

# QUARTERLY REPORT JUNE 23

ASX ANNOUNCEMENT

27 July 2023



## Key Highlights

- Following validation of results from the 2022 drilling program, Nico has commenced an update of the resource estimate (current resource is 182.6 Mt at 0.92% Ni and 0.07% Co) for the Wingellina Nickel-Cobalt Project (“**Wingellina**” or the “**Project**”) located in WA. The results from 2022 drilling program confirmed a significant amount of higher-grade material sufficient to provide high grade feed for the first decade of production at the Project.
- Nico has also commenced a resource estimate for the Lewis Calcrete Deposit which will be used in the HPAL process as a neutralising agent. The Lewis Calcrete Deposit should be sufficient to provide enough calcrete for the life of the project.
- The Company also continued logistics studies for the Project and is incorporating the results into the updated pre-feasibility study which should be completed by year end.
- Appointment of Stewart Findlay as Non-Executive Director. Stewart is a seasoned mining finance professional whose wealth of experience with both Macquarie Bank and National Australia Bank will make a positive contribution to the Company as we progress with the development of Wingellina.

Nico Resources Limited (“**Nico**” or the “**Company**”) is pleased to present a summary of activities for the quarter ended 30 June 2023.

## QUARTERLY ACTIVITIES

### Project Development

The Company successfully delivered the robust PFS results on 22 December 2022 (see Table 1 and Table 2). The positive PFS results illustrate that Wingellina is a world-class globally significant nickel-cobalt project characterised by:

- A long life project (initially 42 years) based on current ore reserves of 168.4Mt at 0.93% Ni and 0.07% Co for 1.56Mt of nickel and 123Kt of cobalt contained within a total resource (measured, indicated and inferred) of 215.6Mt at 0.91% Ni and 0.07% Co;
- A large scale project with production of approximately 40,000tpa of contained nickel and 3,000tpa of contained cobalt in a mixed hydroxide precipitate (MHP);
- Low cost (1st - 2nd quartile on global cost curve) and high operating margins (~50% to 60% EBITDA margin);
- Proven and mature High Pressure Acid Leach (“HPAL”) processing facility proposed to produce an average of 180,000tpa of MHP to supply the growing battery market.
- Capex of A\$2.39bn plus contingency of A\$0.52bn, results in a total capital cost of A\$2.90bn (US\$1.95bn). The PFS was completed by engineering firm, Worley Services Pty Ltd with the capital cost estimates as per AACE Class 4 classification (-20% to +30%).
  - Capital costs include all on-site and relevant off-site infrastructure and were undertaken at a peak in global inflation and equipment pricing.

All key approvals are in place including:

- A land access and development agreement signed with the Ngaanyatjarra Traditional Owners.

### ASX: NC1

#### Board

Jonathan Shellabear  
*Managing Director/CEO*

Peter Cook  
*Non-Executive Chairman*

Rod Corps  
*Non-Executive Director*

Brett Smith  
*Non-Executive Director*

Stewart Findlay  
*Non-Executive Director*

#### Issued Capital

91.00M shares on issue  
43.05M unlisted options  
3.00M Perform shares

#### Market Capitalisation

\$45.50 million

#### Enterprise Value

\$40.90 million

#### Cash at Bank (30-Jun-23)

\$4.61 million

#### Nico Resources Limited

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#### Principle Business Address

Level 6, 190 St Georges Tce Perth WA 6000

#### Registered Address

Level 8, 216 St Georges Tce Perth WA 6000

- Environmental Protection Agency (“EPA”) approval (application for s 46 extension in progress).
- Secured Life of Mine (LOM) water & calcrete resources.

	Unit	LOM	First 10 years
<b>Life of Mine / period</b>	years	42 years (minimum)	10 years
<b>Ore Reserve</b>	million tonnes / %	168.4Mt at 0.93% Ni, 0.07% Co	38.6Mt at 1.15% Ni, 0.09% Co
<b>Strip Ratio</b>	waste:ore	1.10	0.40
<b>Ni/ Co Recovery</b>	%	92%/89%	92%/89%
<b>Nickel production</b>	tpa	35,129	40,501
<b>Cobalt production</b>	tpa	2,658	3,157
<b>MHP production<sup>1</sup></b>	dmt	106,612	122,915

**Table 1: Production Metrics**

	Base Case <sup>2</sup>
<b>Post-tax NPV<sub>8</sub></b>	A\$3.34bn
<b>Post-tax IRR</b>	18.02%
<b>Revenue (LOM)</b>	\$61.70bn
<b>Free Cash Flow (LOM)</b>	A\$21.37bn
<b>Payback period</b>	4.9 years
<b>Average EBITDA p.a.</b>	A\$697m

**Table 2: Financial Metrics**

Based on the positive PFS results, the Company has continued to progress the development of the Project with the updating of the PFS prior to the commencement of a Definitive Feasibility Study (“DFS”) in 2024.

