

## QUARTERLY REPORT JUNE 2022

**ASX code : NC1**

**Board**

Rod Corps  
*Managing Director*

Warren Hallam  
*Non-Executive Chairman*

Brett Smith  
*Non-Executive Director*

**Issued Capital**

91.00M shares on issue  
37.8M unlisted options

**Market Capitalisation**

\$73.71 million

**Enterprise Value**

\$63.48 million

**Cash at Bank (Jun 30)**

\$10.23 million

**Nico Resources Limited**

ABN 80 649 871 425

L6, 190 St Georges Terrace  
Perth, WA 6000

GPO Box 2517  
Perth, WA 6831

T (08) 9481 0389

E [info@nicoresources.com.au](mailto:info@nicoresources.com.au)

W [Nicoresources.com.au](http://Nicoresources.com.au)

## KEY HIGHLIGHTS

- Pre-feasibility study progressing well with expected completion end of August.
- Drilling Program to commence as access to the lands reopen after Covid;
- Discussion with various offtake and finance partners ongoing.

**Nico Resources Limited** (ACN 649 817 425) ("**Nico**" or the "**Company**") is pleased to present a summary of activities for the quarter ended 30 June 2022.

Nico's focus for the June 2022 quarter was to continue to move the Wingellina project towards development and production. The main activities for the quarter were to:-

- Commence and progress the pre-feasibility study (PFS),
- Review and optimise the exploitation of the Wingellina ore deposit through the exploration and drilling of high grade zones.
- Review the satellite Claude Hills deposit and obtain approvals to commence a Resource upgrade drilling program;
- Develop a resource definition drilling program sufficient to derive a local Calcrete resource which will reduce the need to purchase lime for the ore processing.

**Managing Director, Rod Corps** said

*"Following the first full quarter being listed on the ASX, Nico is extremely encouraged and excited with the progress made to date. Our engagement with Worley for the completion of the updated PFS has progressed and is on track with the results to be released to the market this Sept 22 quarter. Internal high-level studies have also highlighted a number of other value-add propositions along the company's pathway to development.*

*As we see the EV/battery metals space gathers momentum, Nico is seeing a large inbound number of local and overseas potential financing, development and off take partners.*

*Nico is in ongoing discussions about the way forward with potential partnerships. Wingellina is already recognised on the Australian Government Critical Minerals list and we are continuing to build our collaboration with both Federal and State Governments.*

*Further high-grade cobalt/Nickel drilling is due to start shortly as the lands are now opening up again from covid, which should enhance the economics of the project even further.*

*Easing of restrictions in the last quarter has also allowed Nico to travel and engage with investors around Australia and overseas of which Nico has been encouraged by the feedback received from these engagements. We look forward to continuing to progress the Wingellina project towards development*

## **QUARTERLY ACTIVITIES**

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### **Project Development:**

#### ***Worley PFS update:***

- The PFS remains on track for delivery in the September quarter.
- The OPEX and CAPEX estimate summary numbers are close to finalisation and the supporting modelling and reporting remains on track for delivery in the September Quarter.
- Nico has commenced the formal review of the proposed project power infrastructure originally scoped and designed for the Wingellina project based on the 2008-12 Prefeasibility studies. The evolution of the renewable power economy including the now competitive capital and operational cost of this infrastructure has encouraged the company to undertake preliminary desktop analysis to determine viable alternative power sources for the life of the operation. Should the scoping level work prove environmentally and economically feasible for the Wingellina development a detailed feasibility and engineering study will be incorporated into the project feasibility works moving forward. This body of work will not be incorporated into the current PFS due to the respective completion timelines not aligning.
- Nico Resources is currently undertaking a review to formalise the assessment of additional metal refining options as a value addition to the Wingellina base case prefeasibility study to be completed in the coming quarter. This review will include the refining of the following mid and downstream products for the precursor and lithium-ion battery space:
  - Mixed Hydroxide precipitants (MHP)
  - Mixed Sulphide precipitants (MSP)
  - Nickel and Cobalt Metal Sulphates
  - Precursor Cathode Active Material (pCAM)
- Following completion of this review, any metal refining process found to be value accretive to the overall project will be incorporated into the next stage of engineering studies.
- Additional reviews and studies will also take place to determine the economics of the production of High Purity Alumina (HPA), and based on previous successful testwork the production of Scandium.

### **Exploration & Geology:**

#### ***Wingellina 2022 Drill Program update:***

Nico has planned to undertake a 10,000m drill program at its Central Musgraves Project and has contract Kennedy Drilling to commence in the 3<sup>rd</sup> week of August. The objectives of the program are as follows:

- 7,180m has been designed to optimise the high grade nickel and cobalt domains. The data generated from the 2022 program when combined with that from the 2017 and 2019 programs which will enable resource determinations of the high-grade zones to be undertaken and to optimise the project economics with the mining of higher grade zones in the earlier years.
- 2,006m has been designed for the completion of resource definition drilling on E69/3065 (Lewis Calcrete Deposit). The program has the objective of defining up to 90Mt of suitable calcrete resources for use as an acid-neutralizing agent for the life of operations at the proposed Wingellina Ni-Co Processing Plant. This will significantly off set the requirement to purchase lime.
- 800m has been designed to test the depth, abundance, and quality of water within Palaeo valley sediments of the Mann Fault within 10kms of the Wingellina project. The purpose of this program is

to confirm a water supply close to our project location that as a minimum will provide enough volume for the requirements of project construction.

## **Business & Corporate Development:**

### ***Austrade Engagement:***

Nico has previously been approached and remains continuously in dialogue with Austrade as we develop the world-class Wingellina project. The Wingellina Project is currently listed on the “2021 Critical Minerals Prospectus”, (<https://www.austrade.gov.au/news/publications/australian-critical-minerals-prospectus-2021>) a document collated by Austrade for the promotion of Australian Critical Minerals projects seeking investment opportunities. Austrade has remained a supportive partner in connecting Nico with potential investors seeking opportunities to secure long-term supplies of Nickel, Cobalt and Manganese.

