire up to a 51% interest in a Gold and Copper Project in Papua Province, Indonesia ("Papua Gold & Copper Project"). The Papua Gold & Copper Project, which covers an area of approximately 91 square kilometres and is located in the Central Papua Province of Indonesia, comprises two general survey mining licences. The Papua Gold & Copper Project area is approximately 45 km along strike from the Freeport Grasberg operations and the world class Wabu deposit.

Under the heads of agreement, Nickelore will negotiate a formal option agreement to acquire up to a 51% interest in the Papua Gold & Copper Project over a four year period ("the Option"). The Option consideration will consist of a combination of cash payments, share consideration and exploration commitments, which are summarised as follows:

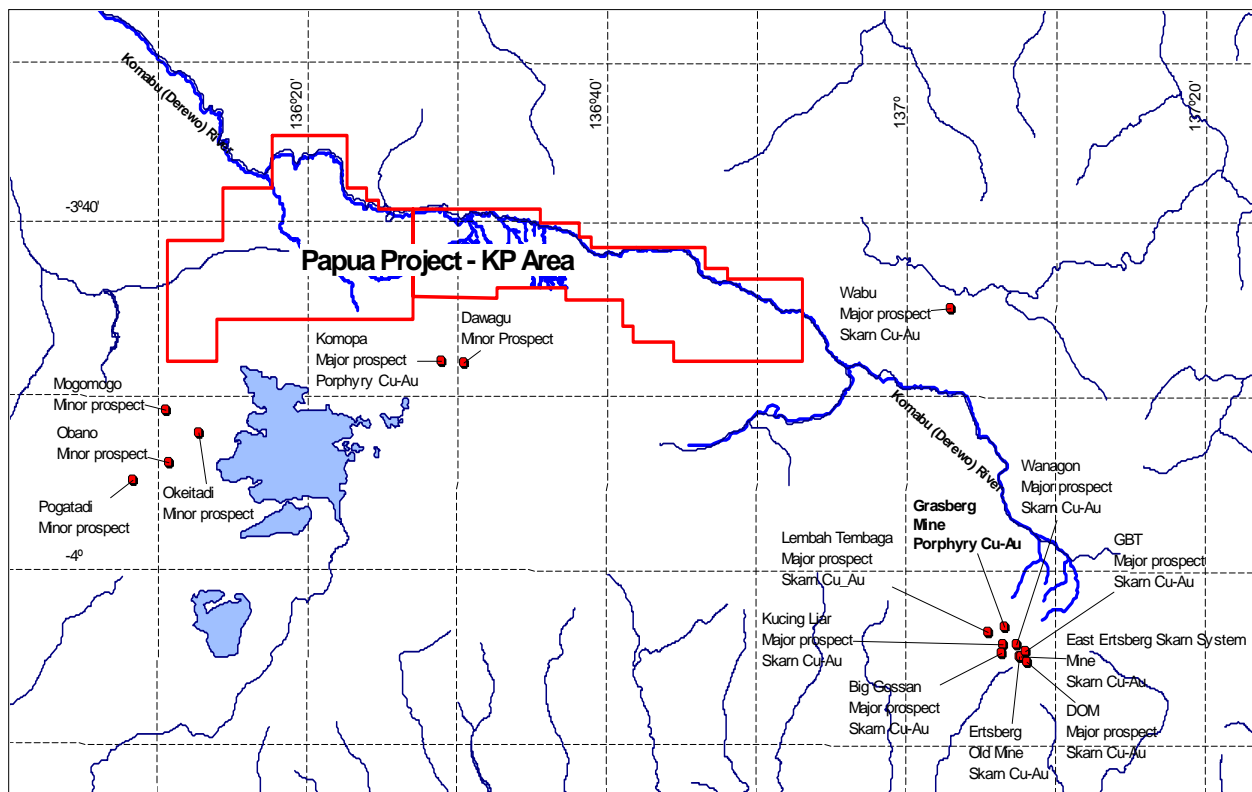
- Payment of US\$140,000 cash;
- The progressive issue of up to 80 million shares over a four year period; and
- Exploration expenditure of US\$5 million over a four year period.

It is important to note that Nickelore can terminate any further cash payments or share issues at any point after the exercise of the Option if the Company is not satisfied with the exploration performance.

The Option will be exercisable on or about 31 December 2009, subject to Nickelore's completion of the necessary legal and technical due diligence.

Papua Gold & Copper Project

The Papua Gold & Copper Project comprises two general survey mining licences which covers an area of approximately 91 square kilometres and is located in the Central Papua Province of Indonesia. The Papua Gold & Copper Project area is approximately 45 km along strike from the Freeport Grasberg operations and the world class Wabu deposit. Some 2 billion tonnes of gold and copper reserves are located within 45km of the project area. The location map below highlights the Papua Gold & Copper Project's proximity to other known deposits in the immediate vicinity.



Nickelore has commenced its technical due diligence program on the Papua Gold & Copper Project. The principal target of the future exploration program will be to identify a Au-Cu porphyry or Skarn type deposit similar to those of the Ertsberg-Grasberg complex, which is one of the world's largest gold and copper mines. For various reasons, the area which is bordered by world class deposits has been totally unexplored by modern methods. Satellite imagery has revealed several ring-structure targets which will form the immediate focus of exploration. Photo interpretation mapping has revealed that the geological units that host the majority of the project area are similar to those that host the surrounding deposits and that the structural regime is conducive to formation of large porphyry bodies.



Nickelore Limited

Nickelore is in the process of negotiating the formal Option agreement, following which the Company will provide an update on the Papua Gold & Copper Project.

Kind regards



Ian Cunningham
Company Secretary

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