## Exploration & Geology

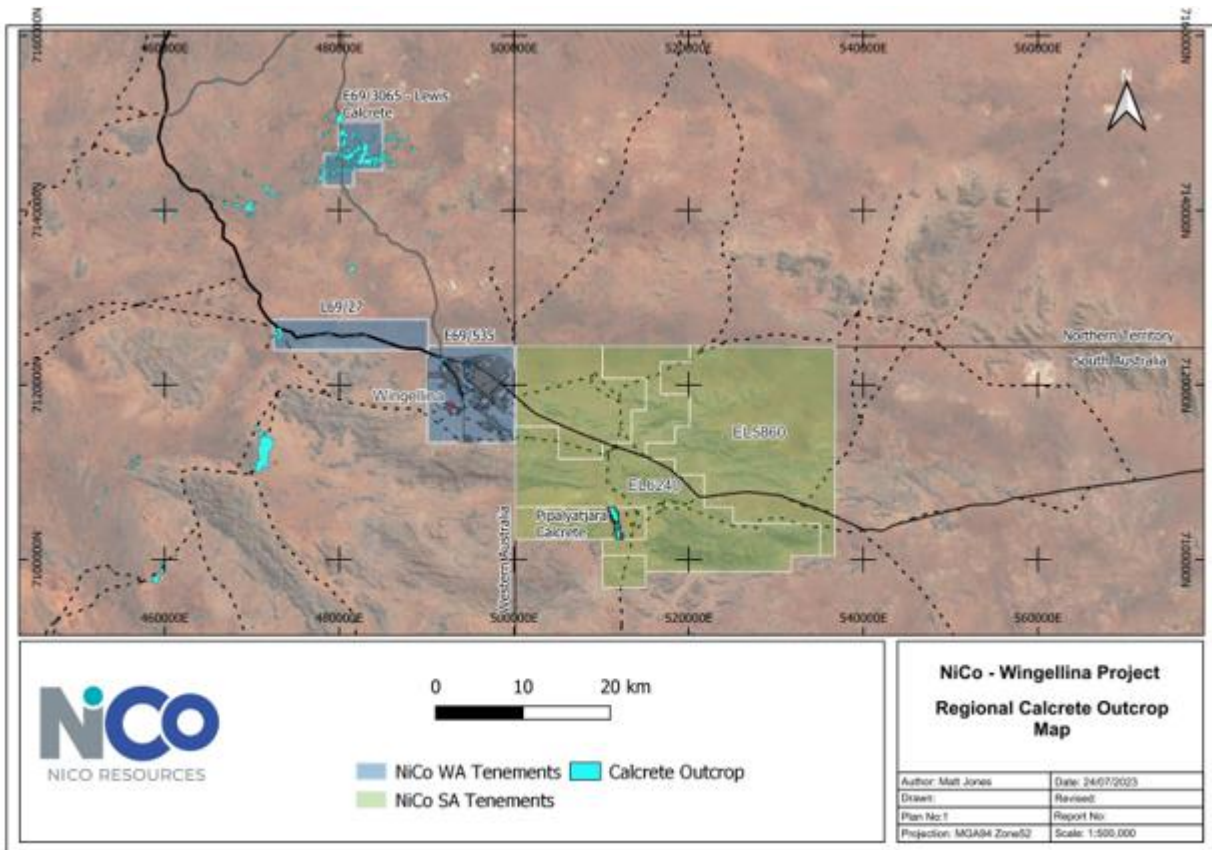
### Resource Modelling

During the June Quarter, Nico entered into an agreement with CSA Global to develop a resource estimate for the recently drilled Lewis Calcrete Deposit (see Figure 1). Calcrete is an important consumable in the HPAL process and is used in the process as a neutralization agent. The Lewis Calcrete Deposit, located approximately 25 kilometres north of the Wingellina project, should provide all the calcrete requirements for the life of the project.

The drilling data from the Lewis Calcrete Deposit has undergone a thorough review and validation by independent consultants. It is currently being integrated into a resource model, with the intention that CSA Global will complete the Lewis Calcrete resource model in the September Quarter. This resource model will play a crucial role in understanding the global calcrete resource base available to Nico for the Wingellina Project. The company is eagerly anticipating the conversion of the substantial exploration target into a quantified resource, which will contribute to the development of a long-life project at Wingellina.

<sup>1</sup> Preliminary life cycle analysis indicates 17.8 kg of CO<sub>2</sub> per kg of Ni in MHP

<sup>2</sup> Wood Mackenzie & S&P Market Intelligence blended price forecast (real, 2022\$) of US\$21,472/t Ni and US\$49,686/t Co and AUD:USD exchange rate of 0.67 (Bloomberg forward curve).



**Figure 1. Location of the Lewis Calcrete deposit and other calcrete resources in the immediate area**

CSA Global have also been appointed to complete an update of the Wingellina resource model which will incorporate the results from the 2022 drill program. The current resource at Wingellina is 182.6 Mt at 0.92% Ni and 0.07% Co for a total of 1.68 Mt of nickel and 132kt of cobalt. The 2002 drilling results returned a strong correlation between the resource targets generated in a previous study and the high-grade zones extended much deeper than previous interpretations indicated. The results provide Nico with confidence that the 15 high grade pits may provide a suitable source of higher-grade mining inventory and significantly enhance the cash flow generation in the initial years of production from the project.

The update of the resource model for the Wingellina Deposit is planned to commence following the consolidation and validation of the recently collected 2022 drilling data. Throughout the current quarter, efforts have been focused on consolidating the Wingellina drill program data into the existing resource database. Significant progress has been made, and a consolidated dataset, including QAQC data, is expected to be finalized shortly. This will enable CSA Global to proceed with the re-estimation of an updated resource model.