Nico has commenced engagement with the downstream consumption market for the Nickel, Cobalt, and Manganese as it begins the strategic process of reviewing project financing and development options for the world-class Wingellina project.

## **Environmental & Social Governance**

### ***2022 EPA PER Extension Application:***

The Wingellina project received its EPA PER approval in September of 2016. PER approvals are granted for a term of 5 years with the ability to apply for extension for a second term of 5 year. During the period of project ownership change Nico has been required to apply for the PER extension from the Environmental Protection Agency and as a result of various policy changes the following points are required to be addressed.:-

- GHG emissions profile
- Update the ethnographic and archaeological surveys for the borefield and water supply pipeline corridor.
- Updated community engagement action management plan
- Update of Traditional owner engagement

Nico has engaged Stantec as its environmental consultant. Stantec together with Nico have commenced works to respond to the EPA's requests, Both organisations see no issues with addressing the EPA's requests and are currently engaged in the processing of doing so.

### ***Ngaanyatjarra land council and Anangu Pitjantjatjara Yankunytjatjara council engagement:***

During the quarter Nico continued to engage with the communities and respective Traditional owners of the lands in which we work and operate. Nico completed two introductory meetings with the Ngaanyatjarra land council and one meeting with the Anangu Pitjantjatjara Yankunytjatjara to discuss the development of the Central Musgraves Project. Nico Resources has continues to remain actively engaged with community consultation on country.

## **Safety, Human Resources & Administration:**

As part of Nico's continuous community engagement strategy, we continue to provide the local lands with access to accommodation and meals services at our Wingellina exploration camp. Nico maintains this service as an option for the general public and service providers in the Ngaanyatjarra and Anangu Pitjantjatjara Yankunytjatjara lands due to the remoteness of the region. We look to provide a safe and secure accommodation option for all community members that may require it.

### Additional Employment Roles:

During the quarter Nico commenced a recruitment program to increase the management team. The program has been designed to search for two permanent full-time roles, Geology Manager and Lead Engineer for Nico.

These two roles will serve as the beginning of the “Owners Team” as we continue the development pathway of the Wingellina Project. The recruitment program received a large amount of inbound interest which has been extremely encouraging. The recruitment program is ongoing and should be finalised during the beginning of this current quarter (30 Sept 22).

## CENTRAL MUSGRAVE PROJECT (CMP)

The world-class Wingellina Nickel-Cobalt Project (Wingellina) is the largest undeveloped nickel-cobalt deposit in Australia and part of Nico Resources Central Musgrave Project (CMP) which straddles the triple-point of the Western Australia, Northern Territory and South Australia borders.

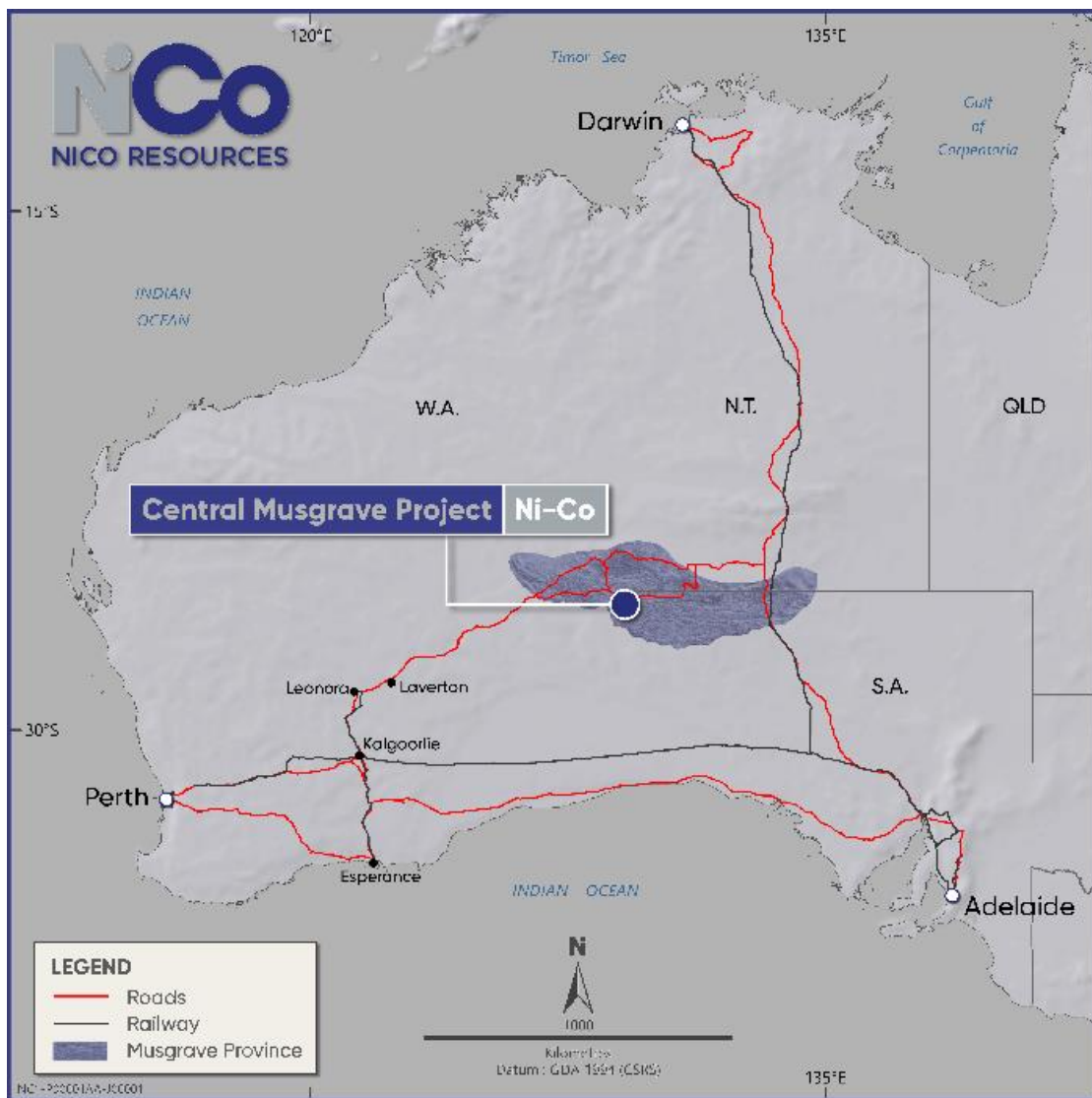


Figure 1: Central Musgraves location map

The Central Musgrave Project (CMP) tenement portfolio comprises of 3 main exploration licences, known as - Wingellina (WA), Claude Hill (SA) and Mt Davies (SA), an exploration licence covering the Lewis calcrete resource and three miscellaneous licences covering the defined water resources.

