ALLIANCE NICKEL LTD

ALLIANCE NICKEL LIMITED

(formerly GME Resources Limited)
ABN 62 009 260 315

FINANCIAL REPORT

2023

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Competent Person Statements

Where the Company refers to the NiWest Nickel-Cobalt Project Updated Pre-Feasibility Study Outcomes 2022 and the Lateritic Nickel and Cobalt Processing / Engineering and related operating and capital cost estimates referencing the release made to the ASX on 21 July 2022, it confirms that it is not aware of any new information or data that materially effects the information included in those announcements and all material assumptions and technical parameters continue to apply and have not materially changed.

Where the Company refers to information previously announced including previous exploration results and the ASX Announcement made on 2 August 2018 noting the Pre-Feasibility Study completed on the NiWest Nickel-Cobalt Project it confirms that it is not aware of any new information or data that materially effects the information included in those announcements and all material assumptions and technical parameters continue to apply and have not materially changed.

Forward-Looking Statements

Certain statements made in this report, including, without limitation, those concerning the Updated Pre-Feasibility Study, contain or comprise certain forward-looking statements regarding Alliance Nickel Limited's (AXN) exploration operations, economic performance and financial condition. Although AXN believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. AXN undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

CORPORATE DIRECTORY

Directors

Peter Sullivan	Chairman
Paul Kopejtka	Managing Director
James Sullivan	Non-Executive Director
Peter Huston	Non-Executive Director

Company Secretary

David Edwards

Registered Office and Principal Place of Business

Suite 1.02, Level 1
45 Stirling Highway
Nedlands WA 6009
Telephone: (08) 9336 3388
Facsimile: (08) 9315 5475
Web Site: www.alliancenickel.au

Auditors

HLB Mann Judd (WA Partnership)
Chartered Accountants
Level 4, 130 Stirling Street
Perth WA 6000
Telephone: (08) 9227 7500

Share Registry

Computershare Registry Services Pty Ltd
Level 11
172 St George's Terrace
Perth WA 6000
GPO Box D182
Perth WA 6840
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Securities Exchange Listing

Listed on the Australian Stock Exchange (ASX Code: AXN)

DIRECTORS' REPORT

Your Directors present their report on Alliance Nickel Limited and its controlled entities ("Group" or "Company") for the financial year ended 30 June 2023. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Peter Sullivan	(Non-Executive Chairman)
Paul Kopejtka	(Managing Director, appointed 19 September 2022)
James Sullivan	(Non-Executive Director)
Peter Huston	(Non-Executive Director)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the Group is exploration and project development. No significant change in the nature of this activity occurred during the year.

Company Name Change

Following shareholder approval at the General Meeting held on 19 January 2023, the company has changed its name from GME Resources Limited to Alliance Nickel Limited (ASX: AXN).

Operating Results

The net for the year ended 30 June 2023 was $3,827,262 (2022: $301,915).

At the end of the financial year the Group had $7,759,045 (2022: $573,540) in cash and at call deposits. Net assets of $50,166,765 (2022: $34,849,268) were comprised mainly of carried forward exploration and evaluation expenditure of $43,518,266 (2022: $34,317,160).

Overview of Operating Activity

Corporate

On 1 May 2023, The Company entered into a Binding Offtake Agreement and Share Subscription Agreement with Stellantis N.V. (NYSE: STLA / Euronext Milan: STLAM / Euronext Paris: STLAP) (Stellantis) relating to future offtake from the NiWest Nickel Cobalt Project in Western Australia (NiWest).

The Binding Offtake Agreement for battery grade materials is for the first five years of operations for the NiWest Project and the Company will supply approximately 170,000t of nickel sulphate and 12,000t of cobalt sulphate in total over this initial five year period.

Stellantis subscribed for A$15 million in new equity in the Company at a subscription price of A$0.18 per share (the Placement). The Placement is structured in two tranches. Issue of, and proceeds for, the first tranche of 70.6 million shares is complete. The issue of the second tranche of approximately 12.73 million shares, following Australian Foreign Investment Review Board (FIRB) approval, which was granted on 4 August 2023.

DIRECTORS' REPORT

Overview of Operating Activity (continued)

NiWest Nickel Cobalt Project

In July 2022, the Company completed an update to the cost estimates and price inputs into the Pre-Feasibility Study ("PFS") for the 100%-owned NiWest Project in Western Australia. This update, which was finalised and announced on 21 July 2022, has confirmed the robustness of a long-life operation directly producing high-purity nickel and cobalt sulphate products to be delivered into lithium-ion battery raw material markets.

In November 2022, the Company commenced a Definitive Feasibility Study ("DFS") on the NiWest Project. The Company entered into an engineering partnership with Ausenco Services Pty Ltd ("Ausenco") to deliver the process and non-process infrastructure studies for the NiWest DFS.

Gold Projects Golden Cliffs NL 100%

During the reporting period, a number of applications were submitted for tenements adjacent to the Abednego Project that are considered to be prospective to host extensions of the Federation shear zone. Research into potential water sources has been undertaken and vehicle access has been established to the new tenure to enable future work programs. Authorised prospecting was granted to a number of parties during the year.

Dividends

No dividends have been paid or declared since the start of the financial year. No recommendation is made as to dividends.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Subsequent Events

On 4 August 2023, the Company was notified by Stellantis N.V that it has received clearance, without conditions, from FIRB to undertake the second tranche of the strategic placement with the Group. Settlement of the Tranche 2 placement is expected to take place in early September 2023. It will see the Company issue 12,733,333 new ordinary shares at A$0.18 per share for receipt of further equity funds of approximately A$2.3 million. Upon settlement of the Tranche 2 placement, Stellantis N.V. will have subscribed for a total of A$15 million under the strategic placement and will hold an approximate 11.5% interest in the Group.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Business Strategies and Prospects for Future Financial Years

The Company's main undertaking has been the continuing development of the 100% owned NiWest Project, located at Murrin Murrin in the North Eastern Goldfields of Western Australia. During this reporting period, the Company has completed a PFS and commenced a Definitive Feasibility Study.

The Company is exposed to business risks that have the potential to impact the achievement of business strategies. The following key risks have been identified as part of the broader risk assessment:

Nickel and cobalt sulphate market

The price of Nickel and Cobalt products fluctuate and are affected by numerous factors beyond the control of the Company. Potential future production from the Company's mineral resources will be dependent upon the price of Nickel and Cobalt sulphates being adequate to make the NiWest Project economic.

