

ACN 631 513 696



# **PROSPECTUS**

For an offer of up to 25,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$5,000,000 (Offer).

Oversubscriptions of up to a further 10,000,000 Shares at an issue price of \$0.20 per Share to raise up to a further \$2,000,000 may be accepted.

The Offer is conditional upon satisfaction of the Conditions, which are detailed further in Section 4.6. No Shares will be issued pursuant to this Prospectus until those Conditions are met.

LEAD MANAGER: CPS Capital Pty Ltd ACN 088 055 636, AFSL 294 848

# **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If, after reading this Prospectus you have questions about the shares being offered under this Prospectus, or any other matter, you should consult your professional advisors without delay. The shares offered by this Prospectus should be considered as highly speculative.

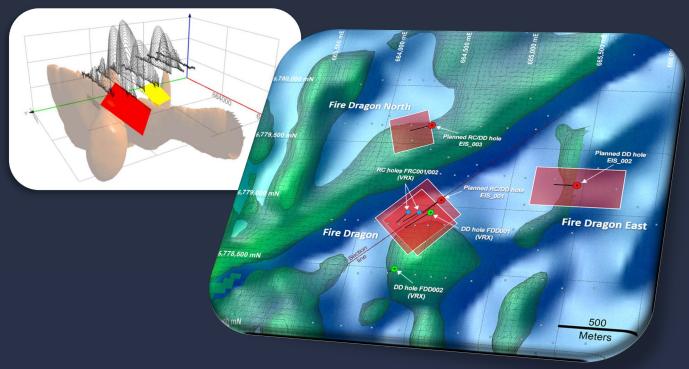
www.nickelximited.com











#### IMPORTANT NOTICE

This Prospectus is dated 16 March 2021 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered as highly speculative.

#### **Exposure Period**

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of Corporations Act. Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

# No offering where offering would be illegal

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and who persons come possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or

whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Shares or the offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

#### **US securities law matters**

Prospectus does constitute an offer to sell, or a solicitation of an offer to buy, securities in the US. In particular, the Shares have not been, and will not be, registered under the United States Shares Act of 1933. as amended (the US Securities Act), and may not be offered or sold in the US or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) unless an exemption is available from the registration requirements of the US Securities Act.

Each applicant will be taken to have represented, warranted and agreed as follows:

- (a) it understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the US, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws:
- (b) it is not in the US;
- (c) it has not and will not send this Prospectus or any other material relating to the Offer to any person in the US; and
- (d) it will not offer or sell the Shares in the US or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US

Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

#### **Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at https://www.nickelxlimited.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 9322 7600 during office hours or by emailing the Company nickelx@cpscapital.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **Company Website**

No document or other information available on the Company's website is incorporated into this Prospectus by reference.

#### No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

#### No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or

investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other adviser before professional deciding to subscribe for Shares this Prospectus under determine whether it meets your objectives, financial situation and needs.

#### **Risks**

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section D of the Investment Overview as well as Section 6 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

#### Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on

these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6.

#### **Financial Forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company inherently uncertain. are Accordingly, any forecast or projection information would contain such a broad range of potential outcomes possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **Competent Persons statement**

The information in the Investment Section of Overview the Prospectus, included Section 3, the Company and Proiects Overview, included at Section 5, and the Independent Technical Assessment Report, included at Annexure A of the Prospectus, which relate to exploration results, is based on information compiled by Mr Tony Donaghy. Mr Donaghy has sufficient experience which is relevant to the style Ωf mineralisation and type deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in 2012 edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Donaghy is a full time employee of CSA Global Pty Ltd. Mr Donaghy consents to the inclusion of the information in these Sections of the Prospectus in the form and context in which it appears.

# Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" defined (as in section 111AC of the Corporations Act) and, as such, will be subject to regular reportina and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares.

Price sensitive information will be publicly released through ASX before it is disclosed and Shareholders market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the will Company post this information on its website after confirms ASX the an announcement has been made, with the aim of making the information readily accessible to the widest audience.

#### Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **Photographs and Diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

#### **Definitions and Time**

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 11.

All references to time in this Prospectus are references to Australian Western Standard Time.

#### **Privacy statement**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Shares in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant

contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

#### **Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Company Secretary on +61 8 9322 7600.

# **CORPORATE DIRECTORY**

#### **Directors**

Jonathan Downes
Non-Executive Chair

Matthew Gauci Managing Director and Chief Executive Officer

Dr Oliver Kreuzer
Non-Executive Director

Dr Kris Butera Non-Executive Director

# **Company Secretary**

Steven Wood

# **Proposed ASX Code**

NKI

# **Registered Office**

Level 3, The Read Buildings 16 Milligan Street PERTH WA 6000 Telephone: + 61 8 9322 7600

Email: <u>nickelx@cpscapital.com.au</u>
Website: <u>https://www.nickelxlimited.com</u>

# Legal advisers

Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street PERTH WA 6000

# **Investigating Accountant**

BDO Corporate Finance (WA) Pty Ltd 38 Station Street SUBIACO WA 6008

#### Auditor\*

BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO WA 6008

# Author of the Independent Technical Assessment Report

CSA Global Pty Ltd Level 2, 3 Ord Street WEST PERTH WA 6005

#### **Lead Manager**

CPS Capital Group Pty Ltd Level 45, 108 St Georges Terrace PERTH WA 6000

Email: nickelx@cpscapital.com.au

# Share Registry\*

Automic Registry Services Level 2, 267 St Georges Terrace PERTH WA 6000

Email: hello@automic.com.au Website: www.automic.com.au

<sup>\*</sup> This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

# TABLE OF CONTENTS

1.	CHAIRMAN'S LETTER	
2.	KEY OFFER INFORMATION	
3.	INVESTMENT OVERVIEW	5
4.	DETAILS OF THE OFFER	16
5.	COMPANY AND PROJECTS OVERVIEW	21
6.	RISK FACTORS	32
7.	BOARD, MANAGEMENT AND CORPORATE GOVERNANCE	42
8.	MATERIAL CONTRACTS	50
9.	ADDITIONAL INFORMATION	55
10.	DIRECTORS' AUTHORISATION	70
11.	GLOSSARY	71
ANNI	EXURE A – INDEPENDENT TECHNICAL ASSESSMENT REPORT	80
ANNI	EXURE B – SOLICITOR'S REPORT ON TENEMENTS	138
ANNI	EXURE C - INDEPENDENT LIMITED ASSURANCE REPORT	159
APPL	ICATION FORM	186

#### 1. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the directors of NickelX Limited (**Company**), it gives me great pleasure to invite you to become a shareholder of the Company.

The Company is coming to market at a time of an unprecedented shift in the demand profile for nickel. This demand is driven by a combination of the steel sector growth, nickel's traditional market; and the high growth new energy sector – which is nickel's emerging market, considering the fact that the use of nickel in the electric vehicle sector has more than doubled since 2016 and is projected to increase 15-fold up to 2025.

The Company has the right to a promising portfolio of nickel and gold projects in the Albany Fraser Belt which, in light of recent discoveries in the area, is one of the most sought-after mineral districts in Western Australia.

The Company has advanced and well-defined walk-up drill targets for both nickel, with supporting electromagnetic (EM) conductors, and gold with high gold surface samples and prospective structural targets delineated. This will allow the Company to rapidly commence drill testing for new discoveries.

Although often overlooked, a key element to success in exploration companies is the support of a suitably credentialed, experienced and motivated board and management team. The Board, comprising of highly experienced geologists and complimentary corporate skills, comprises members possessing the necessary mix of technical and corporate experience. Managing Director and Chief Executive Officer Matt Gauci has a range of mining executive experience, including with projects located within the Albany Fraser Belt, the Company also has access to an experienced technical exploration team who will oversee the programme which is proposed at the Biranup Project.

At listing, and subject to satisfaction of various conditions precedent set out in Section 8.2, the Company will hold a 100% legal and beneficial right to the Biranup nickel and gold project, as well as the Ponton nickel project. Additionally, the Company is in the process of developing a nickel database and prospectivity model that will give the Company access to additional exploration opportunities to deliver value to its Shareholders.