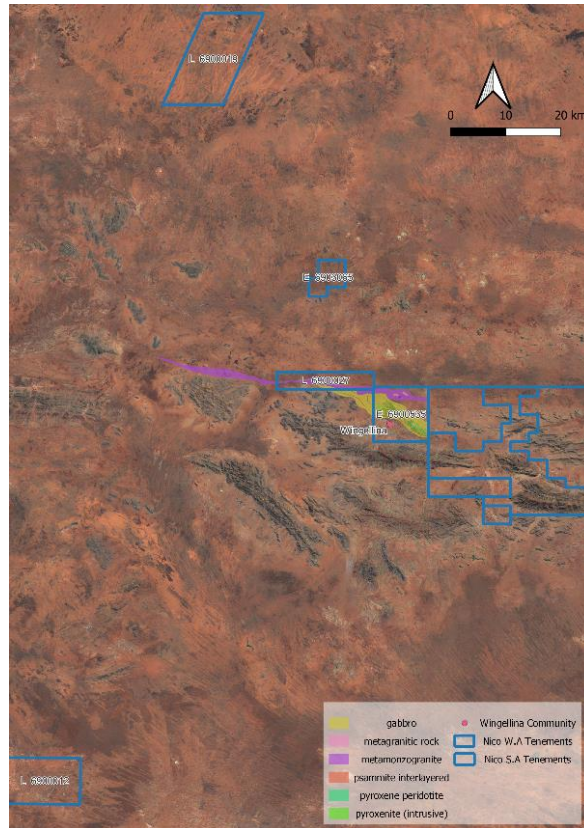


Figure 2: Nico Resources tenement map

The Tenements host a nickel-cobalt 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 Wingellina deposit, a world class orebody specifically hosts a measured, indicated and inferred Mineral Resources of 182.6Mt at 0.92% Ni & 0.07% Co for 1.68Mt of contained nickel and 132Kt of contained cobalt, and hosts probable Ore Reserves of 168.4Mt at 0.93% Ni & 0.07% Co for 1.56Mt of contained nickel and 123Kt of contained cobalt (Please refer to the resource tables in appendix 1). This makes Wingellina the seventh largest Nickel equivalent ore reserve globally and the third largest undeveloped reserve in the world.

## LARGEST GLOBAL NICKEL RESERVES

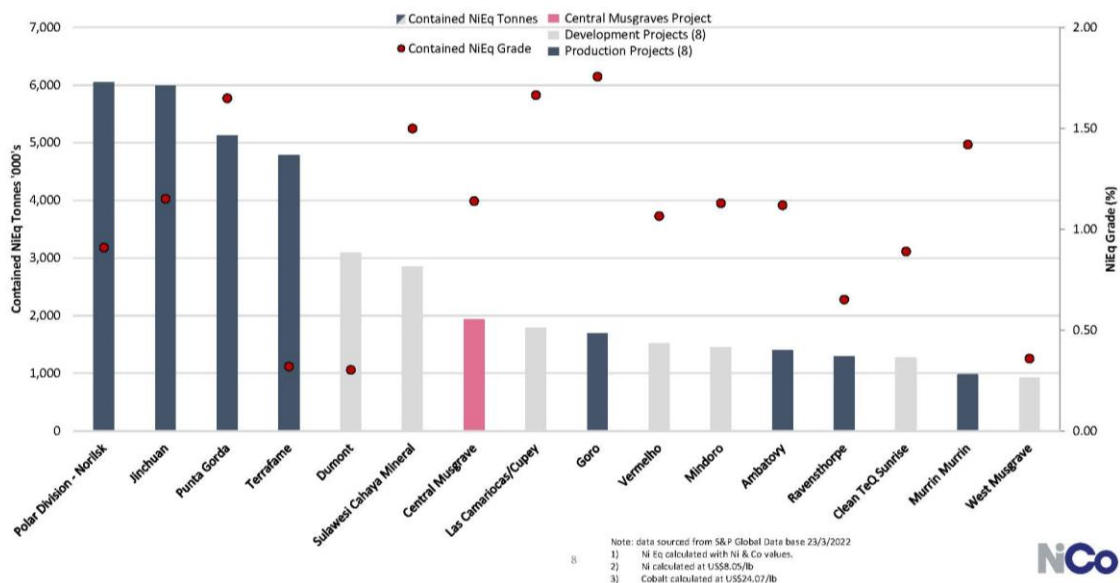
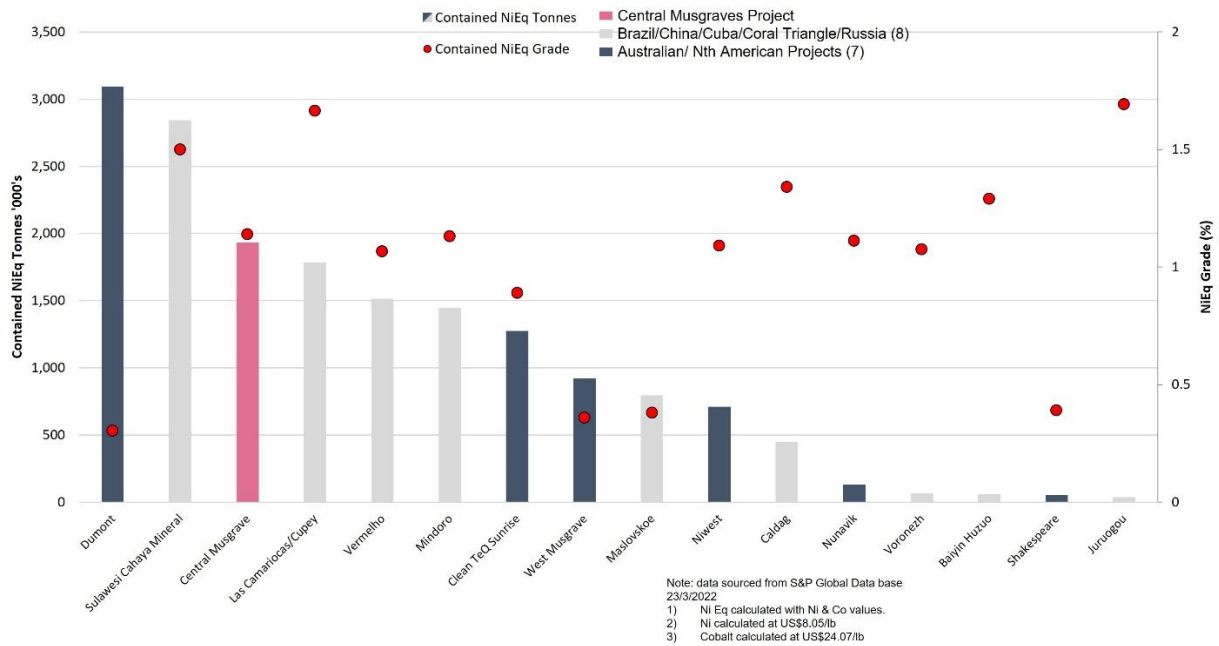