DIRECTORS' REPORT

Business Strategies and Prospects for Future Financial Years (continued)

Development risks

As a result of the substantial expenditures involved in project development and the impact on those expenditures from a high inflation environment, the NiWest Project is susceptible to material cost overruns, cost inflation, labour shortages and supply chain interruptions. The capital expenditures and time required to develop the project are significant and changes in cost or construction schedules can significantly increase both the time and capital required to build the project.

Project finance risk

The development of the NiWest Project will require additional funding. The Company has held discussions with respect to possible offtake and project funding and/or ownership with several potential strategic partners. There is currently a significant trend of downstream operators in the Electric Vehicle and Lithium Ion Battery sectors looking to secure long term supply of consistently high quality, sustainable and non-conflict nickel and cobalt (in particular) battery raw materials.

Information on Directors and Company Secretary

Peter Sullivan BE, MBA
Non-executive Director, appointed 24 June 1996

Mr Sullivan was appointed chairman in March 2017. Mr Sullivan is an engineer with extensive experience as a non-executive director and in senior executive roles, including in chief executive officer and operational roles. He has over 30 years' experience working with ASX-listed companies and has been closely involved with the strategic development of resource projects and companies with input across technical, financial, regulatory and governance matters. He has worked across multiple jurisdictions including countries in Africa, North America, Europe and Asia.

Other current directorships of listed companies
Mr Sullivan has been a director of, Zeta Resources Limited since June 2013, Panoramic Resources Ltd since October 2015 and Horizon Gold Limited since July 2020.

Former directorships of listed companies in last 3 years – Resolute Mining Limited from June 2001 to May 2021 and Copper Mountain Mining Corporation from October 2020 to June 2023.

Paul Kopejtka B.Eng(Ch) AICD
Managing Director, appointed 19 September 2022

Mr Kopejtka is a Chemical Engineer and Member of the Australian Institute of Company Directors. He has over two decades of leadership experience in the Australian and international resources industry. Mr Kopejtka has led numerous companies and most recently served as the Managing Director and CEO of unlisted mining company Alliance Mining Commodities Limited which owned the World class Koumbia bauxite project in Guinea, West Africa. Paul has direct experience in nickel laterites having been involved in the development of the Bulong Nickel-Cobalt refinery in Western Australia. Paul is an experienced mining executive and well connected into the equity / capital and debt markets.

Other current directorships of listed companies - none

Former directorships of listed companies in last 3 years – Ascot Resources Limited to 16 March 2022

DIRECTORS' REPORT

Information on Directors and Company Secretary (continued)

James Sullivan FAICD
Non-executive Director, appointed 28 September 2004

Mr Sullivan has over 20 years' experience in commerce providing services to the mining and allied industries.

Mr Sullivan was instrumental in establishing and managing the Golden Cliffs Prospecting Syndicate which acquired and pegged a number of prospective tenements in the Eastern Goldfields. The Golden Cliffs Prospecting Syndicate was subsequently acquired by the Company in 1996. Mr Sullivan has extensive knowledge in mining and prospecting in the North Eastern Goldfields and in particular on matters involving tenement administration, native title negotiation and supply and logistics of services. Mr Sullivan's practical knowledge in these areas is of great benefit to the Company as it seeks to develop its assets for the benefit of its shareholders.

Other current directorships of listed companies – Horizon Gold Limited since April 2020

Former directorships of listed companies in last 3 years – none

Peter Huston B. Juris, LLB (Hons), B.Com, LLM
Non-executive Director, appointed 17 March 2017

Mr Peter Huston was appointed as a Non-executive Director in March 2017. Previously he spent 12 years as a Partner in the law firm now known as Norton Rose and over 10 years as a Director in boutique private equity at Troika Securities Limited. Mr Huston advised principally in the area of corporate litigation, mergers, acquisitions, takeovers and public listings. He has been involved in a number of significant and well-known corporate transactions and continues as a private adviser to a discrete number of substantial corporations, partnerships and family offices. Mr Huston holds a Bachelor of Jurisprudence, Bachelor of Laws (Honours), Bachelor of Commerce, Master of Laws and is admitted to practice in the Supreme Court, Federal Court and High Court of Australia.

Other current directorships of listed companies - none

Former directorships of listed companies in last 3 years - none

David Edwards B.Bus FCA
Company Secretary and Chief Financial Officer, appointed 22 March 2023

Mr Edwards is a chartered accountant with over 25 years international experience with a broad skill set spanning financial management, project financing, capital markets, corporate governance, construction and mining operations. He has previously worked for Clough, Fortescue Metals Group and earlier stage ASX listed resources companies.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The remuneration report is set out in the following manner:

- Policies used to determine the nature and amount of remuneration
- Key Management Personnel
- Service agreements
- Share based compensation
- Details of remuneration
- Key Management Personnel interests
- Other transactions with Key Management Personnel
- Loans to/from Key Management Personnel

Remuneration Policy

The Board of Directors is responsible for remuneration policies and the packages applicable to the Directors of the Company. The broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality.

The Managing Director, Executive and Non-executive Directors are remunerated for the services they render to the Company and such services are carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other Directors who have no interest in the engagement of services.

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. Remuneration may contain options, performance rights or incentives where they are expected to align with the company's long term strategic objectives.

Details of Key Management Personnel (KMP)

Directors

Peter Sullivan	Non-executive Chairman
Paul Kopejtka	Managing Director (appointed 19 September 2022)
James Sullivan	Non-executive Director
Peter Huston	Non-executive Director

Executives

David Edwards	Company Secretary (appointed 19 May 2023)
Mark Pitts	Company Secretary (resigned 19 May 2023)

Service Agreements

As at the date of this report, senior executives of the Group who are full time employees, had conditions of employment as set out below:

Name	Mr Paul Kopejtka
Position	Managing Director and CEO
Term expiring	Until terminated under the terms of the Employment Agreement
Salary	$300,000 plus superannuation
Options	30,000,000 approved by members at the General Meeting held on 28 Sept 2022
Performance Rights	50,000,000 approved by members at the General Meeting held on 28 Sept 2022
Termination Notice	6 months by either party

DIRECTORS' REPORT

Service Agreements (continued)

Name	Mr David Edwards
Position	Chief Financial Officer and Company Secretary
Term expiring	Until terminated under the terms of the Employment Agreement
Salary	$315,000 plus superannuation
Termination Notice	3 months by either party

There are no service/employment agreements with any other of the Company's KMP.