This Prospectus is seeking to raise a minimum of \$5,000,000 and a maximum of \$7,000,000 via the issue of Shares at an issue price of \$0.20 per Share under the Offer. The purpose of the Offer is to provide funds to implement the Company's business strategies (explained in Section 5).

I look forward to you joining us as a Shareholder and sharing in what we believe are exciting and prospective times ahead for the Company.

This Prospectus contains detailed information about the Company, its business and the Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Shares offered by this Prospectus should be considered highly speculative.

Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely

**Jonathan Downes** 

Chairman

**NickelX Limited** 

# 2. KEY OFFER INFORMATION

# **INDICATIVE TIMETABLE<sup>1</sup>**

Lodgement of Prospectus with the ASIC	16 March 2021
Exposure Period begins	16 March 2021
Opening Date	24 March 2021
Closing Date	9 April 2021
Issue of Shares under the Offer	16 April 2021
Despatch of holding statements	17 April 2021
Expected date for quotation on ASX	23 April 2021

- 1. The above dates are indicative only and may change without notice. Unless otherwise indicated, all time given are AWST. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants.
- If the Offer is cancelled or withdrawn before completion of the Offer, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offers open.

# **KEY STATISTICS OF THE OFFER**

	Minimum Subscription (\$5m) <sup>1</sup>	Maximum Subscription (\$7.0m) <sup>2</sup>
Offer Price per Share	\$0.20	\$0.20
Shares currently on issue	26,850,004	26,850,004
Options currently on issue <sup>3</sup>	6,750,000	6,750,000
Shares to be issued under the Offer	25,000,000	35,000,000
Ventnor Acquisition Shares <sup>4</sup>	6,250,000	6,250,000
Ponton Acquisition Shares <sup>5</sup>	500,000	500,000
Gross Proceeds of the Offer	\$5,000,000	\$7,000,000
Shares on issue Post-Listing (undiluted) <sup>6</sup>	58,600,004	68,600,004
Market Capitalisation Post-Listing (undiluted) <sup>7</sup>	11,720,000	13,720,000
Lead Manager Options <sup>8</sup>	2,400,000	2,400,000
Shares on issue Post-Listing (fully diluted) <sup>6</sup>	67,750,004	77,750,004
Market Capitalisation Post-Listing (fully diluted) <sup>7</sup>	\$13,550,000	\$15,550,000

# Notes:

- 1. Assuming the Minimum Subscription of \$5,000,000 is achieved under the Offer.
- 2. Assuming the Maximum Subscription of \$7,000,000 is achieved under the Offer.
- 3. Refer to Section 9.3 for the terms of the Board and Management Options, which the Company intends to issue prior to admission to the Official List.
- 4. Issued to VRX as part consideration for the Ventnor Acquisition pursuant to the Ventnor Acquisition Agreement, which is summarised at Section 8.2.1.

- 5. Issued to Black Dragon as part consideration for the Ponton Acquisition pursuant to the Ponton Acquisition Agreement, which is summarised at Section 8.2.2.
- 6. Certain Shares on issue post-listing will be subject to ASX-imposed escrow. The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX (which admission is subject to ASX's discretion and approval).
- 7. Assuming a Share price of \$0.20, however the Company notes that the Shares may trade above or below this price.
- 8. Refer to Section 9.4 for the terms of the Lead Manager Options.

# 3. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	NickelX Limited (ACN 631 513 696) (Company).	Section 5.1
Who is the Company?	The Company is an Australian unlisted public company, incorporated on 7 February 2019.  Since incorporation, the Company has primarily focused on raising seed capital to fund the Company's activities; and exploring potential opportunities to acquire projects relating to Nickel, Copper and Cobalt in multiple jurisdictions.  The Company's current focus is exploring Nickel and Gold in Western Australia.	Section 5.1
What is the Company's interest in the Project(s)?	The Company has recently entered into acquisition agreements pursuant to which it will, subject to a number of conditions, acquire the Biranup Project and the Ponton Project (together, the <b>Projects</b> ), which comprise seven prospective Tenements (six granted and one pending application) that the Company considers to be prospective for nickel and gold mineralisation.  The Projects are located in the Albany-Fraser Orogen (AFO), Western Australia and cover a total of 382km². Further details regarding the Projects are set out in the Solicitor's Report on Tenements in Annexure B.	Section 5 and Annexure A
B. Business Mo	odel	
What is the Company's business model?	The Company is an exploration company. Following completion of the Offer, the Company's proposed business model will be to further explore and develop the Projects as per the Company's intended exploration programs.  The Company proposes to fund its exploration activities over the first two years following listing as outlined in the table at Section 5.6.  A detailed explanation of the Company's business model is provided at Section 5.4 and a summary of the Company's	Section 5.4

Item	Summary	Further information
	proposed exploration programs is set out at Section 5.5.	
What are the key business objectives of the Company?	<ul> <li>The Company's main objectives on completion of the Offer and ASX listing are:</li> <li>(a) focus on mineral exploration and other resource opportunities that have the potential to deliver growth for Shareholders;</li> <li>(b) continue to pursue other acquisitions that have a strategic fit for the Company;</li> <li>(c) systematically explore the Projects;</li> <li>(d) develop the Company's nickel database and prospectivity model for further project generation; and</li> <li>(e) provide working capital for the Company.</li> </ul>	Section 5.4
What are the key dependencies of the Company's business model?	The key dependencies of the Company's business model include:  (a) completing the acquisition of the Projects;  (b) maintaining title to the Projects;  (c) retaining and recruiting key personnel skilled in the mining and resources sector; and  (d) sufficient worldwide demand for nickel, copper and gold.	Section 5.4
What is the Company's growth strategy?	The Company's growth strategy includes:  (a) focus on systematic mineral exploration of the Projects;  (b) pursuit of other strategic nickel and gold acquisitions; and  (c) development of a world class nickel database and prospectivity model.	Section 5.4
C. Key Advant	ages	
What are the key advantages of an investment in the Company?	The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages:  (a) subject to raising the Minimum Subscription, the Company will have sufficient funds to implement the exploration strategy;	Section 5

Item	Summary	Further information
	<ul> <li>(b) a portfolio of quality assets in Western Australia considered by the Board to be highly prospective for nickel and gold;</li> <li>(c) a highly credible and experienced team to progress exploration and accelerate potential development of the Projects; and</li> <li>(d) a nickel database and prospectivity model, which is currently being developed.</li> </ul>	
D. Key Risks		
Limited History	Having been incorporated on 7 February 2019, the Company does not have any operating history, although it should be noted that the Directors have between them significant operational experience.  Exploration has previously been conducted on the area of land the subject of the Tenements, however, the Company is yet to conduct its own exploration activities and under the terms of the Ventnor Acquisition Agreement and Ponton Acquisition Agreement, the Company will not commence these activities until it has received conditional approval from ASX for its Securities to be admitted to the Official List.  No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Tenements. Until the Company is able to realise value from its Projects, it is likely to incur ongoing operating losses.	Section 6
Exploration and operating	The mineral exploration licences comprising the Biranup and Ponton Projects are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.  There can be no assurance that future exploration of these licences, or any other mineral licences that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.	Section 6

Item	Summary	Further information
	The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.  The success of the Company will also depend upon the Company being able to maintain title to the mineral exploration licences comprising the Biranup and Ponton Projects and obtaining all required approvals for their contemplated activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Projects, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral exploration licences comprising the Projects.	
Tenure, access and grant of applications	Applications  The Tenement comprising the Ponton Project is still under application and the Company notes that a number of third parties have made applications for the same Tenement.  Accordingly, there can be no assurance that the tenement applications that are currently pending will be granted. There can be no assurance that, if the Tenement is granted, it will be granted in its entirety.  Additionally, some of the Tenement areas applied for may be excluded. The Company is unaware of any circumstances that would prevent the Tenement application from being granted, other than the competing applications. However, the consequence of being denied the applications for	