Figure 3: 16 Largest nickel equivalent reserves globally

# LARGEST UNDEVELOPED GLOBAL NICKEL RESERVES



**Figure 4: 16 Largest undeveloped nickel equivalent reserves globally**

The Claude Hills deposit is located less than 20km from Wingellina and hosts an Inferred Resources of 33.3 Mt at 0.81% Ni and 0.07% Co for 270Kt of contained nickel and 23Kt of contained cobalt. Both Mineral Resources and Ore Reserves in respect of the CMP Project were declared in 2016 (Please refer to the resource tables in appendix 1).

A Phase 1 Feasibility Study was undertaken in 2008, a land access agreement was signed in 2010 and EPA approval to develop the project was obtained in 2016. Since 2016 additional metallurgical optimisation, processing and infrastructure studies have been undertaken

The Phase 1 Feasibility Study (+/-25%) envisioned HPAL processing with a potential project mine life of 42 years, producing approximately 40,000tpa of nickel and 3,000tpa cobalt. During the quarter, Nico commenced an update of the PFS study with Worley Services Pty Ltd (ASX release 7/4/22)

Various metallurgical testwork programs have been undertaken providing for the potential commercial production of high-quality cobalt and nickel sulphates, mixed nickel / cobalt sulphides, hydroxides and carbonates. The successful recovery of Scandium r has also been investigated on the Wingellina ore body.

Due to the intense oxidation and free digging nature of the ores, mining is anticipated to account for less than 5% of the AISC cost as the ores can be extracted without the requirement for blasting. Mining studies, completed as part of the Phase 1 Feasibility Study estimated the average waste:ore strip ratio for the first 20 years of mining being only 0.5:1 and for the 42-year project 1:1.

Wingellina Proposed HPAI Operation	
Strip Ratio	1:1 (0.5:1 for 0-20 yrs)
Ore Thickness	80 metres average
Tonnes/km <sup>2</sup>	50-60 Mt
Mining Technique	Free Dig
MgO	Low
Iron	High
Low Acid Consumption	< 300 Kg/t
Ore Blending	Not Required

Figure 5: Proposed Wingellina operation key mining characteristics

Nico, through its tenure now controls much of the Giles complex layer intrusion defined basal contact. an interpreted ~100km of strike is proposed to exist across the CMP project and there are multiple green and brownfields targets, some with associated mineralisation still to be tested. The Wingellina Deposit extends for approximately 10kms along this defined contact.

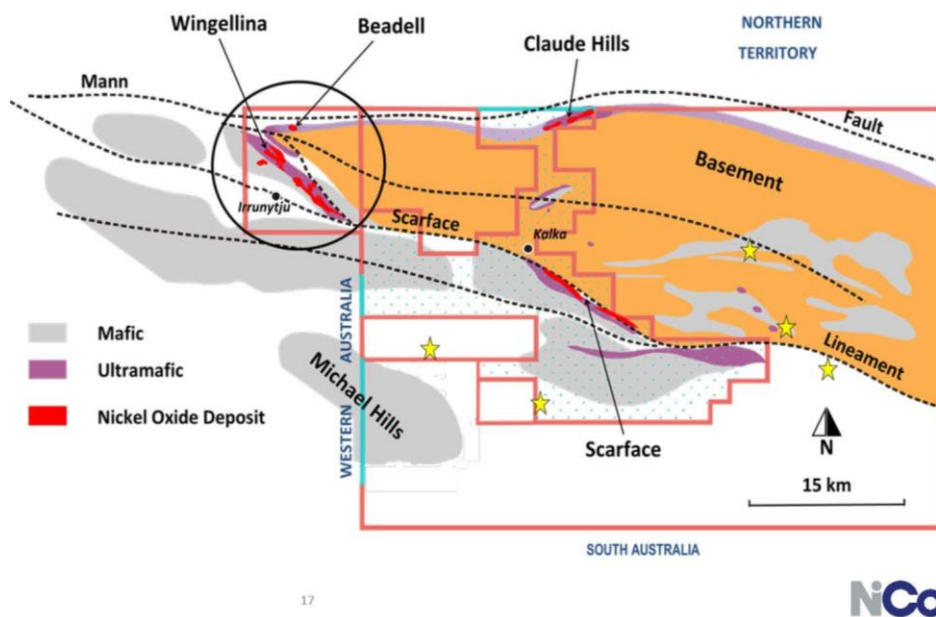


Figure 6: Central Musgraves exploration targets within proximity to Wingellina Orebody

Since 2008, comprehensive bench-scale metallurgical test work has been completed, geotechnical diamond drilling, extensive flora and fauna studies, site engineering testing, logistics investigations and feed and waste characteristics in preparation for a bankable feasibility study. Studies have included the production of mixed hydroxides, mixed sulphides, nickel and cobalt sulphates and scandium, process alternatives including PosNep (POSCO proprietary technology). Ammonia leaching, oxide flotation and Ion exchange. Recent studies have also reviewed the high grade cobalt and nickel start-up options to optimise the project economics by processing higher grade material in earlier years.