Share Based Compensation

On 28 September 2022, shareholders approved the grant of the following options and performance rights to Paul Kopejtka as part of his long-term incentive package:

Options Package

	Tranche 1	Tranche 2	Tranche 3
Number of options	10,000,000	10,000,000	10,000,000
Exercise price	$0.20	$0.30	$0.40
Expiry date	3 years	4 years	5 years
Employment conditions	12 months	24 months	36 months
Value per option ($)	0.051	0.052	0.055

Performance Rights Package

	Tranche 1	Tranche 2	Tranche 3
Number of performance rights	20,000,000	20,000,000	10,000,000
Expiry date	3 years	4 years	5 years
Vesting conditions	Completion of the NiWest DFS	Final investment decision for the commencement of construction of the NiWest Project	Commercial production of a nickel-cobalt product from NiWest
Fair value per performance right ($)	0.11	0.11	0.11

Details of Remuneration for Key Management Personnel

Details of the nature and amount of each element of the emoluments of the KMP of the companies in the Group are:

2023	Short term benefits	Post-employment benefits	Share based payments		Total	Performance related
	Salary & fees	Super-annuation	Options	Performance rights		
	$	$	$	$	$	%
Paul Kopejtka (1)	75,000	6,323	718,265	1,650,000	2,449,588	96.6
Peter Sullivan	30,000	-	-	-	30,000	-
Peter Huston	22,000	-	-	-	22,000	-
James Sullivan	127,121	6,615	-	-	133,736	-
David Edwards (2)	104,665	6,323	-	-	110,988	-
Mark Pitts (3)	59,100	-	-	-	59,100	-
	417,886	**19,261**	**718,265**	**1,650,000**	**2,805,412**	

(1) Appointed 19 September 2022
(2) Appointed as CFO on 22 March 2023 and Company Secretary on 19 May 2023
(3) Resigned as Company Secretary on 19 May 2023

No cash bonuses were granted during 2023.

2022	Short term benefits	Post-employment benefits	Share based payments		Total	Performance related
	Salary & fees	Super-annuation	Options	Performance rights		
	$	$	$	$	$	%
James Sullivan	90,000	8,962	-	-	98,962	-
Peter Sullivan	30,000	-	-	-	30,000	-
Peter Huston	24,000	-	-	-	24,000	-
Mark Pitts	36,000	-	-	-	36,000	-
	180,000	**8,962**	**-**	**-**	**188,962**	

No cash bonuses were granted during 2022.

Shareholdings of Key Management Personnel

The number of ordinary shares held by each KMP during the year and as at the date of the Directors' Report:

2023

Director	Opening Balance	Acquired	At the end of the financial year	At the date of the Directors Report
Peter Sullivan	38,579,188	-	38,579,188	38,579,188
Paul Kopejtka	-	7,610,256	7,610,256	7,610,256
James Sullivan	30,079,537	-	30,079,537	30,079,537
Peter Huston	50,740,575	-	50,740,575	50,740,575
David Edwards	-	100,001	100,001	100,001

DIRECTORS' REPORT

Option holdings of Key Management Personnel

The number of options held by each KMP during the year and as at the date of the Directors' Report:

2023

Director	Opening balance	Acquired	At the end of the financial year	At the date of the Directors Report
Paul Kopejtka	-	30,000,000	30,000,000	30,000,000

Performance rights holdings of Key Management Personnel

The number of performance rights held by each KMP during the year and as at the date of the Directors' Report:

2023

Director	Opening balance	Acquired	At the end of the financial year	At the date of the Directors Report
Paul Kopejtka	-	50,000,000	50,000,000	50,000,000

Options Issued to Key Management Personnel

A share option plan has been established by the company and approved by shareholders at a general meeting, whereby the company may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel of the company. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options granted under the plan:

Grant date	Expiry date	Exercise price ($)	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
28/09/2022	28/09/2025	0.20	-	10,000,000	-	-	10,000,000
28/09/2022	28/09/2026	0.30	-	10,000,000	-	-	10,000,000
28/09/2022	28/09/2027	0.40	-	10,000,000	-	-	10,000,000

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date ($)	Exercise price ($)	Expected volatility	Risk-free interest rate	Fair value at grant date ($)	Expense for the period ($)
28/09/2022	28/09/2025	0.11	0.20	91%	3.73%	0.051	384,247
28/09/2022	28/09/2026	0.11	0.30	91%	3.86%	0.052	195,890
28/09/2022	28/09/2027	0.11	0.40	91%	3.86%	0.055	138,128

DIRECTORS' REPORT

Performance Rights Issued to Key Management Personnel

The company operates an equity-settled, share based compensation plan to grant performance rights to its employees. The fair value of the employee services received in exchange for the grant of performance rights is recognised as an expense in the profit or loss statement with a corresponding increase in the equity reserve over the vesting period.

The number of shares that will vest depends on the achievement of non-market-based performance conditions. The Directors have estimated the likelihood of the achievement of the conditions by reference to the achievement of key project milestones.

Set out below are summaries of performance rights granted under the plan:

	Grant date	Number of performance rights	Fair value ($)	Probability assigned	Vested (%)	Expense for the current period ($)	Cumulative expense to 30 June 2023
Tranche 1	28/09/2022	20,000,000	0.11	73%	75%	1,650,000	1,650,000
Tranche 2	28/09/2022	20,000,000	0.11	36%	-	-	-
Tranche 3	28/09/2022	10,000,000	0.11	20%	-	-	-

Other Transactions with Key Management Personnel

During the year, the Group paid $21,866 (2022: $20,843) for commercial rent and outgoings of a property owned by the Leonora Property Syndicate, an entity in which Peter Sullivan and James Sullivan have an interest.

The balance owed to the Leonora Property Syndicate as at 30 June 2023 was $5,115 (2022: $4,950).

Payments of $151,869 (2022: $Nil) was paid to Sullivan's Garage Pty Ltd for the hire of machinery and personnel for land clearing. Of this, $21,938 (2022: $Nil) was payable as at 30 June 2023.