Item	Summary	Further information
	reasons beyond the control of the Company could be significant.	
	Refer to the Solicitor's Report on Tenements in Annexure B for further information on the Company's Tenement application at the Ponton Project.	
	Renewal	
	Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted Tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the Tenements.	
	The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.	
	The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Western Australia and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of a granted tenements for reasons beyond the control of the Company could be significant.	
	Access	
	A number of the Tenements overlap certain third party interests that may limit the Company's ability to conduct exploration and mining activities including Aboriginal Heritage Survey areas, unallocated Crown land and Groundwater areas; and, as set out in the Solicitor's Report on Tenements in Annexure B of this Prospectus, the Tenements comprising the Biranup Project overlap a registered native title claim, and the Ponton Project overlaps a determined native title claim.  Please refer to the Solicitor's Report on Tenements in Annexure B for further details.	
Additional requirements for capital	The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the	

ltem	Su	mmary		Further information
	Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.			
Other risks	For additional specific risks please refer to Section 6.2. For other risks with respect to the industry in which the Company operates and general investment risks, many of which are largely beyond the control of the Company and its Directors, please refer to Sections 6.3 and 6.4.			Sections 6.2, 6.3 and 6.4
E. Directors ar	nd Key Managemen	t Personnel		
Who are the Directors?	The Board consists of:  (a) Mr Jonathan Downes – Non-Executive Chairman;  (b) Mr Matthew Gauci – Managing Director;  (c) Dr Oliver Kreuzer – Non-Executive Director;  (d) Dr Kris Butera – Non- Executive Director.  The profiles of each of the Directors are set out in Section 7.1.		Section 7.1	
What are the	Director	Shares	Options	Section 7.2
significant interests of Directors in the	Jonathan Downes	Nil	1,950,000	
Company?	Matthew Gauci	1,700,001	3,000,000	
	Oliver Kreuzer	1,000,001	900,000	
	Kris Butera	1,000,001	600,000	
	Refer to Section 3 and Corporate C details.		_	
What are the significant interests of advisors to the Company?	ests Manager does not hold any Securities in		Section 7.2	

Item	Summary	Further
	the Company agree with any other financial service licensees.  In addition, subject to the Company's admission to the Official List, the Lead Manager will also receive 2,400,000 Lead Manager Options.	information
Employee Incentive Securities Plan	The Company intends to adopt an employee incentive scheme titled "Employee Incentive Securities Plan" (Plan) prior to its admission to the Official List.  The Company notes that no Securities have previously been issued under any such Plan. The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.  A summary of the key terms and conditions of the Plan is set out in Section 9.5.	Section 9.5.
What related party agreements are the Company party to?	Refer to the summaries of all material related party agreements that the Company is party to at Section 8.3.	Section 8.3
F. Financial In	formation	
How has the Company been performing?	As the Company was only recently incorporated on 7 February 2019, it has limited financial performance and has no operating history.  As a result, the Company is not in a position to disclose any key financial ratios other than its statement of profit and loss, statement of cash flows and pro-forma balance sheet which is included in the Investing Accountant's Report set out in Annexure C.	Section 5 and Annexure C
What is the financial outlook for the Company?	Given the current status of the Company's Projects and the speculative nature of its business, the Directors do not consider it appropriate to forecast future earnings. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.	Section 5 and Annexure C

Item	Summary	Further information
G. Offer		
What is the Offer?	The Offer is an initial public offering of 25,000,000 Shares, with the capacity to accept oversubscriptions of a further 10,000,000 Shares at an issue price of \$0.20 per Share to raise a maximum of \$7,000,000 (before costs).	Section 4.1
Is there a minimum subscription under the Offer?	The minimum amount to be raised under the Offer is \$5,000,000.	Section 4.2
What are the purposes of the Offer?	The purposes of the Offer are to facilitate an application by the Company for admission to the Official List and, to position the Company to seek to achieve the objectives stated at Section B of this Investment Overview.	Section 4.7
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 4.4
Who is the lead manager to the Offer?	The Company has appointed CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL 294 848) ( <b>Lead Manager</b> ) as lead manager to the Offer.	Section 4.5
Who is eligible to participate in the Offer?	This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in Jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.	Section 4.12
How do I apply for Shares under the Offer?	Applications for Shares under the Offer must be made by completing the Application Form attached to or accompanying this Prospectus in accordance with the instructions set out in the Application Form.	Section 4.8
What is the allocation policy?	The Company retains an absolute discretion to allocate Shares under the Offer, and will be influenced by the factors set out in Section 4.9.  There is no assurance that any applicant will be allocated any Shares, or the number of Shares for which it has applied.	Section 4.9

Item	Summary	Further information
What will the Company's capital structure look like on completion of the Offer?	The Company's capital structure on a post-Offer basis is set out in Section 5.7.	Section 5.7
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer are set out in Section 9.2.	Section 9.2
Will any Shares be subject to escrow?	None of the Shares issued under the Offer will be subject to escrow.  However, subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, a number of securities will be subject to escrow.  The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX (which admission is subject to ASX's discretion and approval).  Additionally, the Company's anticipated 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) is set out in Section 5.10.	Section 5.9
Who are the current Shareholders of the Company and on what terms were their Shares issued?	The Company has issued Shares to various parties (including unrelated and unrelated parties) at a variety of issue prices. Refer to Section 5.7 for a summary of all Shares issued prior to lodgement of this Prospectus.	Section 5.7
Will the Shares be quoted on ASX?	Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.	Section 4.10
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable in the Key Offer Information Section.	Key Offer Information
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$500 worth of Shares (2,500 Shares).	Section 4.8

ltem	Summary	Further information
Are there any conditions to the Offer?	No, other than raising the Minimum Subscription and ASX approval for quotation of the Shares, the Offer is unconditional.	Section 4.6
H. Use of funds		
How will the proceeds of the Offer be used?	The Offer proceeds and the Company's existing cash reserves will be used for:  (a) implementing the Company's business objectives and exploration programs as set out in Part C of Investment Overview;  (b) expenses of the Offer;  (c) administration costs; and  (d) working capital,  further details of which are set out in Section 5.6.	Section 5.6
Will the Company be adequately funded after completion of the Offer?	The Directors are satisfied that on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.	Section 5.6
I. Additional i	nformation	
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.  However, the Company will pay to the Lead Manager 6% (ex GST) of the total amount raised under the Prospectus and, subject to the Company's admission to the Official List, the Company will issue 2,400,000 Lead Manager Options to the Lead Manager.	Section 8.1
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful applicants.  If the Offer does not proceed, application monies will be refunded (without interest).	Section 4.15
What are the tax implications of investing in Shares?	Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.  The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to	Section 4.14

deciding whether to subscribe for Shares offered under this Prospectus.  What is the Company's projects that significant expenditure will be incurred in the evaluation and development of the Company's Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.  Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends or franking credits attaching to dividends can be given by the Company.  What are the corporate Governance principles and policies of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance policies and practices and the Company's compliance are outlined in Section 7.4.  In addition, the Company's full Corporate Governance Policies and practices and the Company's compliance are outlined in Section 7.4.  In addition, the Company's full Corporate Governance Plan will be made available from the Company's website (www.nickelxlimited.com)  Where can I find more information?  Where can I find more information?	Item	Summary	Further information
Company's Dividend Policy?  expenditure will be incurred in the evaluation and development of the Company's Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.  Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends or franking credits attaching to dividends can be given by the Company.  What are corporate governance principles and Recommendations (4th Edition) as published by ASX Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Policies and practices and the Company's main corporate governance policies and practices and the Company's compliance are outlined in Section 7.4.  In addition, the Company's full Corporate Governance Plan will be made available from the Company's website (www.nickelxlimited.com)  Where can I find more information?		_	
payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.  What are the corporate governance principles and policies of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance (Recommendations).  The Company's main corporate governance policies and practices and the Company's compliance are outlined in Section 7.4.  In addition, the Company's full Corporate Governance Plan will be made available from the Company's website (www.nickelxlimited.com)  Where can I find more information?  Where can I find more information?	Company's	expenditure will be incurred in the evaluation and development of the Company's Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during	Section 5.11
Company's size and nature, the Company has adopted The Corporate Governance Principles and Principles and Recommendations (4th Edition) as published by ASX Corporate Governance (Recommendations).  The Company's main corporate governance policies and practices and the Company's compliance are outlined in Section 7.4.  In addition, the Company's full Corporate Governance Plan will be made available from the Company's website (www.nickelxlimited.com)  Where can I find more information?  (a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser;		payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to	
more information? solicitor, accountant or other independent professional adviser;	corporate governance principles and policies of the	Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council (Recommendations).  The Company's main corporate governance policies and practices and the Company's compliance are outlined in Section 7.4.  In addition, the Company's full Corporate Governance Plan will be made available from the Company's website	Section 7.4
Secretary, on +61 8 9322 7600; or (c) By contacting the Share Registry		solicitor, accountant or other independent professional adviser; (b) By contacting the Company Secretary, on +61 8 9322 7600; or	