This work has been conducted concurrently with the calcrete resource model. An updated resource estimate of the Wingellina project, incorporating the results from 2022 program is expected to be completed in the December quarter.

### Water Resources

Nico is awaiting approvals for the workplan to commence a passive survey on both the Cobb Embayment and Mann Fault areas (see Figure 2). These surveys are required to constrain the specific water supply target areas ahead of the upcoming water drilling campaign. The Company remains committed to implementing responsible water management practices in alignment with environmental regulations.

Anthropological and archaeological surveys will be undertaken by helicopter and will be completed during July 2023. These surveys are currently being managed by the Ng Council and are the precursor for ground activities

including the passive seismic surveys and ultimately water drilling and bore hole development across these areas.

Nico Resources has also initiated investigations into the "Nyikukura (Mann Fault - South Australian extension)" water target, which was previously explored by Metals X Limited ("MLX") in 2011. The previous drill program revealed a water yield of 5.5 L/s (475m3/Day) through airlift. The project area is currently undergoing desktop data review, and the company is assessing future exploration options for this potential additional water source.

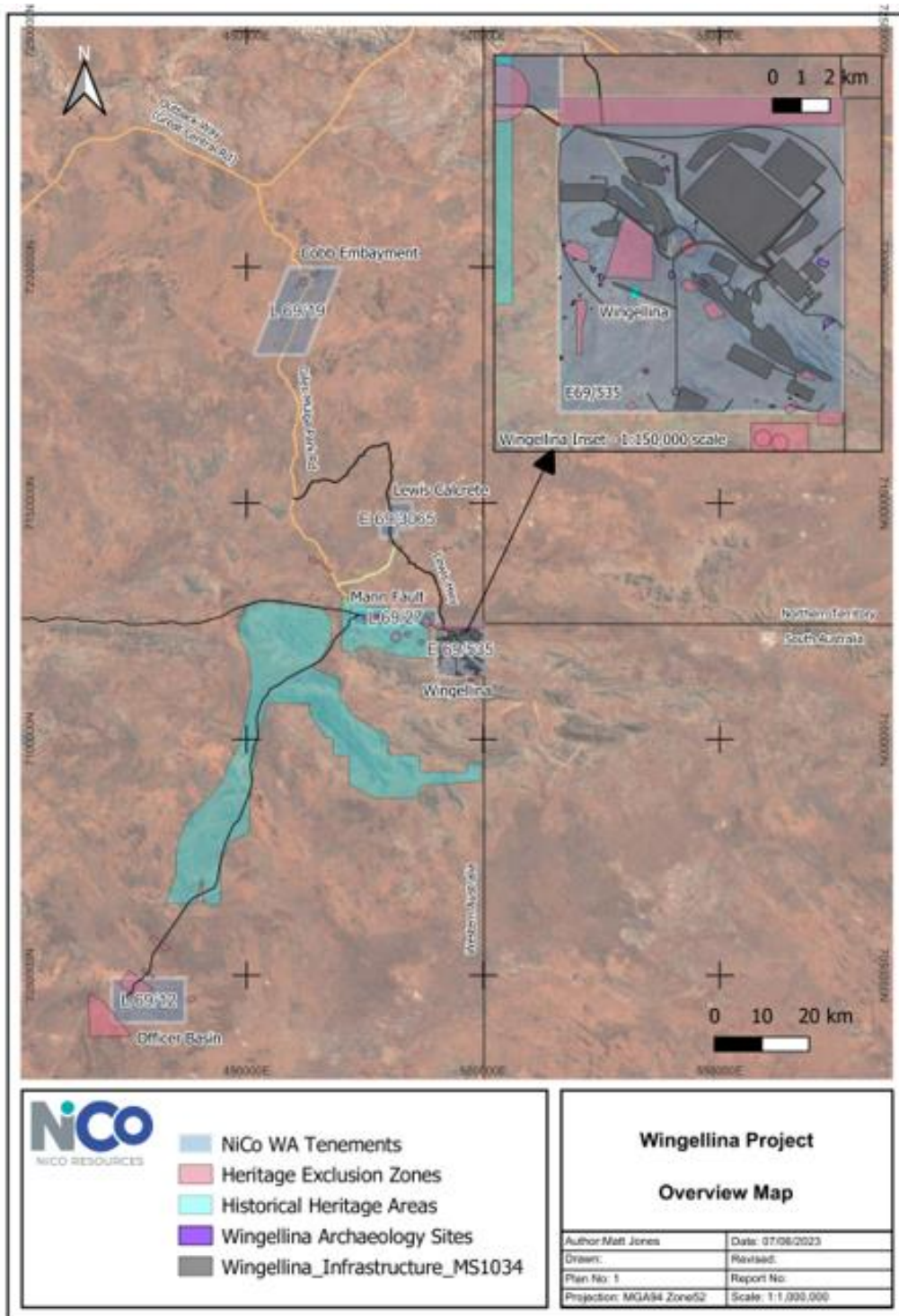
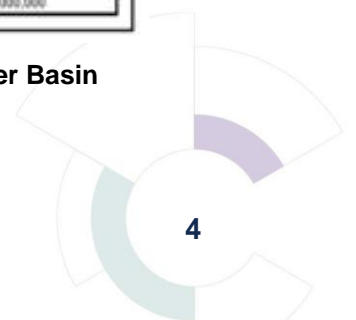