In addition to the fees paid for Company Secretarial Services, the Company also paid $13,550 (2021: $35,514) to Endeavour Corporate, of which Mark Pitts is a partner, for accounting services.

The Company has an amount payable of $Nil (2022 $3,500) to Endeavour Corporate as at 30 June 2023.

The Company has an amount payable of $7,500 (2022: $16,500) to Hardrock Capital Pty Ltd, a company of which Peter Sullivan is a director, in relation to Directors' fees.

Loans from Key Management Personnel and their Related Parties

	Opening balance	Loans received	Interest paid and payable for the year	Loans repaid	Balance at end of year
Peter Sullivan	-	275,000	2,904	(277,904)	-
Paul Kopejtka	-	300,000	3,205	(303,205)	-
Jamie Sullivan	-	25,000	266	(25,266)	-
Peter Huston	-	100,000	959	(100,959)	-

Unsecured loans were made available for working capital purposes. Interest rates were 10% per annum and repayment upon receipt of funds from a strategic investor.

END OF REMUNERATION REPORT

DIRECTORS' REPORT

Meetings of Directors

During the year, the following meetings were held. Attendances were:

Director	Number eligible to attend	Number attended
Peter Sullivan	7	7
Paul Kopejtka (1)	6	6
James Sullivan	7	7
Peter Huston	7	7

(1) Appointed 19 September 2022

Audit Committee

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

The Board does not have a separate audit committee with a composition as suggested in the best practice recommendations. The full Board carries out the function of an audit committee.

The Board believes that the Company is not of a sufficient size to warrant a separate committee and that the full board is able to meet objectives of the best practice recommendations and discharge its duties in this area.

Indemnifying Officers or Auditors

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or the auditor of the Company or of a related body corporate, indemnified or made any relative agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in defending legal proceedings.

Environmental Regulation

The Group's exploration and mining tenements are located in Western Australia. There are significant regulations under the Western Australian Mining Act 1978 and the Environmental Protection Acts that apply. Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held.

The Directors are not aware of any significant breaches during the period covered by this report.

Proceedings on behalf of the 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.

Non-audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 14 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

DIRECTORS' REPORT

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the year ended 30 June 2023.

This report is signed in accordance with a Resolution of Directors.

Peter Sullivan

Chairman

Perth, Western Australia

25th August 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Alliance Nickel Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
25 August 2023

B G McVeigh
Partner

hlb.com.au

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated 2023 $	2022 $
Revenue			
Other income	2(a)	228,050	165,000
		228,050	165,000
Corporate and administration expenses	2(b)	(915,009)	(292,923)
Employee benefits expense		(717,911)	(105,566)
Share based payments	10	(2,368,265)	-
Depreciation and amortisation expense	5/7	(63,670)	(10,108)
Loss on disposal of property, plant and equipment	5	(404)	-
Impairment of exploration and evaluation expenditure	6	-	(58,491)
Results from operating activities		(3,837,209)	(302,088)
Financial income		30,074	173
Financial expense		(20,127)	-
Net financing expense		9,947	173
Loss before income tax		(3,827,262)	(301,915)
Income tax benefit	3(a)	-	-
Loss for the year		(3,827,262)	(301,915)
Other comprehensive income		-	-
Total comprehensive loss for the year		(3,827,262)	(301,915)
Basic loss per share (cents per share)	16	(0.60)	(0.05)
Diluted loss per share (cents per share)	16	(0.60)	(0.05)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Consolidated 2023 $	2022 $
Current assets			
Cash and cash equivalents	13	7,759,045	573,540
Trade and other receivables	4	436,319	14,961
Prepayments		535,122	34,475
Total current assets		8,730,486	622,976
Non-current assets			
Trade and other receivables	4	41,638	8,516
Plant and equipment	5	40,946	20,329
Deferred exploration and evaluation expenditure	6	43,518,266	34,317,160
Right of use assets	7	118,232	-
Total non-current assets		43,719,082	34,346,005
Total assets		52,449,568	34,968,981
Current liabilities			
Trade and other payables	8	2,142,552	92,358
Lease liability		94,736	-
Employee benefits		22,447	27,355
Total current liabilities		2,259,735	119,713
Non-current liabilities			
Lease liability		23,067	-
Total non-current liabilities		23,067	-
Total liabilities		2,282,802	119,713
Net assets		50,166,765	34,849,268
Equity			
Issued capital	9	76,349,703	59,760,709
Reserves	10	2,555,765	-
Accumulated losses		(28,738,703)	(24,911,441)
Total Equity		50,166,765	34,849,268

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Issued Capital	Share Based Payment Reserve	Accumulated Losses	Total
		$	$	$	$
Balance at 1 July 2021		58,125,902	-	(24,609,526)	33,516,376
Loss for the year		-	-	(301,915)	(301,915)
Total comprehensive loss for the year		-	-	(301,915)	(301,915)
Transaction with owners in their capacity as owners					
Shares issued net of costs		1,634,807	-	-	1,634,807
Balance at 30 June 2022		59,760,709	-	(24,911,441)	34,849,268
Loss for the year		-	-	(3,827,262)	(3,827,262)
Total comprehensive loss for the year		-	-	(3,827,262)	(3,827,262)
Share based payments issued to employees and suppliers	10	-	2,555,765	-	2,555,765
Transaction with owners in their capacity as owners					
Shares issued net of costs	9	16,588,994	-	-	16,588,994
Balance at 30 June 2023		76,349,703	2,555,765	(28,738,703)	50,166,765

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated 2023 $	2022 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,584,685)	(446,524)
Interest received		30,074	170
Interest and other finance costs		(20,127)	-
Proceeds from royalty and facilitation fee		200,000	100,000
Research and development concession		28,050	-
Net cash (outflow) from operating activities	13(a)	(1,346,688)	(346,354)
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		-	65,000
Purchase of property, plant and equipment		(31,021)	-
Security bonds (paid) / returned		(25,120)	5,997
Payments for exploration and evaluation		(8,160,566)	(998,601)
Net cash (outflow) from investing activities		(8,216,707)	(927,604)
Cash flows from financing activities			
Reduction in lease liability		(62,495)	-
Proceeds from issue of shares		17,208,001	1,670,668
Payment of costs associated with issue of shares		(396,606)	(35,861)
Receipts from borrowings	13(c)	1,500,000	-
Repayment of borrowings	13(c)	(1,500,000)	-
Net cash inflow from financing activities		16,748,900	1,634,807
Net increase in cash and cash equivalents		7,185,505	360,849
Cash and cash equivalents held at the start of the year		573,540	212,691
Cash and cash equivalents held at the end of the year	13(b)	7,759,045	573,540

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF ACCOUNTING POLICIES

Alliance Nickel Limited is a listed public company, incorporated and domiciled in Australia. The consolidated financial statements of the Company for the financial year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity" or "Group").