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

#### 4. DETAILS OF THE OFFER

#### 4.1 The Offer

The Offer is an initial public offering of 25,000,000 Shares, with the capacity to accept oversubscriptions of a further 10,000,000 Shares at an issue price of \$0.20 per Share to raise a maximum of \$7,000,000 (Maximum Subscription).

The Shares issued under the Offer will be fully paid and will rank equally with all other existing Shares currently on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 9.2.

# 4.2 Minimum subscription

The minimum subscription for the Offer is \$5,000,000 (25,000,000 Shares) (**Minimum Subscription**).

If the Minimum Subscription has not been raised within four (4) months after the date of this Prospectus or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

# 4.3 Oversubscriptions

No oversubscriptions above the Maximum Subscription will be accepted by the Company under the Offer.

#### 4.4 Underwriter

The Offer is not underwritten.

# 4.5 Lead Manager

The Company has appointed CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL 294 848) (**Lead Manager**) as lead manager to the Offer. The Company will pay the Lead manager those fees set out in Section 8.1 in consideration for these services.

As at the date of this Prospectus, the Lead Manager does not hold any Securities in the capital of the Company.

# 4.6 Conditions of the Offer

The Offer is conditional upon the following events occurring:

- (a) the Minimum Subscription to the Offer being reached; and
- (b) ASX granting conditional approval for the Company to be admitted to the Official List.

(together the Conditions).

If these Conditions are not satisfied then the Offer will not proceed and the Company will repay all application monies received under the Offer within the time prescribed under the Corporations Act, without interest.

# 4.7 Purpose of the Offer

The primary purposes of the Offer are to:

- (a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules;
- (b) provide the Company with additional funding for:
  - (i) the proposed exploration programs at the Projects (as further detailed in Section 5.5):
  - (ii) considering acquisition opportunities that may be presented to the Board from time to time; and
  - (iii) the Company's working capital requirements while it is implementing the above; and
- (c) remove the need for an additional disclosure document to be issued upon the sale of any Shares that are to be issued under the Offer.

The Company intends on applying the funds raised under the Offer together with its existing cash reserves in the manner detailed in Section 5.6.

# 4.8 Applications

Applications for Shares under the Offer must be made by using the relevant Application Form as follows:

- (a) using an online Application Form attached to or accompanying this Prospectus at www.nickelxlimited.com and pay the application monies electronically; or
- (b) completing a paper-based application using the relevant Application Form attached to or accompanying this Prospectus or a printed copy of the relevant Application Form attached to the electronic version of this Prospectus.

By completing an Application Form, each applicant under the Offer will be taken to have declared that all details and statements made by them are complete and accurate and that they have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares under the Offer must be for a minimum of \$2,000 worth of Shares (10,000) Shares and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

If paying by BPAY®, please follow the instructions on the Application Form. A unique reference number will be quoted upon completion of the online application. Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such Shares for which you have paid. Applicants using BPAY should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is process by their financial institution on or before the day prior to the Closing Date of the Offer. You do not need to return any documents if you have made payment via BPAY.

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

The Company reserves the right to close the Offer early.

# 4.9 Allocation policy under the Offer

The Company retains an absolute discretion to allocate Shares under the Offer and reserves the right, in its absolute discretion, to allot to an applicant a lesser number of Shares than the number for which the applicant applies or to reject an Application Form. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No applicant under the Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors (in conjunction with the Lead Manager) will be influenced by the following factors:

- (a) the number of Shares applied for;
- (b) the overall level of demand for the Offer;
- (c) the desire for a spread of investors, including institutional investors; and
- (d) the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

# 4.10 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be admitted to the Official List. As such, the Shares may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of three (3) months after the date of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

#### 4.11 Issue

Subject to the to the Conditions set out in Section 4.6 being met, the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors (in conjunction with the Lead Manager) will determine the recipients of the issued Shares in their sole discretion in accordance with the allocation policy detailed in Section 4.9). The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Holding statements for Shares issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (CHESS) holders will be mailed to applicants being issued Shares pursuant to the Offer as soon as practicable after their issue.

# 4.12 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

# 4.13 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

The Lead Manager will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Lead Manager under the Lead Manager Mandate.

# 4.14 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus or the reliance of any applicant on any part of the summary contained in this Section. No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.

#### 4.15 Withdrawal of Offer

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

#### 5. COMPANY AND PROJECTS OVERVIEW

# 5.1 Background

NickelX Limited is an Australian unlisted public company incorporated on 7 February 2019. Since incorporation, the Company has primarily focused on raising seed capital to fund the Company's activities; and exploring potential opportunities to acquire projects relating to Nickel, Copper and Cobalt in multiple jurisdictions. The Company's current focus is exploring Nickel and Gold in Western Australia.

As further set out in Section 8.2, the Company has recently entered into acquisition agreements pursuant to which it will, subject to a number of conditions, acquire the Biranup Project and the Ponton Project (together, the **Projects**), which comprise seven prospective Tenements that the Company considers to be prospective for nickel and gold mineralisation.

# 5.2 Group Structure



#### Notes:

- 1. Subject to completion of the Ventnor Acquisition Agreement, the Company will acquire 100% of the issued capital of Ventnor, which holds a 100% legal and beneficial interest in the Biranup Project.
- 2. The Company notes that it is currently in the process of disposing (either through dealing or winding up) of the following foreign entities:
  - Prospect Cobalt Pte Ltd (Prospect Singapore), a dormant Singaporean-domiciled entity that the Company acquired from Prospect Resources Limited (ASX:PSC) in May 2019; and
  - b) Prospect Cobalt Sub 1 Pte Ltd, a dormant subsidiary of Prospect Singapore that is also domiciled in Singapore; and
  - c) New Energy Metals (US) LLC, an entity which is incorporated in Delaware, United States.

# 5.3 Overview of the Projects

The Company has the right to acquire a 100% legal and beneficial interest in seven exploration licences over two project areas located in the Albany-Fraser Orogen (AFO), Western Australia. The Projects cover a total area of 383 km² and comprise of six tenements that are granted and one that is pending. The Tenements were selected principally based on their potential to host economic nickel and gold mineralisation.

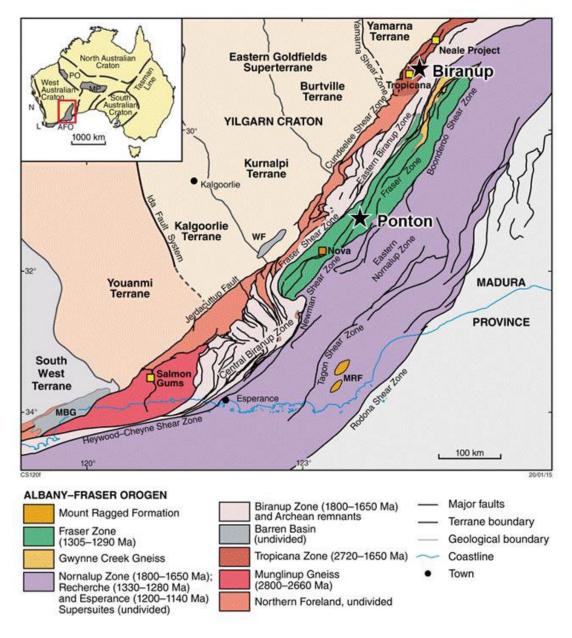


Figure 1

The AFO hosts and is prospective for a range of mineral deposit styles, including:

- (a) magmatic nickel-(copper-cobalt) mineralisation;
- (b) orogenic gold mineralisation;
- (c) intrusion-related gold mineralisation; and
- (d) polymetallic sedimentary exhalative and volcanogenic massive sulphide mineralisation, as exemplified by the Trilogy lead-zinc-silver-copper-gold deposit.