Figure 2. Location of the Cobb Embayment, Mann Fault and Officer Basin



### **Non-Process Infrastructure**

To ensure efficient logistics and cost-effective operations, Nico has been undertaking extensive logistics modelling and costing exercises with an independent expert on complex logistical supply chains. Regular meetings are ongoing to finalize the modelling options and costing strategies to further enhance the project's economics. Furthermore, engagement meetings have been held with a shortlist of specialist bulk cargo logistics suppliers to provide valuable insights into suppliers, specifications, logistics, handling, storage, and costing, which will be compiled into a comprehensive white paper. This white paper will serve as a ready reference for the upcoming Definitive Feasibility Study (DFS).

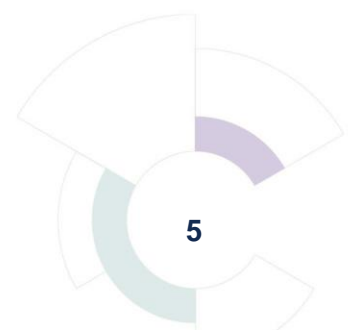
Significant progress has been made in discussions with the Shire of Ngaanyatjarraku regarding road upgrades to the project. A meeting was held with Kevin Flannagan, CEO, and David Mosel, GM, to gain a comprehensive understanding of the approvals process and the necessary steps for the upgrade of the Giles Mulga Park Road (Irrunytju Road – see Figure 3). Valuable insights were shared based on recent experiences with approvals for the Jamieson Road at BHP's West Musgrave project. The Company is actively coordinating a site meeting with the Ng Shire to further explore road upgrade options that align with the project's infrastructure requirements. An application has been submitted to the Ng Shire for review prior to the submission to Main Roads WA to upgrade a section of the Irrunytju Road to a RAV 10 category (which will allow the use road trains with a triple and quad configuration). Heritage assessments for the road alignments and upgrades are currently underway.

The Commonwealth and State Governments have committed \$664 million towards the upgrading and sealing of the Great Central Road which is part of the WA section of the Outback Way. This amount is in addition to the Northern Territory and Federal Governments commitment of \$217 million to upgrade and seal the NT section of the Outback Way which is anticipated to be completed by mid-2027.

Project development activities for the WA section of the Outback Way are expected to be substantially completed by 2024. We have been informed that at this time, Main Roads WA will be able to determine which sections can be fast-tracked for construction. A presentation has been made to Main Roads WA to bring forward the proposed schedule of the Outback Way that aligns with the development of the Wingellina project.

Nico continues to engage with the various power suppliers in the market. Valuable insights and clarifications regarding the potential options for the proposed renewable power supply solutions for the Wingellina Project continue to be progressed. During the quarter the Company engaged in discussions to address queries and plans for the necessary clearances to ensure the successful integration and further development of renewable energy solutions at the project. In addition, Nico progressed discussions with various third parties regarding the supply of LNG (via a virtual pipeline) to provide thermal energy for the project. The commitment to a renewable and sustainable power supply remains a priority for the Wingellina Project.

Nico has been actively engaged in discussions with potential sulphur providers globally to secure a reliable sulphur supply. During the quarter, significant progress was made in clarifying sulphur specification requirements for the design and optimum operation of the proposed Acid Plant. Consultation with a leading Acid Plant supplier based in Perth provided valuable insights and advancements in Acid Plant design and the product quality requirements for operations.