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The financial statements have been prepared on a historical cost basis.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated and operating in Australia. The Group's principal activities are mineral exploration.

(b) Adoption of new and revised standards

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no material impact of the new and revised Standards and Interpretations on the entity and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2023 and concluded there will be no material impact to the Group.

(c) Critical accounting judgements and key estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Deferred exploration and evaluation

The Directors have assessed the deferred exploration and evaluation costs in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* and where facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the expenditure has been impaired down to its recoverable amount.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(c) Critical accounting judgements and key estimates (continued)

Supporting the view that no impairment indicators are present, the NiWest PFS has confirmed the technical and financial robustness of a long-life operation directly producing high-purity nickel and cobalt sulphate products to be delivered into the forecast rapid growth of lithium-ion battery raw material markets.

The model used to support the assessment was calculated over a period of 20 years, being the estimated life of the mine.

In reviewing the model for this financial year, the Board assessed a number of economic assumptions and outcomes. The commodity price range outcomes and estimated updated capital requirements are shown in the following table:

Financial metric	PFS (Aug 2018)	Price Case 1 (Jul 2022)	Price Case 2 (Jul 2022)	Price Case 3 (Jul 2022)
LME nickel price (US$/lb)	7.25	9.00	10.00	11.00
Nickel sulphate premium (%)	10%	10%	10%	10%
LME cobalt price (US$/lb)	25.00	28.50	32.00	35.00
Cobalt sulphate premium (%)	-	-	-	-
A$/US$	0.75	0.70	0.70	0.70
Avg cash opex (post Co credits) (US$/lb Ni)	3.24	3.99	3.79	3.63
Pre-production capex (A$M)	966	1,261	1,261	1,261
Life-of-mine sustaining capex (A$M)	582	742	742	742
Total free cashflow (post-tax)	**3,342**	**4,494**	**5,797**	**7,067**
NPV (ungeared, post-tax, 8% real) (A$M)	**791**	**1,082**	**1,587**	**2,079**
IRR (ungeared, post-tax)	**16.2%**	**16.5%**	**19.9%**	**23.0%**

Variations to expected future cash flows, and timing thereof, could result in significant changes to the outcomes above, which in turn could impact future financial results.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(c) Critical accounting judgements and key estimates (continued)

The accounting policies and methods of computation adopted in the preparation of the financial statements are consistent with those adopted and disclosed in the Company's financial statements for the financial year ended 30 June 2022.

(d) Going concern

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

As disclosed in the financial statements, the Group recorded an operating loss of $3,827,262, and a net cash inflow of $7,185,505 for the year ended 30 June 2023 and at balance date, had net current assets of $6,470,751. In order to continue development of its projects, the company will need to raise further funding.

Should the Company not be successful in obtaining adequate funding, or should cashflows not eventuate as planned, there is a material uncertainty that may cast significant doubt as to the ability of the Group to continue as a going concern and whether it can realise its assets and extinguish its liabilities in the ordinary course of business.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(e) Statement of compliance

The financial statements were authorised for issue on 25th August 2023.

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including;

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(f) Basis of consolidation (continued)

- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss or other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under applicable accounting standards.

(g) Revenue

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Royalty income

Revenue from royalties is measured at the fair value of the consideration received and receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred, recovery of the consideration is probable and the amount of revenue can be measured reliably.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(g) Revenue (continued)

Facilitation fee

Revenue from facilitation fees is measured at the fair value of the consideration received and receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred, recovery of the consideration is probable and the amount of revenue can be measured reliably.

(h) Borrowing costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

(i) Cash and cash equivalents

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses trade receivables have been grouped based on days overdue.

Other receivables are measured at amortised cost, less any allowance for expected credit losses.

(k) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(k) Income tax (continued)

- 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 income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; 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 income tax assets is reviewed at each balance 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 income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance 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.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Alliance Nickel Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own. Alliance Nickel Limited recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(k) Income tax (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amount receivable or payable under the tax funding agreement are

recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

(l) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. 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 Consolidated Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

(m) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – 4 to 5 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of 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, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(m) Plant and equipment (continued)

(ii) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(n) Investments and other financial assets

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity’s business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(n) Investments and other financial assets (continued)

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

a. they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows

b. the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI.

Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividend from these investments continue to be recorded as other income within profit or loss unless the dividend clearly represents return of capital.

Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(n) Investments and other financial assets (continued)

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(o) Deferred exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(o) Deferred exploration and evaluation expenditure (continued)

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment should indicators of impairment be present.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine development assets.

(p) Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(q) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of tangible and intangible assets other than goodwill (continued)

In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimate used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in previous years.

Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(s) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(s) Leases (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Earnings per share

Basic EPS is calculated as net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net result attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with potential dilutive ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and potential dilutive ordinary shares, adjusted for any bonus element.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Alliance Nickel Limited.

(w) Parent entity financial information

The financial information for the parent entity, disclosed in Note 20 has been prepared on the same basis as the consolidated financial statements.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(x) Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(y) Share based payments

Equity-settled compensation benefits are provided to employees and service providers providing similar services. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and service providers in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees or service providers to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(y) Share based payments (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

	Consolidated 2023 $	Consolidated 2022 $
2. OTHER INCOME AND EXPENSES		
(a) Other income:		
Facilitation fee for prospecting rights	100,000	100,000
Royalty fees	100,000	-
Proceeds from the disposal of plant and equipment	-	65,000
Research and development tax concession	28,050	-
	228,050	165,000
(b) Administration costs:		
Corporate costs	330,916	90,195
Administration costs	584,093	202,728
	915,009	398,489

3. INCOME TAX

(a) Income tax recognised in profit and loss

The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax provided in the financial statements as follows:

	Consolidated 2023 $	Consolidated 2022 $
Accounting loss before tax from continuing operations	(3,827,262)	(301,915)
Income tax benefit calculated at 30% (2022: 30%)	(1,148,179)	(90,575)
Deductions for exploration and evaluation	(2,760,332)	(298,172)
Non-assessable income	-	-
Share based payments	710,480	-
Tax losses and deferred tax balances not recognised	3,198,031	388,746
Income tax benefit reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	-	-

	Consolidated 2023 $	Consolidated 2022 $

3. INCOME TAX (CONTINUED)

	2023 $	2022 $
(b) Unrecognised deferred tax balances		
Deferred tax assets comprise:		
Tax losses carried forward	16,246,814	12,980,276
Accrued expenses	35,350	5,400
Employee benefits	6,734	8,207
	16,288,898	12,993,883
Deferred tax liabilities comprise:		
Exploration expenditure capitalised	13,055,480	10,295,148
	13,055,480	10,295,148
Income tax benefit not recognised directly in equity during the year:		
Capital raising costs	129,452	16,164

Potential deferred tax assets attributable to tax losses and capital losses carried forward have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. The deductible temporary differences and tax losses do not expire under current tax legislation.

Tax Consolidation
Effective 1 July 2003, for the purposes of income taxation, the Company and its 100% wholly-owned subsidiaries formed a tax consolidated group. The head entity of the tax consolidated group is Alliance Nickel Limited.

4. TRADE AND OTHER RECEIVABLES

	Consolidated 2023 $	Consolidated 2022 $
Current		
GST Refundable	436,319	14,961
	436,319	14,961
Non-current		
Bonds	41,638	8,516
	41,638	8,516

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5. PLANT AND EQUIPMENT

	Consolidated 2023 $	2022 $
Plant and equipment - at cost	99,951	187,199
Less accumulated depreciation	(59,005)	(166,870)
Total plant and equipment	40,946	20,329

	Consolidated 2023 $	2022 $
Reconciliation of the carrying amount of plant and equipment:		
Carrying amount at the beginning of the year	20,329	30,437
Acquisitions	31,471	-
Depreciation	(10,450)	(10,108)
Disposals	(404)	-
Carrying amount at the end of the year	40,946	20,329

6. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2023 $	2022 $
Exploration and evaluation phase - at cost		
Movements:		
Balance at beginning of the year	34,317,160	33,323,254
Direct expenditure	9,201,106	1,052,397
	43,518,266	34,375,651
Less: impairment of exploration and evaluation expenditure (1)	-	(58,491)
	43,518,266	34,317,160

(1) The ultimate recoupment of the above deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas at amounts sufficient to recover the investment. Where facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the expenditure has been impaired down to its recoverable amount.

7. RIGHT OF USE ASSETS

	Consolidated 2023 $	2022 $
Cost	171,452	-
Accumulated amortisation	(53,220)	-
	118,232	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8. TRADE AND OTHER PAYABLES

	Consolidated 2023 $	2022 $
Trade payables and accruals	2,142,552	92,358
	2,142,552	92,358

Trade payables and accruals are non-interest bearing and normally settled on 30-day terms.
Details of exposure to interest rate risk and fair value in respect of liabilities are set out in Note 17. There are no secured liabilities as at 30 June 2023.

9. ISSUED CAPITAL

	Consolidated 2023 $	2022 $
713,106,282 (2022: 593,990,762) ordinary shares fully paid	76,427,703	59,760,709
Ordinary shares		
Balance at the beginning of the year	59,760,709	58,125,902
Rights Issue	17,208,000	1,670,572
Costs associated with issue	(619,006)	(35,765)
Balance at the end of the year	76,349,703	59,760,709

	No of shares	No of shares
Balance at the beginning of the year	593,990,762	556,866,930
Rights Issue	119,115,520	37,123,832
Balance at the end of the year	713,106,282	593,990,762

On 8 August 2022, the Company issued 6,410,256 shares, raising $500,000, as part of the appointment of Paul Kopejtka as the Managing Director.

On 19 October 2022, the Company allotted 42,105,264 ordinary fully paid shares at an issue price of $0.095 per share to raise $4,000,000 before costs.

On 3 May 2023, the Company issued 70,600,000 ordinary fully paid shares to Stellantis N.V. through a strategic placement at an issue price of $0.18 per share to raise $12,708,000 before costs. A further 12,733,333 ordinary fully paid shares, raising $2,292,000, are to be issued following FIRB approval, that was received on 4 August 2023.

On 13 August 2021, the Company allotted 30,285,877 ordinary fully paid shares at an issue price of $0.045 per share to raise $1.4 million before costs. A shortfall of 6,837,955 shares from the offer, was placed on 24 August 2021 raising a further $308,000.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. The shares have no par value.

	Consolidated	
	2023	2022
	$	$

10. RESERVES

Share based payments reserve	2,555,765	-

The share based payment reserve records items recognised as either an expense or capital asset representing the value of options or performance rights vesting or vested.

11. SHARE BASED PAYMENTS

a) Options

Options and weighted average exercise prices are as follows for the reporting period presented:

	Number of options	Weighted average exercise price per option ($)
As at 1 July 2021	-	-
Granted	-	-
Exercised	-	-
Forfeited/cancelled	-	-
Outstanding at 30 June 2022	**-**	**-**
Granted	33,000,000	0.295
Exercised	-	-
Forfeited/cancelled	-	-
Outstanding at 30 June 2023	**33,000,000**	**0.295**

Options outstanding at 30 June 2023 had a weighted average remaining contractual life of 1,169 days (2022: Nil days) and the weighted average fair value of options granted during the period was $0.054 per option (2022: $Nil).

Options issued to key management personnel

A share option plan has been established by the company and approved by shareholders at a general meeting, whereby the company may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel of the company. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

11. SHARE BASED PAYMENTS (CONTINUED)

Set out below are summaries of options granted under the plan:

Grant date	Expiry date	Exercise price ($)	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
28/09/2022	28/09/2025	0.20	-	10,000,000	-	-	10,000,000
28/09/2022	28/09/2026	0.30	-	10,000,000	-	-	10,000,000
28/09/2022	28/09/2027	0.40	-	10,000,000	-	-	10,000,000

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date ($)	Exercise price ($)	Expected volatility	Risk-free interest rate	Fair value at grant date ($)	Expense for the period ($)
28/09/2022	28/09/2025	0.11	0.20	91%	3.73%	0.051	384,247
28/09/2022	28/09/2026	0.11	0.30	91%	3.86%	0.052	195,890
28/09/2022	28/09/2027	0.11	0.40	91%	3.86%	0.055	138,128

Options issued to service providers

Following a successful capital raising in September 2022, the company issued unlisted options to the lead brokers facilitating the raising.