On 16 July 2010, Hinckley Range Pty Ltd (a wholly owned subsidiary of Metals Exploration Pty Ltd which is now a wholly owned subsidiary of Nico), the Yarnangu Ngaanyatjarraku Parna Aboriginal Corporation, the Ngaanyatjarra Council (Aboriginal Corporation) and the Ngaanyatjarra Land Council (Aboriginal Corporation) executed the Wingellina Project Agreement which provides for the future grant of mining

leases, the construction and operation of the future Wingellina mine and details the associated compensation considerations.

In September 2016 after the submission of a final Public Environmental Review in August 2015, EPA approval was obtained to proceed with the implementation of the Wingellina Nickel Project proposal.

Nico's objective is to move the Wingellina project towards development. A review of all previous works and studies will be undertaken to identify any additional information or programmes required to undertake a comprehensive feasibility study update, including the exploitation of the resources, infrastructure requirements, approvals and local sources of calcrete and water.

These studies will include undertaking various exploration programs to determine how best to mine and process the potential high-grade zones of nickel, cobalt and scandium at both the Wingellina and the Claude Hills deposits.

Further metallurgical testwork and optimisation studies will also be undertaken to maximise the value of minerals extracted from the Projects

### **Calcrete Resources - Lewis Calcrete Project**

In 2013 Exploration Licence E69/3065 located within WA, approximately 25km north-west of the Wingellina township was acquired - known as the Lewis Calcrete Deposit.

The PSF1 had estimated a total of ~800,000t/year of calcrete/limestone would be required over the life of the CMP for acid neutralisation purposes.

Initial drill testing comprising 89 shallow reconnaissance 100 metre spaced RC holes along a 9km access track was completed in 2014 with 579 samples submitted for analysis. Test work subsequently confirmed good quality calcrete with CaO+MgO+LOI exceeding 70% confirmed in 68 of the holes drilled. The calcrete is calcium-rich, with MgO rarely exceeding 2%. The base of the calcrete profile was found to occur at a depth of about 6 metres below surface.

Resource definition drilling commenced in late 2020 with the planned program being approximately 50% completed. The program was postponed due to COVID restrictions and is anticipated that NICO will recommence this program once these restrictions have been lifted. When completed, the results from this program will be used to quantify and ascertain the continuity of the best quality calcrete in the deposit for HPAL process requirements. Additional calcrete deposits also occur elsewhere and on the tenement that may also be utilised as a source for haul road construction materials for the Projects.

### **Additional Processing and Metallurgical Option Studies**

While the P1FS contemplated an ore processing route of HPAL followed by metal precipitation to a mixed nickel-cobalt hydroxide product, subsequent investigations have been undertaken into other metallurgical options, including numerous product options, such as ammonia leach, oxide flotation and iron exchange.

Test work in 2012 showed that Di-(2-ethyl hexyl) phosphoric acid (DE2HPA) was a very effective extractant for scandium with excellent selectivity.

In 2012 precipitated test work using sodium hydrosulphide (NaHS) to produce a mixed nickel and cobalt sulphides product resulted in recoveries of approximately 90% nickel and 96% Cobalt into a product containing 47.6% nickel and 4.05% cobalt, with a sulphur to metal ratio of 1.16. In 2013 a mixed sulphide precipitate product was also achieved through using sulphide hydrogen gas which showed nickel recoveries in the ranged of 95.6 - 99.2% and cobalt in the ranged of 94.8 - 99.8%.

In late 2017 SGS Minerals Metallurgy was engaged to undertake sulphate crystallisation testwork (a product used in batteries) on Wingellina ores. The results of this work were positive and highlighted potential processing refinements warranting further investigation. Importantly, high quality nickel and cobalt sulphates as potential battery feedstock were produced.