Set out below is a summary of the Projects. For further technical information pertaining to the Projects, please refer to the Independent Technical Assessment Report at Annexure A.

# 5.3.2 The Biranup Project

The Biranup Project is an early-stage nickel-copper-cobalt and gold project that is comprised of the following six granted exploration licences, which combine to cover a total area of 342 km<sup>2</sup>.

Further details regarding the Biranup Project are set out in the Solicitor's Report on Tenements in Annexure B.

Tenement ID	Holder	Percentage held
E38/3191	Ventnor Gold Pty Ltd	100%
E38/3294	Ventnor Gold Pty Ltd	100%
E39/1828	Ventnor Gold Pty Ltd	100%
E39/2000	Ventnor Gold Pty Ltd	100%
E39/2001	Ventnor Gold Pty Ltd	100%
E39/2003	Ventnor Gold Pty Ltd	100%

The Biranup Project is located in the north-eastern AFO, straddling the Tropicana and Biranup zones. The Company considers that the Biranup Project offers good potential to host economic nickel-copper-cobalt and/or gold mineralisation.

The Biranup Project has recorded a relatively short, gold-focused exploration history with no prior drilling completed in the area before 2003. The bulk of the holes completed at Biranup are shallow and widely spaced aircore holes. The strongly clustered spatial distribution of the past drilling with a strong gold focus leaves large tracts of the Biranup Project that are effectively yet to be explored. Moreover, a detailed assessment indicates that a large proportion of the previously drilled holes are ineffective in that they had not penetrated the cover sequences and, therefore, not sampled the gold- and nickel-copper-cobalt-prospective basement.

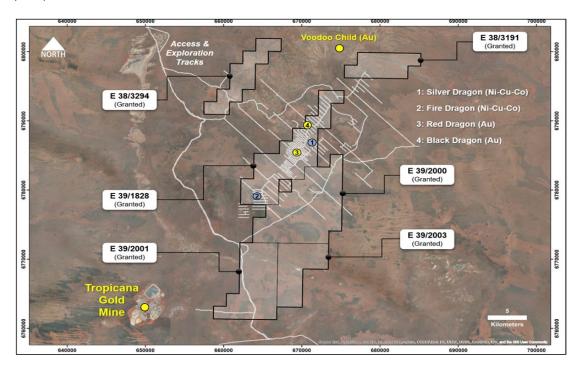


Figure 2

The Company's initial high priority targets at the Biranup Project, based on past work conducted and its focus on battery metals, are Fire Dragon and Silver Dragon. These targets were identified through SPECTREM airborne electromagnetic surveys; gravity and magnetic data re-processing; moving loop electromagnetic (**MLEM**) surveys, soil and auger sampling; and limited drilling. The Company is of the opinion that these prospects offer significant encouragement for exploration for magmatic nickel-copper-cobalt deposits, with immediate targets for drilling.

However, while Fire Dragon and Silver Dragon are considered advanced high priority targets, the limited, yet reasonably successful, previous drill testing presents an ideal opportunity for the Company to systematically drill test the well-defined targets in more detail. The remaining targets have not been the subject of MLEM surveys required to adequately refine the conductors identified in a previous SPECTREM survey and presents further opportunity to progress these targets to advance high priority.

With this in mind, the Company's intention post-listing is to follow up anomalous SPECTREM airborne electromagnetic conductor responses at the Biranup Project that are considered high priority for potential nickel-copper-cobalt but are yet untested. These targets require geochemical and ground geophysical follow up, and geological mapping if outcrop is present.

In addition to the Fire Dragon and Silver Dragon nickel-copper-cobalt targets described above, the Biranup Project offers several compelling gold targets. Of particular interest is the Black Dragon-Red Dragon trend, where previous rock chip and drilling returned anomalous results.

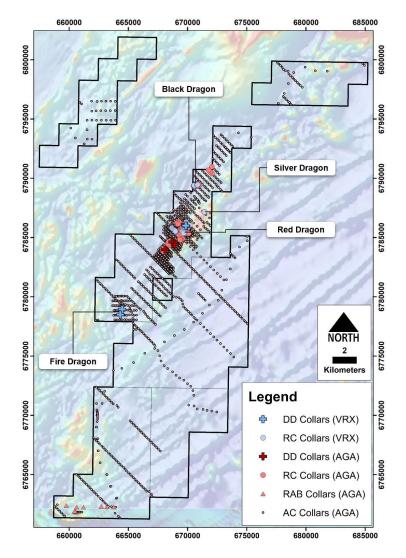


Figure 3

# 5.3.3 Ponton Project

The Ponton Project is an early-stage nickel-copper-cobalt project that has not previously been explored. The Ponton project is comprised of one exploration licence application (E28/2779) and covers a total area of 41 km<sup>2</sup>. The Crean nickel-copper-cobalt occurrence lies to the northeast of and is approximately 4 km along strike from the Ponton Project; and is located within the same prospective strata as the surrounding known nickel-copper-cobalt deposits and recent discoveries within the Fraser Zone.

The Company considers that the Ponton Project has good prospectivity for nickel-copper-cobalt deposits, noting that the Crean nickel-copper-cobalt occurrence lies to the northeast of and is ca. 4 km along strike from the Ponton Project.

As the Ponton Project is an exploration licence application, with the inherent uncertainty associated with the granting timetable for such tenure (refer to Section 6.2 for further details of this risk), the Company has not allocated a budget for exploration of the project within the first year of exploration (as set out in Section 5.5) and, accordingly the Biranup Project is the Company's core focus at the date of this Prospectus.

#### 5.4 Business model

The Company's business model is to thoroughly test each of the Projects using highly skilled, experienced, and pragmatic exploration geoscientists and advisers; and, in doing so, determine as soon as practicable whether the Projects have potential for hosting an economic deposit.

Exploration work will initially be focussed on the Biranup Project, which is comprised of granted Tenements, while the Company continues to undertake the steps necessary to ensure the successful grant of its existing Tenement application at the Ponton Project. If a suitable exploration target is identified, the focus will be on establishing a mineral resource in the indicated category reported in accordance with the JORC Code shortly thereafter. At this point, a decision on how best to extract value for shareholders will be assessed.

If after completion of the exploration programs, the Projects are assessed to be unlikely to host an economic deposit, they will be divested either via a sale, joint venture or relinquishment; and new Projects will be staked or acquired. The Company will also continue to assess and review other opportunities for tenement applications or acquisitions and, where deemed appropriate or in the interests of Shareholders, the Company may expand its portfolio of tenements.

The Company will operate a low-overhead corporate structure, relying heavily on external consultants to implement the activities. The Managing Director and Chief Executive Officer is currently responsible for the execution of the Board approved strategy and management of the day-to-day activities.

# 5.5 Proposed Exploration Program

Following completion of the Offer, the Company's proposed business model will be to further explore and develop the Projects as per the Company's intended exploration programs, with a focus on each of the two high priority targets at the Biranup Project.