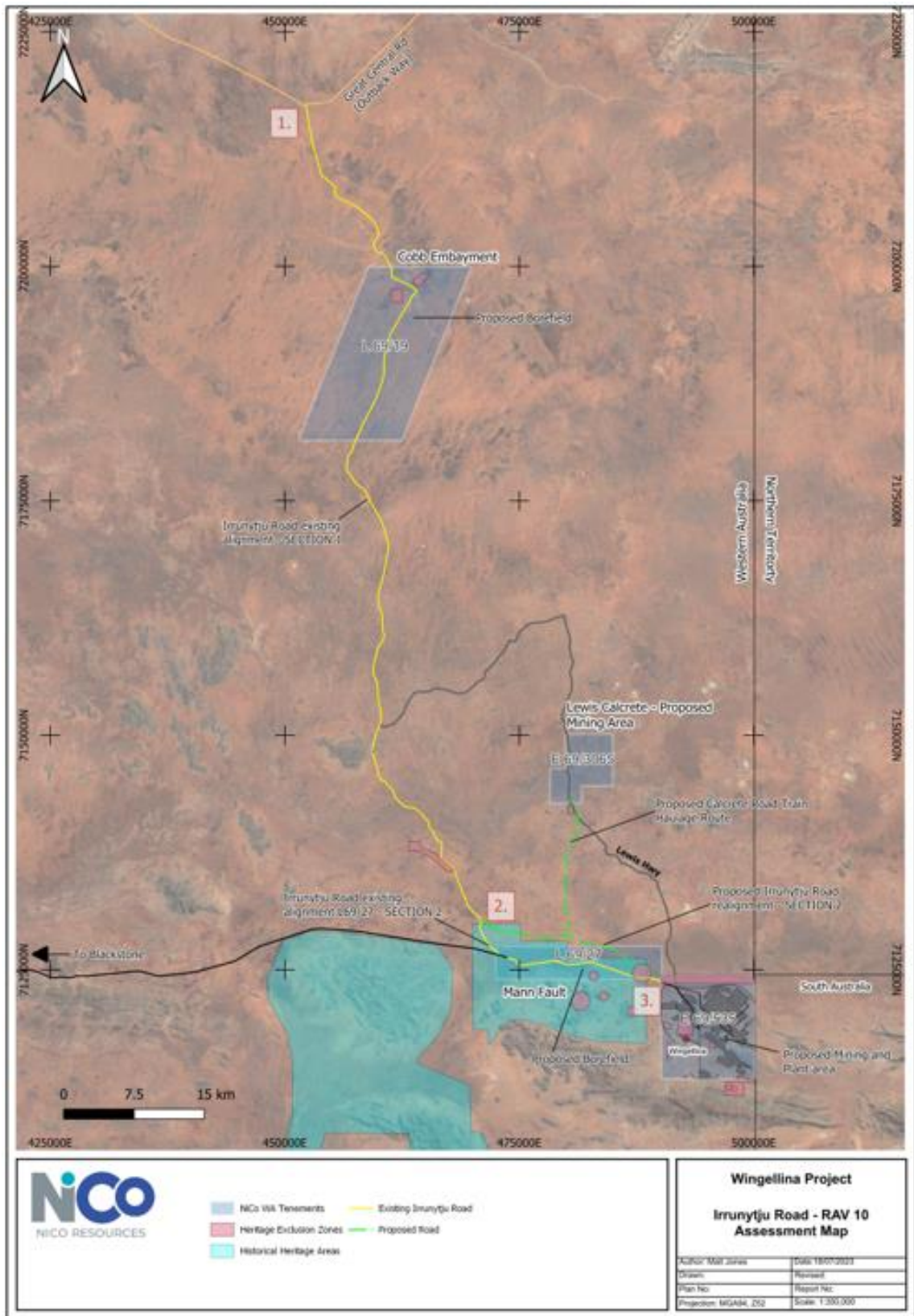


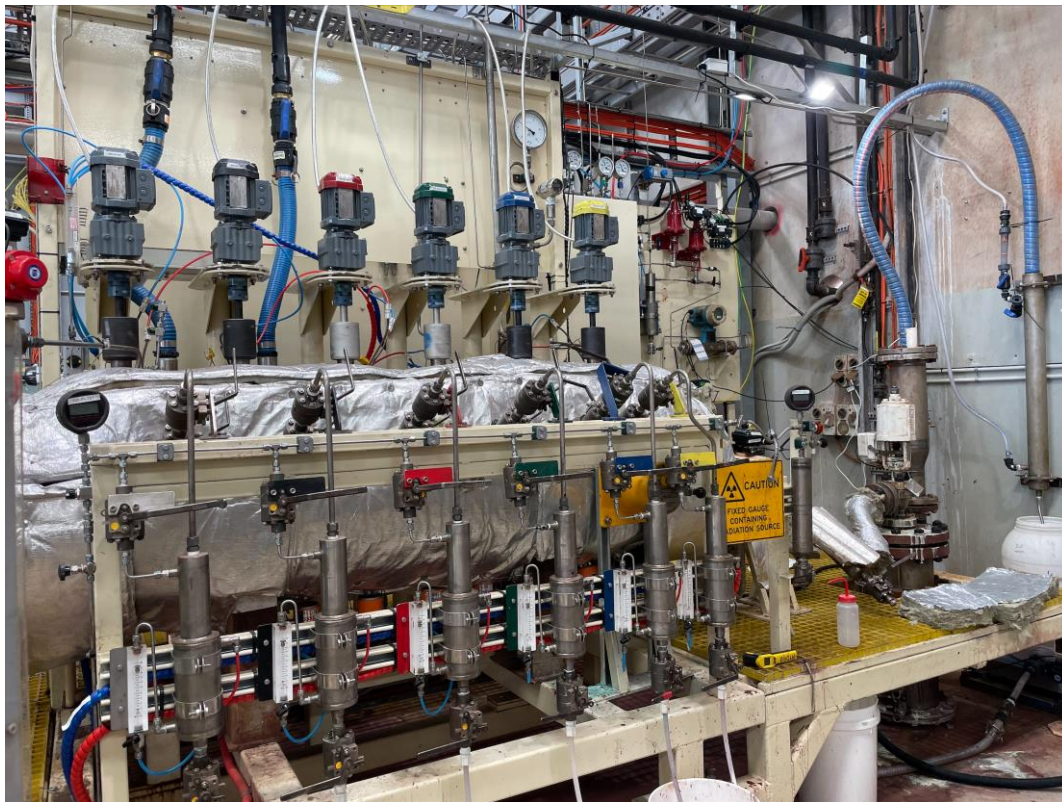
Figure 3. Road access from the Outback Way, Cobb Embayment and Lewis Calcrete to site

### *Processing and Metallurgy*

The Scope of Work for the piloting test work was completed during the quarter and has recently been issued to prospective laboratories who can undertake the required work. The initial focus of the piloting test work will be on Mixed Hydroxide Precipitate (MHP) processing, laying the foundation for further advancements in our metallurgical processes. The Company's piloting activities are scheduled for the September and December quarter 2023 and Nico is confident that these efforts will significantly contribute to the ongoing development of the Wingellina project.