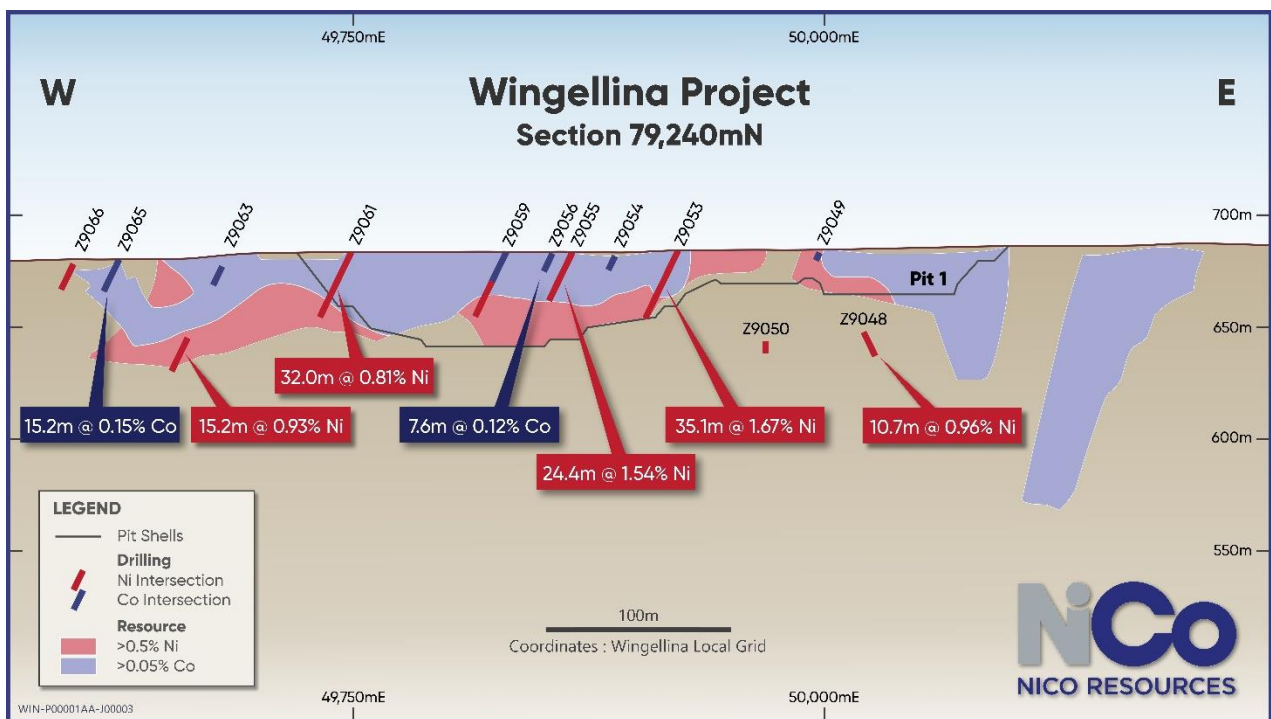
**Figure 7: Battery Grade Sulphates precipitated from Wingellina ore in 2017**

In addition, various programs of testwork on the physical properties have also been undertaken to determine the physical, chemical and geochemical characteristics of mine waste materials. In 2014 testwork showed that all waste samples assessed were classed as non-acid forming (**NAF**) and the gabbro and saprock waste materials are physically, chemically and geochemically benign, and are likely to be a valuable source of competent surface armour material for use in rehabilitation of waste landforms.

During the quarter Nico undertook a review of all of the various known metallurgical processes and advancements in extractive technology. The study in most has concluded that there does not appear to be any processes sufficiently advanced that would be more superior than those already tested by the company. However, there are several potential value add steps which have been identified such as the production of HPA and Scandium. In addition, there are numerous downstream opportunities to produce battery products.

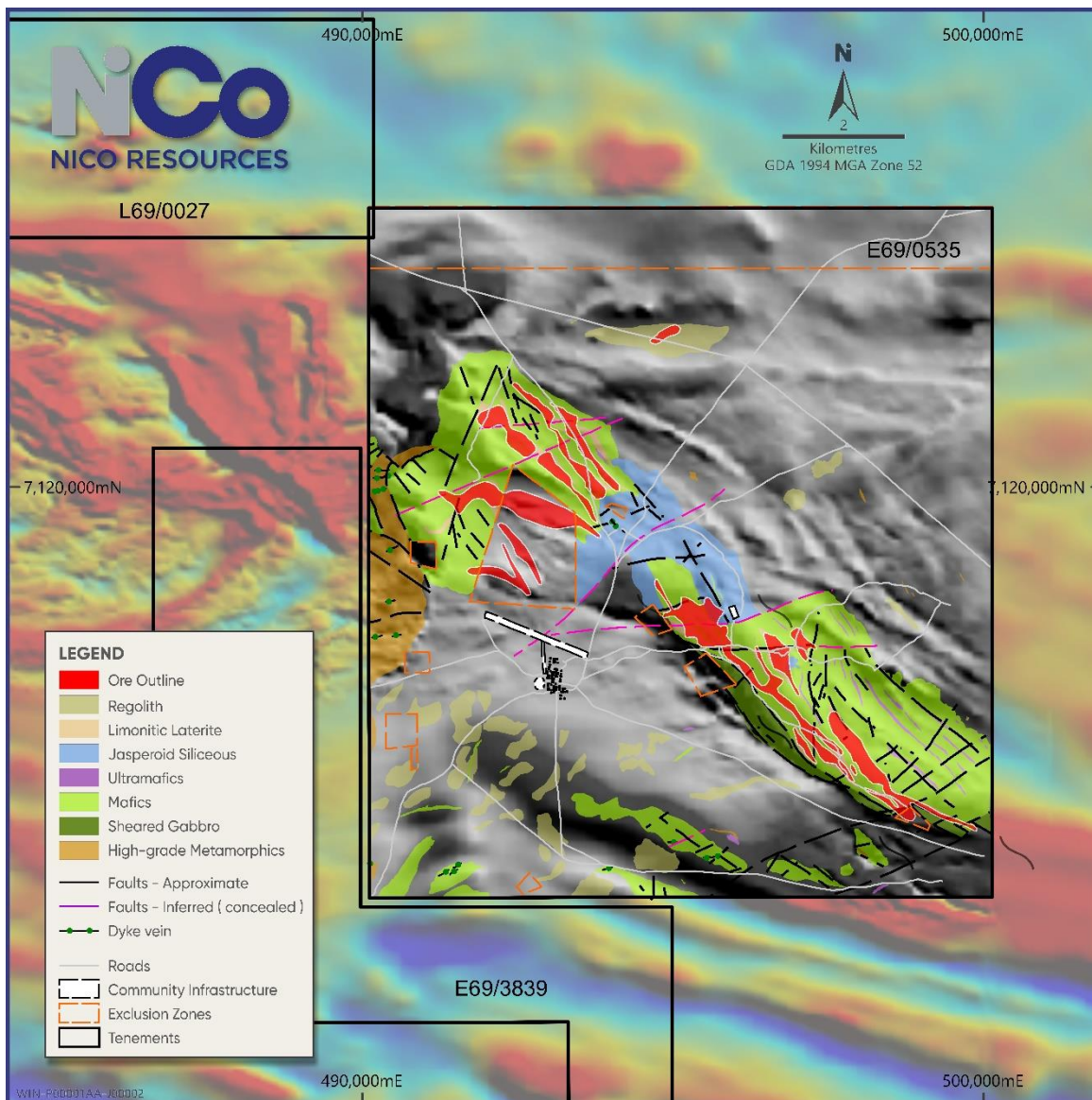
**High Grade Nickel and Cobalt Start-Up Options:**

With the increasing cobalt pricing beginning to dominate the market due to supply requirements to fill the growing demand of the lithium ion battery space a drill program has been planned to confirm and optimise areas of High grade nickel and cobalt within the global resource/reserve envelop of the Wingellina deposit. The aim of this delineation these domains that could be targeted as a high-grade start-up options to further optimise the economics of the project. This work is critical for Nico Resources in its capital payback strategy for the Wingellina project development cost.