As set out in the Independent Technical Assessment Report in Annexure A, the Company's proposed exploration and development plan in respect of the Projects is as follows:

Project	Exploration Budget					
Project Exploration	Minimum Subscription (\$5M)			Maximum Subscription (\$7M)		
Activity	Year 1	Year 2	Total	Year 1	Year 2	Total
Biranup						
Drilling	\$700,000	\$1,000,000	\$1,700,000	\$1,250,000	\$1,250,000	\$2,500,000
Geophysics	\$150,000	\$400,000	\$550,000	\$350,000	\$450,000	\$800,000
Geochemistry	\$80,000	\$150,000	\$230,000	\$150,000	\$200,000	\$350,000
Field support	\$40,000	\$60,000	\$100,000	\$65,000	\$75,000	\$140,000
Land access and environment	\$15,000	\$15,000	\$30,000	\$30,000	\$20,000	\$50,000
Wages and contractors	\$80,000	\$90,000	\$170,000	\$115,000	\$100,000	\$215,000
Biranup Total	\$1,065,000	\$1,720,000	\$2,785,000	\$1,960,000	\$2,095,000	\$4,055,000

Project	Exploration Budget					
Exploration	Minimum Subscription (\$5M)			Maximum Subscription (\$7M)		
Activity	Year 1	Year 2	Total	Year 1	Year 2	Total
Ponton						
Drilling	-	\$150,000	\$150,000	-	\$175,000	\$175,000
Geophysics	-	\$100,000	\$100,000	-	\$175,000	\$175,000
Geochemistry	-	\$50,000	\$50,000	-	\$90,000	\$90,000
Field support	-	\$40,000	\$40,000	-	\$60,000	\$60,000
Land access and environment	-	\$50,000	\$50,000	-	\$50,000	\$50,000
Wages and contractors	-	\$45,000	\$45,000	-	\$55,000	\$55,000
Ponton Total	-	\$435,000	\$435,000	-	\$605,000	\$605,000
GRAND TOTAL	\$1,065,000	\$2,155,000	\$3,220,000	\$1,960,000	\$2,700,000	\$4,660,000

# 5.6 Use of funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves post-admission, over the first two years following admission of the Company to the Official List of ASX as follows:

Funds available	Minimum Subscription (\$5,000,000)	Percentage of Funds	Maximum Subscription (\$7,000,000)	Percentage of Funds
Existing cash reserves <sup>1</sup>	\$471,924	8.6%	\$471,924	6.3%
Funds raised from the Offer	\$5,000,000	91.4%	\$7,000,000	93.7%
Total	\$5,471,924	100%	\$7,471,924	100%
Allocation of funds				
Exploration at the Biranup Project	\$2,785,000	50.9%	\$4,055,000	54.3%
Exploration at the Ponton Project	\$435,000	7.9%	\$605,000	8.1%
Expenses of the Offer <sup>3</sup>	\$555,982	10.2%	\$678,603	9.1%
Administration costs <sup>4</sup>	\$1,643,192	30.0%	\$1,643,192	22.0%
Working capital <sup>5</sup>	\$52,750	1.0%	\$490,129	6.6%
Total	\$5,471,924	100%	\$7,471,924	100%

# Notes:

- 1. Refer to the Financial Information set out in the Independent Limited Assurance Report in Annexure C for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Offer of which various amounts will be payable prior to completion of the Offer.
- 2. Refer to Section 5.5 and the Independent Technical Assessment Report in Annexure A for further details with respect to the Company's proposed exploration programs at the Projects.
- 3. Refer to Section 9.9 for further details.

- 4. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs.
- 5. To the extent that:
  - (a) the Company's exploration activities warrant further exploration activities; or
  - (b) the Company is presented with additional acquisition opportunities,

the Company's working capital will fund such further exploration and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended will be applied toward administration costs for the period following the initial 2-year period following the Company's quotation on ASX.

It is anticipated that the funds raised under the Offer will enable 2 years of full operations (if the Minimum Subscription is raised). It should be noted that the Company may not be fully self-funding through its own operational cash flow at the end of this period. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding. Future capital needs will also depend on the success or failure of the Company's Biranup and Ponton projects. The use of further debt or equity funding will be considered by the Board where it is appropriate to fund additional exploration on the Biranup and Ponton projects or to capitalise on acquisition opportunities in the resources sector.

In the event the Company raises more than the Minimum Subscription of \$5,000,000 under the Offer but less than the Maximum Subscription, the additional funds raised will be first applied towards the expenses of the Offer and then proportionally to the other line items in the above table.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 6.

# 5.7 Capital structure

The capital structure of the Company following completion of the Offer (assuming both Minimum Subscription and Maximum Subscription under the Offer) is summarised below:

#### Shares<sup>1</sup>

	Minimum Subscription	Maximum Subscription
Shares currently on issue <sup>2</sup>	26,850,004	26,850,004
Shares to be issued pursuant to the Offer <sup>3</sup>	25,000,000	35,000,000
Ventnor Acquisition Shares <sup>3</sup>	6,250,000	6,250,000
Ponton Acquisition Shares <sup>4</sup>	500,000	500,000
Total Shares on completion of the Offer	58,600,004	68,600,004

#### Notes:

- 1. The rights attaching to the Shares are summarised in Section 9.2.
- 2. Comprising:
  - (a) 4 'founder' Shares issued to Matthew Gauci <Macondo Family Trust>, Dr Oliver Kreuzer, Insurgent Metals Pty Ltd (an entity controlled by Dr Kris Butera) and Chris Hilbrands at an issue price of \$0.01 per Share;
  - (b) 3,500,000 Shares issued to Matthew Gauci ATF Macondo Family Trust, Dr Oliver Kreuzer, and Insurgent Metals Pty Ltd (an entity controlled by Dr Kris Butera) at an issue price of \$0.001 per Share;
  - (c) 12,250,000 Shares placed to unrelated parties of the Company at an issue price of \$0.01 per Share;
  - (d) 3,000,000 Shares issued to Metalicity Limited as a non-cash exclusivity fee while the Company evaluated the prospect of acquiring a project from Metalicity Limited. Following the conclusion of the exclusivity period, the Company decided against completing the proposed acquisition;
  - (e) 100,000 Shares issued to Prospect Resources Limited as consideration for the Company's acquisition of Prospect Cobalt Pte Ltd, a dormant Singaporean-domiciled entity which is in the process of being liquidated;
  - (f) 2,000,000 Shares issued to Sunset Capital Management Pty Ltd <Sunset Superfund A/C>, an entity controlled by Jason Peterson (an associate of the Lead Manager) pursuant to a placement at an issue price of \$0.01 per Share;
  - (g) 6,000,000 Shares placed to both unrelated and related parties of the Company at an issue price of \$0.1 per Share, including;
    - i. 200,000 Shares to Mr Matt Gauci; and
    - 2,000,000 Shares to Cityscape Asset Pty Ltd (an entity controlled by Jason Peterson, an associate of the Lead Manager).
- 3. Issued to VRX as part consideration for the Ventnor Acquisition pursuant to the Ventnor Acquisition Agreement, which is summarised at Section 8.2.1.
- 4. Issued to Black Dragon as part consideration for the Ponton Acquisition pursuant to the Ponton Acquisition Agreement, which is summarised at Section 8.2.2.

#### **Options**

	Minimum Subscription	Maximum Subscription
Options currently on issue <sup>1</sup>	6,750,000	6,750,000
Lead Manager Options <sup>2</sup>	2,400,000	2,400,000
Total Options on completion of the Offer	9,150,000	9,150,000

# Notes:

- 1. Prior to admission to the Official List, the Company intends to issue the Board and Steven Wood, the Company Secretary, in order to incentivise their performance. Refer to Section 9.3 for the terms and conditions of the Board and Management Options.
- 2. Issued to the Lead Manager as part consideration under the Lead Manager Mandate. Refer to Section 9.4 for the terms and conditions of these Options.

#### 5.8 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer are set out in the respective tables below.

#### As at the date of the Prospectus

Shareholder	Shares	Options	Percentage (undiluted)	Percentage (fully diluted)
Metalicity Limited	3,000,000	nil	11.2%	8.9%
Jason Peterson <sup>1</sup>	4,000,000	nil	14.9%	11.9%
Matthew Gauci <sup>2</sup>	1,700,001	3,000,000	6.3%	14.0%
Oliver Kreuzer <sup>3</sup>	1,000,001	600,000	3.7%	5.7%

#### Notes:

- 1. Comprising:
  - (a) 2,000,000 Shares held by Sunset Capital Management Pty Ltd <Sunset Superfund A/C>; and
  - (b) 2,000,000 Shares held by Cityscape Asset Pty Ltd, which are entities controlled by Mr Peterson, who is an associate of the Lead Manager.
- 2. Matthew Gauci is the Managing Director and Chief Executive Officer of the Company.
- 3. Held by Insurgent Metals Pty Ltd, an entity controlled by Dr Kreuzer, a Non-Executive director of the Company.