Set out below are summaries of options granted under the agreement:

Grant date	Expiry date	Exercise price ($)	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
26/09/2022	26/09/2025	0.20	-	1,500,000	-	-	1,500,000
26/09/2022	26/09/2026	0.30	-	1,500,000	-	-	1,500,000

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date ($)	Exercise price ($)	Expected volatility	Risk-free interest rate	Fair value at grant date ($)	Expense for the period ($)
26/09/2022	26/09/2025	0.125	0.20	92%	3.77%	0.062	93,000
26/09/2022	26/09/2026	0.125	0.30	92%	3.84%	0.063	94,500

11. SHARE BASED PAYMENTS (CONTINUED)

b) Performance rights

	2023 Number of performance rights	2022 Number of performance rights
Balance at the beginning of the period	-	-
Granted	50,000,000	-
Converted	-	-
Forfeited / cancelled	-	-
Balance at the end of the period	50,000,000	-

The company operates an equity-settled, share based compensation plan to grant performance rights to its employees. The fair value of the employee services received in exchange for the grant of performance rights is recognised as an expense in the income statement with a corresponding increase in the equity reserve over the vesting period.

The number of shares that will vest depends on the achievement of non-market-based performance conditions. The Directors have estimated the likelihood of the achievement of the conditions by reference to the achievement of key project milestones.

Set out below are summaries of performance rights granted under the plan:

	Grant date	Number of performance rights	Fair value ($)	Probability assigned	Vested (%)	Expense for the current period ($)	Cumulative expense to 30 June 2023
Tranche 1	28/09/2022	20,000,000	0.11	73%	75%	1,650,000	1,650,000
Tranche 2	28/09/2022	20,000,000	0.11	36%	-	-	-
Tranche 3	28/09/2022	10,000,000	0.11	20%	-	-	-

12. CONTROLLED ENTITIES

Name of controlled entity / (country of incorporation)	Percentage owned		Company's cost of investment	
	2023 %	2022 %	2023 $	2022 $
GME Investments Pty Ltd (Australia)	100	100	-	-
Golden Cliffs NL (Australia)	100	100	616,893	616,893
NiWest Limited (Australia)	100	100	4,561,313	4,561,313
			5,178,206	5,178,206

13. CONSOLIDATED STATEMENT OF CASH FLOWS

	Consolidated 2023 $	2022 $
a) Reconciliation of cash flows from operating activities		
Loss from ordinary activities after tax	(3,827,262)	(301,915)
Share based payments	2,368,265	-
Depreciation and amortisation	63,670	10,108
Exploration costs impaired / written off	-	58,491
(Gain) / loss from disposal of property, plant and equipment	404	(65,000)
(Increase) in receivables and prepayments	(64,012)	(13,628)
(Decrease) / increase in trade payables and accruals	112,247	(34,410)
Net cash (outflows) from operating activities	(1,346,688)	(346,354)

b) Reconciliation of cash and cash equivalents

Cash balance comprises:

Cash at bank	30,309	8,972
Deposits at call	7,728,736	564,568
	7,759,045	573,540

Cash at bank earns interest at floating rates based on daily bank deposit rates.
Short term deposits are made for varying periods between 3 to 6 months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

	Consolidated 2023 $	2022 $
c) Reconciliation of borrowings		
Borrowings	-	-
Receipts during the period	1,500,000	-
Repaid during the period	(1,500,000)	-
Balance at year end	-	-

Unsecured loans were made available for working capital purposes. Interest rates were 10% per annum

NOTES TO THE FINANCIAL STATEMENTS
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14. AUDITOR'S REMUNERATION

	Consolidated 2023 $	Consolidated 2022 $
Amounts received or due and receivable by the auditors of Alliance Nickel Ltd for:		
- an audit or review of the financial statements of the Company and any other entity in the Group	38,849	27,593
- other services in relation to the Company and any other entity in the Group (tax compliance services)	3,500	2,500
	42,349	30,093

15. SEGMENT REPORTING

AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker, being the Board of Alliance Nickel Limited, in order to allocate resources to the segment and assess its performance. The Board of Alliance Nickel Limited reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the period, the Group operated predominantly in one business and geographical segment being the resources sector in Australia. Accordingly, under the 'management approach' outlined only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

16. LOSS PER SHARE

	Unit	2023	2022
Weighted average number of ordinary shares	Number	640,428,791	589,328,219
Loss used in calculation of basic and diluted loss per share	$	(3,827,262)	(301,915)
Basic and diluted loss per share (cents)	cents	(0.60)	(0.05)

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2023 $	Consolidated 2022 $
Short-term employee benefits	417,886	180,000
Post-employment benefits	19,261	8,962
Long-term employee benefits	2,368,265	-
	2,805,412	188,962

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

b) Loans from key management personnel and their related parties

The aggregate loans received from key management personnel of the consolidated entity is set out below:

	Consolidated 2023 $	2022 $
Loans received from related parties	700,000	-
Interest accrued	7,334	-
Total repaid to related parties	(707,334)	-
Balance as at year end	-	-

c) Other transactions with key management personnel

During the year, the Group paid $21,866 (2022: $20,843) for commercial rent and outgoings of a property owned by the Leonora Property Syndicate, an entity in which Peter Sullivan and James Sullivan have an interest. The balance owed to the Leonora Property Syndicate as at 30 June 2023 was $5,115 (2022: $4,950).

Payments of $151,869 (2022: $Nil) was paid to Sullivan's Garage Pty Ltd for the hire of machinery and personnel for land clearing. Of this, $21,938 (2022: $Nil) was payable as at 30 June 2023.

In addition to the fees paid for Company Secretarial Services, the Company also paid $13,550 (2021: $35,514) to Endeavour Corporate, of which Mark Pitts is a partner, for accounting services. The Company has an amount payable of $Nil (2022 $3,500) to Endeavour Corporate as at 30 June 2023.