**Figure 8: Cross section of the Wingellina Orebody outlining distinctions between the nickel and HG cobalt orebodies.**

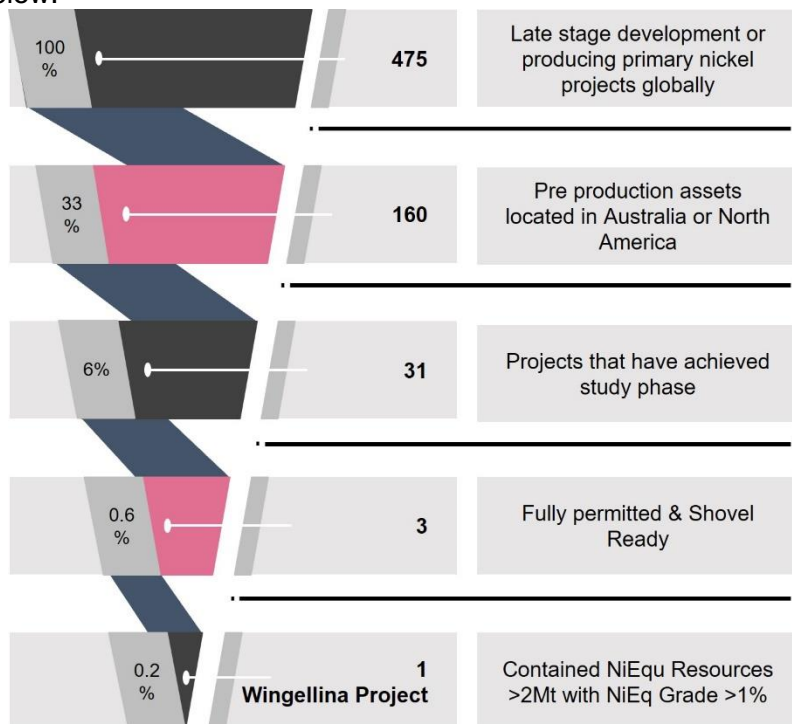
Past drilling and mining studies at Wingellina were focused predominantly on optimisation for nickel production. However, within the Wingellina Mineral Resource, which extends over almost 10km, the previous operator identified the potential to define and delineated 15 possible high-grade cobalt-nickel pits which could be incorporated into a high grade start up scenario. Nico Resources has reviewed this work and elected to continue pursuing the definition of these high grade cobalt reserves.



**Figure 9: Plan Map of the Wingellina Orebody outlining the strike length of the resources**

## WINGELLINA NICKEL-COBALT PROJECT

Recently Nico completed an internal global benchmarking study to demonstrate the importance of the Wingellina asset when compared against its global peers. The culmination of the study resulted in the statistics presented below.



**Figure 10: Global nickel project peer comparison analysis**

On a global comparative basis there are:

- 475 late-stage development or producing Nickel projects globally
- 160 of those projects are at pre-production stage and are located in the Tier 1 investable jurisdictions of North America and Australia
- 31 of those pre-production projects have been completed to some level of study phase (PEA, PFS, DFS etc)
- 3 of those projects have received their critical production approvals eg:
  - Environmental approval,
  - Indigenous agreement
- Only 1 of those projects has a contained NiEqu resource of greater than 2Mt of metal with a NiEqu grade greater than 1%

This internal benchmarking exercise highlights the strategic importance of the Wingellina Nickel Cobalt project as it demonstrates the project exists in a class of its own. Wingellina represent a long-life substantial metal supply 100% owned by an independent junior development company.

The project is a large, intergenerational, long life, permitted, asset with a globally significant in ground metal inventory. Located in the tier 1 mining jurisdiction of Western Australia with the ability to deliver an alternative transparent, traceable, ESG credentialed metals supply for the growing decarbonisation of our global energy markets.

## PLANNED ACTIVITIES AND EXPLORATION FOR QUARTER ENDING 30 SEPT 2022

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During the September 22 quarter Nico is expected to conduct the following activities:

- Nico will look to commence the planned 10,000 meters of RC drilling programs to optimise the high-grade cobalt resource, define Life of Mine calcrete resources and test the Mann paleochannel for additional water supplies.
- The finalisation of the updated PFS by Worley is expected early during the Sep 2022 quarter.
- The Company is continuing to maintain key stakeholder engagement meetings with the Ngaanyatjarra and Anangu Pitjantjatjara Yankunytjatjara land council and the Wingellina community.
- Nico will continue with the development of its project financing and development strategy through exploration of all avenues. This will include engaging and maintaining dialogue with existing interested parties as well continuing to canvas new groups to ensure the maximum opportunity to move the Wingellina project into the development and production phase.
- Following the completion of our PFS and whilst maintaining positive discussions with the Major Projects Facilitation Agency and relevant government bodies, Nico will continue with it's plan to make an application to become awarded major project status
- Undertake other studies including sources of power and the production of HPA and Scandium.

# CORPORATE

## FINANCIAL

Nico Resources Limited closed the quarter with cash and working capital of \$10,225,577.

## MAJOR SHAREHOLDERS

The current major shareholders of the Company are:

- Metals X Limited 17.25%
- Blackstone Minerals Limited 15.11%
- Mr Rod Corps 12.32%

Related party payments for the quarter, are as outlined in the attached Appendix 5B at section 6.1, total \$98,241 and includes amounts paid to directors including director's fees and statutory superannuation.