#### On completion of the issue of Shares under the Offer<sup>1</sup>

	Minimum Subscription		Maximum Subscription			
Shareholder	Shares	Interest (undiluted)	Interest (fully diluted)	Shares	Interest (undiluted)	Interest (fully diluted)
VRX Silica Limited <sup>2</sup>	6,250,000	10.7%	9.2%	6,250,000	9.1%	8.0%
Jason Peterson <sup>3</sup>	4,000,000	6.8%	5.9%	4,000,000	5.8%	5.1%
Metalicity Limited <sup>4</sup>	3,000,000	5.1%	4.4%	3,000,000	4.4%	3.9%

#### Notes:

- 1. Assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer.
- Issued to VRX as part consideration for the Ventnor Acquisition pursuant to the Ventnor Acquisition Agreement, which is summarised at Section 8.2.1.
- 3. Comprising:
  - (a) 2,000,000 Shares held by Sunset Capital Management Pty Ltd <Sunset Superfund A/C>; and
  - (b) 2,000,000 Shares held by Cityscape Asset Pty Ltd, which are entities controlled by Mr Peterson, who is an associate of the Lead Manager.
- 4. On 4 June 2019, the Company issued 3,000,000 Shares to Metalicity Limited (ASX:MCT) as a non-cash exclusivity fee while the Company evaluated the prospects of acquiring a project from Metalicity Limited. Following the conclusion of the exclusivity period, the Company decided against completing the proposed acquisition.

The Company will announce to the ASX details of its top-20 Shareholders following completion of the Offer prior to the Shares commencing trading on ASX.

#### 5.9 Restricted Securities

Subject to the Company being admitted to the Official List and completing the Offer, certain Shares will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX (which admission is subject to ASX's discretion and approval).

The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List) will be approximately 74% at Minimum Subscription and 78% at Maximum Subscription, comprising all Shares issued following the issue of Shares to VRX Silica and Zenith, other than Shares subject to ASX imposed escrow or held by Directors or promoters.

#### 5.10 Additional Information

Prospective investors are referred to and encouraged to read in its entirety both the:

- (a) the Independent Technical Assessment Report in Annexure A for further details about the geology, location and mineral potential of the Company's Projects;
- (b) the Solicitor's Report on Tenements in Annexure B for further details in respect to the Company's interests in the Tenements; and
- (c) the Independent Limited Assurance Report in Annexure C for further details in respect of the Company's financial history.

#### 5.11 Dividend policy

The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Biranup and Ponton Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

#### 6. RISK FACTORS

#### 6.1 Introduction

The Shares offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The future performance of the Company and the value of the Shares may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks that have a direct influence on the Company, its Assets/Projects and activities are set out in Section 3. Those key risks as well as other risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 6, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares. This Section 6 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 6, together with all other information contained in this Prospectus.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 6 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

#### 6.2 Company specific risks

Risk Category	Risk
Limited history	Having been incorporated on 7 February 2019, the Company does not have any operating history, although it should be noted that the Directors have between them significant operational experience.
	Exploration has previously been conducted on the area of land the subject of the Tenements, however, the Company is yet to conduct its own exploration activities and under the terms of the Ventnor Acquisition Agreement and Ponton Acquisition Agreement, the Company will not commence these activities until it has received conditional approval from ASX for its Securities to be admitted to the Official List.
	No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Tenements. Until the Company is able to realise value from its Projects, it is likely to incur ongoing operating losses.

Diele	Catoacu	
KISK	Category	

#### Risk

# Exploration operating

#### and

The mineral exploration licences comprising the Biranup and Ponton Projects are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that future exploration of these licences, or any other mineral licences that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company being able to maintain title to the mineral exploration licences comprising the Biranup and Ponton Projects and obtaining all required approvals for their contemplated activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Projects, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral exploration licences comprising the Projects.

# Tenure, access and grant of applications

#### **Applications**

The Tenement comprising the Ponton Project is still under application and the Company notes that a number of third parties have made applications for the same Tenement.

Accordingly, there can be no assurance that the tenement applications that are currently pending will be granted. There can be no assurance that, if the Tenement is granted, it will be granted in its entirety.

Additionally, some of the Tenement areas applied for may be excluded. The Company is unaware of any circumstances that would prevent the Tenement application from being granted, other than the competing applications. However, the consequence of being denied the applications for reasons beyond the control of the Company could be significant.

Risk Category	Risk
	Refer to the Solicitor's Report on Tenements in Annexure B for further information on the Company's Tenement application at the Ponton Project.  Renewal
	Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted Tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the Tenements.
	The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.  The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Western Australia and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of a granted tenements for reasons beyond the control of the
	Company could be significant.
	Access  A number of the Tenements overlap certain third party
	A number of the Tenements overlap certain third party interests that may limit the Company's ability to conduct exploration and mining activities including Aboriginal Heritage Survey areas, unallocated Crown land and Groundwater areas; and, as set out in the Solicitor's Report on Tenements in Annexure B of this Prospectus, the Tenements comprising the Biranup Project overlap a registered native title claim, and the Ponton Project overlaps a determined native title claim.  Please refer to the Solicitor's Report on Tenements in Annexure B for further details.
COVID-19 risk	The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.
Climate risk	There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:  (a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international

Risk Category	Risk
	compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and  (b) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

# 6.3 Industry specific risks

Risk Category	Risk
Native title and Aboriginal Heritage	In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.  The Directors will closely monitor the potential effect of native title claims or Aboriginal heritage matters involving tenements in which the Company has or may have an interest. The Company notes that, as set out in the Solicitor's Report on Tenements in Annexure B of this Prospectus, the Tenements comprising the Biranup Project overlap a registered native title claim, and the Ponton Project overlaps a determined native title claim.  Please refer to the Solicitor's Report on Tenements in
Exploration costs	Annexure B of this Prospectus for further details.  The proposed exploration costs of the Company as
Exploration Costs	summarised in Section 5.5 are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainty, and accordingly, the actual costs may materially differ from the estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which

Risk Category	Risk
	may materially and adversely impact the Company's viability.
Resource and reserves and exploration targets	The Company has identified a number of exploration targets based on geological interpretations and limited geophysical data, geochemical sampling and historical drilling. Insufficient data however, exists to provide certainty over the extent of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted.
	Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.
Grant of future authorisations to explore and mine	If the Company discovers an economically viable mineral deposit that is then intends to develop, it will, among other things, require various approvals, licence and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licenses and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.
Mine development	Possible future development of mining operations at the Biranup Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.  If the Company commences production on one of the Projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the
	will achieve commercial viability through the development of the Biranup Project.

4978-03/2584312\_7

The risks associated with the development of a mine will be considered in full should the Biranup Project reach that

Risk Category	Risk
	stage and will be managed with ongoing consideration of stakeholder interests.
Environmental	The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.
	Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.
	The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.
	Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.
Regulatory	Regulatory Risks
Compliance	The Company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

4978-03/2584312\_7

While the Company believes that it is in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements

Risk Category	Risk
	applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned development projects.
	Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Tenements.