As part of this extended continuous piloting and bench scale testwork, most of the main equipment will be sized and their process parameters defined. Piloting will be continuously tested from the High Pressure Acid Leach (HPAL) autoclave (see Figure 4) to tailings for several days to understand and optimise the process parameters. An autoclave sizing analysis study conducted by SGS Canada Inc at its Lakefield laboratory with Nico Resources earlier this year has prompted further analysis to reach conclusive results. An updated description of the smaller particle size distribution has been incorporated. Furthermore, a leach kinetics study involving a "higher acid injection" scenario is being organized to enhance the Company's understanding and optimise the autoclave design and operation.

A successful continuous piloting will allow the confirmation of all the process parameters and allow the Company to commence the DFS.



**Figure 4. HPAL piloting**



**Figure 5. Counter Current Decantation piloting**

Throughout the last few months, the company has received multiple quotes from Magnesia suppliers for the pilot plant operations. After careful evaluation, Nico is pleased to confirm QMag Pty Ltd has been selected as the preferred supplier. The purchase order for the magnesia will be placed in line with internal timelines to ensure product delivery for the upcoming piloting activities.

The Nico process team has continued to actively investigate the feasibility of generating quicklime on-site at Wingellina as a cost control and project optimisation mechanism. Calcrete will be sourced from the Lewis calcrete deposit which is located north of the Wingellina deposit. Bench testing of Lewis calcrete has commenced in collaboration with Simulus Group, to assess the viability of producing quicklime from the Lewis calcrete deposit. The findings from this investigation will guide the subsequent pilot plant design and operations. It is anticipated that this will be completed in the September quarter.

Nico has also entered into discussions with a global leader in resin supply for scandium extraction ahead of our pilot plant campaign to test scandium extraction in its process flowsheet. Quotes have been received for the supply of resins tailored specifically for capturing scandium. The Wingellina orebody contains comparatively high scandium levels (around 50 ppm) in the total resource. Ongoing planning and evaluation work is being conducted to test the concept of the scandium extraction process during piloting studies.

### ***Environmental, Social and Governance***

Nico Resources has engaged the services of highly credentialed independent consultants Western Botanical to execute the Flora and Fauna survey for the various upcoming works programs. Commencement of this work is currently awaiting the imminent completion of the cultural heritage survey over the designated areas of interest.

During the quarter Nico also continued to progress with responses to s46 queries (extension to existing EPA approval) from the EPA in conjunction with the Ngaanyatjarra Council. Nico is continuing to advance the outstanding areas requested by the EPA and looks forward to finalising the work program.

Due to the continued development of the Wingellina project, Nico Resources has begun the advancement of its Mine Safety Management System, WHS risk workshops, and training for relevant personnel. This work has been completed in advance of the next stage of project development to ensure the company is aligned with its evolving compliance requirements with the West Australian Mining Act. Nico believes that the development and installation of these processes ahead of the commencement of the next phase of studies will ensure a streamlined approach to project development.

### ***Stakeholder Relations***

During the quarter the Company maintained its ongoing engagement with various stakeholders, including government representatives, community members, and indigenous councils. This included but was not limited to:

- Coordination of community support programs, sponsorship initiatives and sport-related activities.
- Execution of the delivery of items to the various Wingellina community clubs and organisations.
- Correspondence and meetings with relevant ministers, departments, and advisory bodies to discuss project progress.



**Figure 6. Bicycles donated to the Wingellina school**



**Figure 7. Softball gear donated to the Irrunytju Kungkas team**

## **PLANNED ACTIVITIES AND EXPLORATION FOR SEPTEMBER 2023**

During the September 23 quarter Nico will focus on the following activities:

- Commence an initial piloting campaign to confirm the robust project flowsheet design.
- Complete archaeological and anthropological surveys on key project areas, including the Cobb Embayment, Lewis Calcrete, access roads and areas for power supply and tailings.
- Complete flora and fauna surveys in certain key Project areas, following the appointment of Western Botanical to undertake the required work.
- Continue to advance ancillary permits outstanding for the Project development.
- Continue to refine logistics studies and options for the Project.
- Complete a resource estimate and associated work on the Lewis calcrete deposit, including testwork for the production of quicklime.
- Additional work on the potential water supply from the Cobb Embayment and the Mann Fault.
- Progress engagement with State and Federal departments including JTSI and other key stakeholders, including the local community.
- Continue the scope and definition documentation for the DFS.
- Continue engagement with potential strategic partners that may assist in the development and funding of the Project.
- Complete the consolidation of the Geological database and validation of all data including all previous drilling undertaken at the Project and commence the update of the updated resource estimate for the Wingellina project.
- Commence a geo-metallurgical model to assist in identification of orebody variability and mine planning and scheduling.
- Commence the optimisation of the Mining Schedule in preparation towards the upcoming DFS.