The Company has an amount payable of $7,500 (2022: $16,500) to Hardrock Capital Pty Ltd, a company of which Peter Sullivan is a director, in relation to Directors' fees.

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

18. FINANCIAL INSTRUMENT DISCLOSURE

Financial risk management objectives

The Group is exposed to market risk (including interest rate), credit risk and liquidity risk.

The Group does not issue derivative financial instruments.

Risk management is carried out by the Board as a whole, which provides the principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. Where appropriate these methods will include sensitivity analysis in the case of interest rate, and other price risks and aging analysis for credit risk.

18. FINANCIAL INSTRUMENT DISCLOSURE (CONTINUED)

a) Categories of financial instruments

2023	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing Within 1 year	Over 1 year	Non-interest earing	Total
Financial assets		$	$	$	$	$
Cash assets	1.23%	30,309	7,728,736	-	-	7,759,045
Receivables	n/a	-	-	-	477,957	477,957
		30,309	7,728,736	-	477,957	8,237,002
Financial liabilities						
Payables	n/a	-	-	-	2,142,552	2,142,552
Lease liabilities	10%	-	94,736	23,068	-	117,804
		-	94,736	23,068	2,142,552	2,260,356

2022	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing Within 1 year	Over 1 year	Non-interest bearing	Total
Financial Assets		$	$	$	$	$
Cash assets	0.05%	8,972	564,568	-	-	573,540
Receivables	n/a	-	-	-	23,477	23,477
		8,972	564,568	-	23,477	597,017
Financial Liabilities						
Payables	n/a	-	-	-	92,358	92,358
		-	-	-	92,358	92,358

b) Interest rate risk sensitivity analysis

The Company and the Group are exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, in respect of the cash balances and deposits.

The sensitivity analyses below have been determined based on the exposure to interest rates for instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At reporting date, if interest rates had been 50 basis points higher and all other variables were held constant, the Group's net loss before tax and equity would reduce by $12,252 and increase by $12,252, respectively (2022: $2,868). A reduction in the interest rate would have an equal but opposite effect.

18. FINANCIAL INSTRUMENT DISCLOSURE (CONTINUED)

c) Liquidity risk

The Company manages liquidity risk by continually monitoring cash reserves and cash flow forecasts to ensure that financial commitments can be met as and when they fall due.

d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is not significantly exposed to credit risk from its operating activities, however, the Board does monitor receivables as and when they arise. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset mentioned above. The Group does not hold collateral as security.

No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments and cash deposits.

e) Capital management risk

The Company controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

The Company effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of expenditure and debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

f) Net fair values

The net fair value of the financial assets and financial liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Consolidated Statement of Financial Position and in the notes to and forming part of the financial statements.

19. COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities, not provided for in the financial statements of the Group as at 30 June 2023, other than:

Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the Group in its own right or in conjunction with its joint venture partners may be required to outlay amounts of approximately $1,427,540 (2022: $1,077,933) per annum on an ongoing basis in respect of tenement lease rentals and to meet the minimum expenditure requirements of the Western Australian Mines Department. These obligations are expected to be fulfilled in the normal course of operations by the Group or its joint venture partners and are subject to variations dependent on various matters, including the results of exploration on the mineral tenements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

20. RELATED PARTIES

Total amounts receivable from entities in the wholly-owned group at balance date:

	2023 $	2022 $
Non-current receivables		
Loans net of provisions for non- recovery	43,928,364	30,385,939

Total amounts payable from entities in the wholly-owned group at balance date:

	2023 $	2022 $
Current payables		
Loans payable to subsidiaries	515,359	410,758

21. PARENT ENTITY DISCLOSURE

As at, and throughout the financial year ended 30 June 2023 the parent Company of the Group was Alliance Nickel Limited.

	2023 $	2022 $
Results of the parent entity		
Loss after tax for the year	(4,027,263)	(343,423)
Other comprehensive income	-	-
Total comprehensive result for the year	(4,027,263)	(343,423)
Financial position of the parent entity at year end		
Current assets	8,730,486	608,015
Non-current assets	43,636,742	34,359,064
Total assets	52,367,228	34,967,079
Current liabilities	2,775,095	515,511
Non current liabilities	23,068	-
Total liabilities	2,798,163	515,511
Total equity of the parent entity comprising of:		
Share capital	76,349,703	59,760,708
Share based payment reserve	2,555,765	-
Accumulated losses	(29,336,403)	(25,309,140)
Total equity	49,569,065	34,451,568

22. SUBSEQUENT EVENTS

On 4 August 2023, the Company was notified by Stellantis N.V that it has received clearance, without conditions, from FIRB to undertake the second tranche of the strategic placement with the Group. Settlement of the Tranche 2 placement is expected to take place in early September 2023. It will see the Group issue 12,733,333 new ordinary shares at A$0.18 per share for receipt of further equity funds of approximately A$2.3 million. Upon settlement of the Tranche 2 placement, Stellantis N.V. will have subscribed for a total of A$15 million under the strategic placement and will hold an approximate 11.5% interest in the Group.

Aside from those above, there are no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Alliance Nickel Limited (the "Company"):

   a. The financial statements, notes, and the additional disclosures are in accordance with the Corporations Act 2001 including:

      i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and

      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

This declaration is signed in accordance with a resolution of the Board of Directors.

Peter Sullivan
Chairman
Perth, Western Australia
25th August 2023

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the Members of Alliance Nickel Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Alliance Nickel Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Deferred Exploration and Evaluation Expenditure Refer to Note 6 of the Financial Report	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises all exploration and evaluation expenditure, including acquisition costs. As at 30 June 2023, the Group had a capitalised deferred exploration and evaluation balance of $43,518,266. Exploration and evaluation expenditure was determined to be a key audit matter as it is important to the users' understanding of the financial statements as a whole and was an area which involved the most audit effort and communication with those charged with governance.	Our procedures included but were not limited to the following: - Obtaining an understanding of the key processes associated with management's review of the carrying value of exploration and evaluation; - Considering the Directors' assessment of potential indicators of impairment in addition to making our own assessment; - Obtaining evidence that the Group has current rights to tenure of its areas of interest; - Considering the nature and extent of planned ongoing activities; - Substantiating a sample of expenditure by agreeing to supporting documentation; and - Examining the disclosures made in the annual report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Alliance Nickel Limited for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
25 August 2023