Exploration and Evaluation expenditure during the quarter was \$119,712.

## CAPITAL STRUCTURE AS AT 30 JUNE 2022

Description	Number
Fully paid ordinary shares	91,000,002
Unlisted options exercisable at \$0.25 on or before 3 November 2024	25,000,000
Unlisted options exercisable at \$0.25 on or before 29 July 2024	9,000,000
Unlisted options exercisable at \$0.30 on or before 17 January 2025	800,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2022 on or before 22 Mar 2025	1,000,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2023 on or before 22 Mar 2025	1,000,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2024 on or before 22 Mar 2025	1,000,000

## RESTRICTED SECURITIES TO BE RELEASED FROM ESCROW

Pursuant to ASX Listing Rule 3.10A, Nico confirms that the following shares have been released from ASX escrow:

Security Description	Release Date	Number
Ordinary fully paid	29 July 2022	675,000

## USE OF FUNDS<sup>1</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.

<b>Expenditure</b>	<b>Funds allocated under Prospectus</b>	<b>Actual to 30 June 2022</b>	<b>Variance</b>
Exploration Expenses	\$4,023,000	\$292,441	(\$3,730,559)
Studies and Reviews	\$622,000	\$79,459	(542,541)
Directors Fees	\$800,000	\$285,717	(\$514,283)
Working Capital	\$1,396,000	\$419,594	(\$976,406)
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>\$2,225,975</b>	<b>(\$7,028,025)</b>

1. 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.

## CHANGE OF ADDRESS

Nico has moved into new office space at **Level 6, 190 St Georges Tce , Perth WA 6000**. All other contact details for the company remain the same.

## COMPLIANCE STATEMENTS

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The information in this report that relates to Exploration Results for the Wingellina Nickel-Cobalt Project is compiled by Metals X technical employees and contractors under the supervision of Mr. Jake Russell B.Sc. (Hons), who is a member of the Australian Institute of Geoscientists. Mr Russell is a contractor to the Company and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking 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 report of the matters based on his information in the form and context in which it appears.

***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 contact:

**Mr Rod Corps**  
*Managing Director*  
[Rod.Corps@Nicoresources.com.au](mailto:Rod.Corps@Nicoresources.com.au)

**Ms Amanda Burgess**  
*Company Secretary*  
[Amanda.Burgess@Nicoresources.com.au](mailto:Amanda.Burgess@Nicoresources.com.au)

## SUMMARY OF MINING TENEMENTS

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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 REOSURCES LIMITED

**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.

### PREVIOUS DISCLOSURE

The information in this quarterly activities report is based on the Nico Resources Limited Prospectus, which is 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 1: Resource/Reserve table – Central Musgraves Project

## RESOURCE & RESERVE STATEMENT

Central Musgraves Project (CMP), Western Australia

0.5% Ni cut-off grade	Classification	Tonnes	Grade	Metal (t)
		Wingellina		
Nickel	Measured	37,600,000	0.98	368,000
	Indicated	130,900,000	0.91	1,193,000
	Inferred	14,100,000	0.87	122,000
	<b>Total</b>	<b>182,600,000</b>	<b>0.92</b>	<b>1,684,000</b>
Cobalt	Measured	37,600,000	0.075	28,000
	Indicated	130,900,000	0.072	94,600
	Inferred	14,100,000	0.065	9,100
	<b>Total</b>	<b>182,600,000</b>	<b>0.07</b>	<b>131,700</b>
Fe <sub>2</sub> O <sub>3</sub>	Measured	37,600,000	45.94	17,260,000
	Indicated	130,900,000	45.55	59,611,000
	Inferred	14,100,000	41.25	5,832,000
	<b>Total</b>	<b>182,600,000</b>	<b>45.30</b>	<b>82,701,000</b>
Claude Hills 2010				
Nickel	Measured	-	-	-
	Indicated	-	-	-
	Inferred	33,000,000	0.81	270,000
	<b>Total</b>	<b>33,000,000</b>	<b>0.81</b>	<b>270,000</b>
Cobalt	Measured	-	-	-
	Indicated	-	-	-
	Inferred	33,000,000	0.07	22,700
	<b>Total</b>	<b>33,000,000</b>	<b>0.07</b>	<b>22,700</b>
Total Central Musgrave Project				
Nickel	Total	215,600,000	0.91	1,954,000
Cobalt	Total	215,600,000	0.07	154,400

Project	Ore Reserve category	Ore Mt	Nickel		Cobalt	
			Grade (% Ni)	Nickel (kt Ni)	Grade (% Co)	Cobalt (kt Co)
Wingellina	Proved	-	-	-	-	-
	Probable	168.4	0.93%	1,561	0.07%	122.6
	<b>Total</b>	<b>168.4</b>	<b>0.93%</b>	<b>1,561</b>	<b>0.07%</b>	<b>122.6</b>

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For additional information please refer to the JORC table, Appendix A in the NiCo Resources Prospectus from page 211.

(ASX announcement 17/1/2022 - [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02476357-6A1072533?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02476357-6A1072533?access_token=83ff96335c2d45a094df02a206a39ff4))

## 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 2022

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	(120)	(224)
(b) development		
(c) production		
(d) staff costs	(246)	(463)
(e) administration and corporate costs	(149)	(785)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
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)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(514)</b>	<b>(1,471)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	(221)
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## 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>-</b>	<b>(221)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	12,382
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	-	(533)
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>11,849</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	10,739	68
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(514)	(1,467)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(221)

## 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)	-	11,849
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>10,225</b>	<b>10,225</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	677	519
5.2	Call deposits	9,548	10,220
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>10,225</b>	<b>10,739</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	98,241
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>7.5 Unused financing facilities available at quarter end</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)	(514)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(514)
8.4 Cash and cash equivalents at quarter end (item 4.6)	10,225
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	10,225
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	20
<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: 29 July 2022

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.