## CORPORATE AND FINANCIAL

### CHANGES TO THE BOARD AND MANAGEMENT

#### **Mr Stewart Findlay appointed a Non-Executive Director**

Mr Findlay has over 25 years of in-depth banking and financial markets experience in arranging project finance, senior secured debt and corporate finance facilities, equity investments, commodity hedging arrangements and providing corporate advice to a large number of resource companies, having previously held senior positions in the metals & mining divisions of Macquarie Bank and National Australia Bank. Mr Findlay is currently a non-executive director of ASX-listed West African Resources, and an executive director of unlisted Polyline Pipe Systems Ltd. Mr Findlay holds a Bachelor of Commerce (Accounting & Finance) from the University of New South Wales and is a member of the Australian Institute of Company Directors.

### FINANCIAL

Nico closed the quarter with cash and working capital of \$4,608,107.

#### MAJOR SHAREHOLDERS

The current major shareholders of the Company are:

- Blackstone Minerals Limited 15.11%
- Mr Rod Corps 11.27%
- Metals X Limited 8.46%
- Avaja Holdings Pty Ltd (P Cook Group) 7.09%

Related party payments for the quarter, are as outlined in the attached Appendix 5B at section 6.1, total \$163,418 and includes amounts paid to directors including director's fees and statutory superannuation.

Exploration and Evaluation expenditure during the quarter was \$253,557.

#### CAPITAL STRUCTURE<sup>3</sup> AS AT 30 June 2023

Description	Number
Fully paid ordinary shares	91,000,002
Unlisted Vendor options exercisable at \$0.25 on or before 3 November 2024	25,000,000
Unlisted Directors options exercisable at \$0.25 on or before 29 July 2024	9,000,000
Unlisted Lead Manager options exercisable at \$0.30 on or before 17 January 2025	800,000
Unlisted Directors options exercisable at \$0.644 on or before 23 March 2026	3,000,000
Unlisted Employee options Various*	5,000,000

<sup>3</sup> See various 3B announcements for details.

## USE OF FUNDS<sup>4</sup>

Nico provides the following disclosures required by ASX Listing Rule 5.3.4 regarding a comparison of its actual expenditure to date since listing on 19 January 2022 against the 'use of funds' statement in its prospectus dated 23 November 2021.

Expenditure	Funds allocated under Prospectus	Actual to 30 June 2023	Variance
Exploration Expenses	\$4,023,000	\$2,894,493	(\$1,128,507)
Studies and Reviews	\$622,000	\$230,083	(\$391,917)
Directors Fees	\$800,000	\$530,659	(\$269,341)
Working Capital	\$1,396,000	\$2,907,444	1,511,444
Costs of offer	\$1,063,000	\$1,148,764	\$85,764
Future acquisition costs	\$1,350,000	-	(1,350,000)
<b>Total</b>	<b>\$9,254,000</b>	<b>\$7,711,443</b>	<b>(\$1,542,557)</b>

*This announcement has been authorised for release by the Board.*

## CONTACTS

For more information, please visit our website [www.nicoresources.com.au](http://www.nicoresources.com.au) or email [info@nicoresources.com.au](mailto:info@nicoresources.com.au).

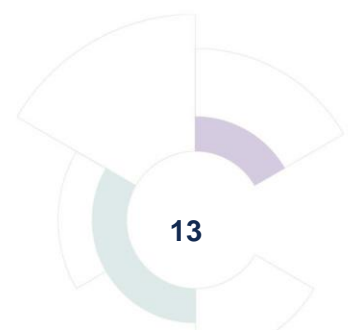
Jonathan Shellabear  
**Managing Director/CEO**

Amanda Burgess  
**Company Secretary**

<sup>4</sup> The Use of Funds table is a statement of current intentions, investors should note that the allocation of funds set out in the table may change depending on a number of factors including the results of exploration, outcome of development activities, regulatory developments and market and general economic conditions.

## SUMMARY OF MINING TENEMENTS

Tenement	Status	Project	Location	Ownership
E69/535	LIVE	Wingellina	WA	100
E69/3065	LIVE	Wingellina	WA	100
L69/12	LIVE	Wingellina	WA	100
L69/19	LIVE	Wingellina	WA	100
L69/27	LIVE	Wingellina	WA	100
EL5860	LIVE	Claude Hills	SA	100
EL6240	LIVE	Mt Davis	SA	100



## ABOUT NICO RESOURCES LIMITED

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**Nico Resources Limited** is an Australian company focusing on Australian nickel projects.

Nico owns a 100% legal and beneficial interest in nickel assets consisting of the Wingellina (WA) and Claude Hills (SA) nickel projects.

### **Central Musgrave Project (CMP)**

The CMP comprising of three main exploration tenements - Wingellina (WA), Claude Hill (SA) and Mt Davies (SA) along with an Exploration Licence covering the Lewis calcrete resource and three Miscellaneous Licences covering the defined water resources.

The CMP consists of a package of tenements hosting nickel-cobalt-scandium lateritic Mineral Resources in excess of 200 million tonnes, containing 1.95 million tonnes of Nickel and 150 thousand tonnes of Cobalt along with a Probable Ore Reserve of 164.8 million tonnes containing 1.56 million tonnes of Nickel and 123,000 tonnes of cobalt.

The project tenure is approximately 1,469km<sup>2</sup> located within Western Australia and South Australia adjoining the Surveyor Generals Corner (the junction between Western Australia, the Northern Territory and South Australia).

Wingellina is one of the largest undeveloped nickel resources / reserves globally to underpin an independent Australian nickel producer.

The Wingellina deposit hosts a JORC (2012) defined Measured, Indicated and Inferred Resources of 182.6Mt at 0.92% Ni & 0.07% Co for 1.68Mt of contained nickel and 132Kt of contained cobalt and hosts a JORC (2012) defined Probable Reserves of 168.4Mt at 0.93% Ni & 0.07% Co for 1.56Mt of contained nickel and 123Kt of contained cobalt).

The Claude Hills deposit located less than 20km from Wingellina hosts a JORC (2004) defined Inferred Resources of 33.3 Mt at 0.81% Ni and 0.07% Co for 270Kt of contained nickel and 23Kt of contained cobalt.

## COMPETENT PERSON'S STATEMENT

### *Exploration*

The information in the report to which this statement is attached relates to Exploration Targets or Exploration Results is based on information compiled by Mr. M Jones, who is full time Employee of the company and also a Member of The Australian Institute of Mining and Metallurgy, with 20 years' experience in the mining industry. Mr. Jones has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### *Resources*

The information in this report that relates to mineral resources, exploration targets or exploration results is based on information compiled by Mr Jake (Jacob) Russell, who was previously an employee of Metals X, and a "Competent Person" who is a Member of the Australian Institute of Geoscientists (AIG). Mr Russell has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a "Competent Person" as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Russell consents to the inclusion in this announcement of the matters based on his information and in the form and context in which it appears.

### *Ore Reserves*

The information in this report that relates to ore reserves is based on information compiled by Mr Michael Poepjes, who was a previous employee of Metals X in 2016, a member of the AusIMM at the time and a “Competent Person”. Mr Poepjes has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to Qualify as a “Competent Person” as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Poepjes consents to the inclusion in this announcement of the matters based on his information and in the form and context in which it appears.

## **PFS CAUTIONARY STATEMENT**

The production target and forecast financial information derived from the production target referred to is based on 100% of the material form probable ore reserves. This includes all material modelled for the current mining schedule for Wingellina. There has been no modifying factors applied to the estimation as all of the material included in the study resides in the probable ore reserve category. The material assumptions used in the estimation of the production target and associated forecast financial information are set out in Table 2: Ore Reserve estimation for the Wingellina Project of the "Nico Resources Limited Technical Assessment Report of the Central Musgraves Nickel-Cobalt Project" prepared by CSA Global Mining Industry Consultants as part of the "Nico Resources Replacement Prospectus Initial Public Offer" dated 23 November as at 2021. The mineral resource and ore reserve estimates underpinning the production target were prepared by Competent Persons in accordance with the JORC Code 2012.

## **FORWARD-LOOKING STATEMENTS:**

This announcement contains certain forward-looking statements. Forward-looking statements are statements that are not historical and consist primarily of projections — statements regarding future plans, expectations and developments. Words such as “expects”, “intends”, “plans”, “may”, “could”, “potential”, “should”, “anticipates”, “likely”, and “believes” and words of similar import tend to identify forward-looking statements. All statements other than those of historical facts included in this announcement are forward-looking statements, including, without limitation, statements regarding plans, strategies and objectives, anticipated production and expected costs and projections and estimates of ore reserves and mineral resources. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, exploration, development and operational risks. No independent third party has reviewed the reasonableness of any such statements or assumptions. None of the Company, their related bodies corporate and their respective officers, directors, employees, or advisers represent or warrant that such forward statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any forward statement contained in this release. The Company does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. Recipients should form their own views as to these matters and any assumptions on which any of the forward statements are based and not place undue reliance on such statements.

## **PREVIOUS DISCLOSURE**

The information in this quarterly activities report is based on the Nico Resources Limited Prospectus and Pre-feasibility study, which are available from the Nico Resources Limited website [www.nicoresources.com.au](http://www.nicoresources.com.au) and the ASX website [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus and that all material assumptions and technical parameters underpinning the Prospectus continue to apply and have not materially changed.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Nico Resources Limited

ABN

80 649 817 425

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development		
(c) production		
(d) staff costs	(615)	(1,691)
(e) administration and corporate costs	(396)	(1,545)
1.3 Dividends received (see note 3)		
1.4 Interest received	69	136
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	29	89
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(913)</b>	<b>(3,012)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(8)	(26)
(d) exploration & evaluation	(253)	(2,596)
(e) investments	-	-
(f) other non-current assets	15	15

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(246)</b>	<b>(2,607)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	-	-
	Funds received in the prior quarter for capital allotted in the current quarter		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,767	10,226
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(913)	(3,011)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(246)	(2,607)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,608</b>	<b>4,608</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,440	35
5.2	Call deposits	3,168	5,732
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,608</b>	<b>5,767</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	163
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>-</b>	<b>-</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>-</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(914)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(246)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,161)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,608
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,608
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>4</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 July 2023

Authorised by: **The Board of Nico Resources Limited**

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.