# 6.4 General risks

Risk Category	Risk
Additional requirements for capital	The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.
Reliance on key personnel	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.  The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

Risk Category	Risk
Economic	General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that the Projects may have to be surrendered or not renewed. General economic conditions may also affect the value of the Company and its valuation regardless of its actual performance.
Competition risk	The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.
Currently no market	There is currently no public market for the Company's Shares, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Company's Shares will develop or continue after the Offer. The price at which the Company's Shares trade on ASX after listing may be higher or lower than the issue price of Shares offered under this Prospectus and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.  There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.
Market conditions	Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:  (a) general economic outlook;  (b) introduction of tax reform or other new legislation;  (c) interest rates and inflation rates;  (d) changes in investor sentiment toward particular market sectors;

Risk Category	Risk
	(e) the demand for, and supply of, capital; and
	(f) terrorism or other hostilities.
	The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.  Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the shares regardless of the Company's performance.  Further, after the end of the relevant escrow periods affecting Shares in the Company, a significant sale of then tradeable Shares (or the market perception that such a sale might occur) could have an adverse effect on the Company's Share price. The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX (which admission is subject to ASX's discretion and approval).
Commodity price volatility and exchange rate risks	If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.
	Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.
Government policy changes	Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Western Australia may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.
Insurance	The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a

Risk Category	Risk
	nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.  Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.
Force Majeure	The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.
Taxation	The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.  To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.
Litigation Risks	The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, reputation, financial performance and financial position. The Company is not currently engaged in any litigation.

# 6.5 Investment speculative

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Shares offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Shares.

Before deciding whether to subscribe for Shares under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

#### 7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

#### 7.1 Directors and key personnel

The Board of the Company consists of:

## (a) Jonathan Downes (BSc Geol, MAIG)

Non-Executive Chairman

Mr Downes has more than 25 years' experience in the mining industry and has worked in various geological and corporate capacities. Mr Downes has experience with nickel, gold and base metals and has also been intimately involved with numerous private and public capital raisings. Mr Downes was a founding director of Hibernia Gold (later renamed Moly Mines Ltd), Siberia Mining Corporation Ltd, Kaiser Reef Limited and Wolf Minerals Limited. Mr Downes is currently a non-executive director of Kingwest Resources Limited, Galena Mining Limited and Corazon Mining Limited; and an executive director of Kaiser Reef Limited.

The Board considers that Mr Downes is an independent Director.

#### (b) Matthew Gauci (BSc, MBA)

Managing Director and Chief Executive Officer

Mr Gauci is a Mining Executive with more than 20 years' experience in strategic management and corporate finance in the mining industry having successfully financed and managed private and public mining exploration companies operating in Australia, Africa and South America. Mr Gauci has managed teams in the exploration, development and feasibility of a number of mining exploration projects in precious metals, base metals, energy and bulk commodities. Mr Gauci is a member of the Corporate and Tax Committee for the Association of Mining and Exploration Companies (AMEC).

The Board considers that Mr Gauci is not an independent Director, due to his role in the formation of the Company.

# (C) Dr Oliver Kreuzer (Dipl-Geol (Geology, Paleontology & Mineralogy), PhD (Economic Geology), MAusIMM, MAIG, MAICD)

Non-Executive Director

Dr Kreuzer is a Registered Professional Geoscientist (MAIG RPGeo) and company director with a broad skill set in structural, generative and corporate geology honed during a 20+ year career in applied research and mineral exploration across a wide range of gold, base and battery metal and uranium projects across the globe. His generative work laid the foundations to several new company floats, company transforming project acquisitions and new discoveries.

Dr Kreuzer also acts as an Associate Editor of top-ranked geoscience journal Ore Geology Reviews. His extensive research, which covers aspects of structural and ore deposit geology, exploration targeting, risk-value management and decision-making applied to mineral exploration, is published in leading peer-reviewed journals.

The Board considers that Dr Kreuzer is not an independent Director, due to his role in the formation of the Company.

#### (d) Dr Kris Butera (BSc Hons & PhD Economic Geology, FAusIMM, FAIG)

Non-Executive Director

Dr Butera is an industry recognised and respected discovery geologist and corporate strategist with an extensive history of generating natural resource opportunities in the mining and metals space over the past 23 years. He has been actively involved in the founding, investment and executive leadership of a number of private and public companies, including Cygnus Gold Limited, Koonenberry Gold Limited, 92 Energy Limited and Plutonic Limited

The Board considers that Dr Butera is not an independent Director, due to his role in the formation of the Company.

#### 7.2 Disclosure of interests

#### Remuneration and interests

#### Post-completion of the Offer - Minimum Subscription

Director	Remuneration <sup>1</sup>	Shares	Options <sup>3</sup>	Percentage (Undiluted)	Percentage (Fully Diluted)
Jonathan Downes	\$75,000	nil	1,950,000	nil	2.9%
Matthew Gauci	\$250,000 <sup>2</sup>	1,700,001	3,000,000	2.9%	6.9%
Oliver Kreuzer	\$40,000	1,000,001	900,000	1.7%	2.8%
Kris Butera	\$40,000	1,000,001	600,000	1.7%	2.4%

#### Notes:

- 1. Exclusive of statutory superannuation entitlements.
- 2. Refer to Section 8.3.1 for details of the remuneration to be paid to Mr Gauci in connection with his role.
- 3. Refer to Section 9.3 for the terms and conditions of the Board and Management Options, which the Company intends to issue prior to admission to the Official List.

# Post-Completion of the Offer – Maximum Subscription

Director	Remuneration <sup>1</sup>	Shares	Options <sup>3</sup>	Percentage (Undiluted)	Percentage (Fully Diluted)
Jonathan Downes	\$75,000	nil	1,950,000	nil	2.5%
Matthew Gauci	\$250,000 <sup>2</sup>	1,700,001	3,000,000	2.5%	6.0%
Oliver Kreuzer	\$40,000	1,000,001	900,000	1.5%	2.4%
Kris Butera	\$40,000	1,000,001	600,000	1.5%	2.0%

#### Notes:

- 1. Exclusive of statutory superannuation entitlements.
- 2. Refer to Section 8.3.1 for details of the remuneration to be paid to Mr Gauci in connection with his role.
- 3. Refer to Section 9.3 for the terms and conditions of the Board and Management Options, which the Company intends to issue prior to admission to the Official List.

The Company's constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors is \$350,000 per annum although may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

#### 7.3 Agreements with Directors and related parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

The agreements between the Company and related parties are summarised in Sections 8.3.

# 7.4 Corporate governance

#### (a) ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate* Governance *Principles* and *Recommendations* (4th Edition) as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan will be made available in a dedicated corporate governance information section of the Company's website www.nickelxlimited.com.

#### (b) **Board of Directors**

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities consistent with the Company's stated values; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) leading and setting the strategic direction, values and objectives of the Company;
- (ii) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of senior executives and the Company Secretary;
- (iii) overseeing the implementation of the Company's strategic objectives, values, code of conduct and performance generally;
- (iv) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- (v) overseeing the integrity of the Company's accounting and corporate reporting systems, including any external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);
- (vi) establishing procedures for verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor, to ensure that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions;
- (vii) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (viii) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- (ix) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

#### (c) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting, subject to the following:

- (i) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives and values of the Company as well as to deal with new and emerging business and governance issues.

The Board currently consists of four Directors (three non-executive Directors and one executive Director) of whom Jonathan Downes is considered independent. The Board considers the current balance of skills and expertise to be appropriate given the Company for its currently planned level of activity.

To assist in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board intends to maintain a Board Skills Matrix to ensure that the Board has the skills to discharge its obligations effectively and to add value.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director or senior executive.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors, which is tailored to their existing skills, knowledge and experience. The purpose of this program is to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of the Company's policies and procedures.

The Board maintains oversight and responsibility for the Company's continual monitoring of its diversity practices. The Company's Diversity Policy provides a framework for the Company to achieve enhanced recruitment practices whereby the best person for the job is employed, which requires the consideration of a broad and diverse pool of talent.

#### (d) Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

#### (e) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In particular, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues as set out in in the Company's Anti-Bribery and Anti-Corruption Policy. In addition, the Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

#### (f) Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

#### (g) Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

In accordance with the Constitution, the total maximum remuneration of non-executive Directors is initially set by the Board and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$350,000 per annum.

In addition, a Director may be paid fees or other amounts for example, and subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having regard to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

#### (h) Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

#### (i) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company. From time to time, the Board will review the scope, performance and fees of those external auditors.

#### (j) Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to:

- (i) monitoring and reviewing any matters of significance affecting financial reporting and compliance;
- (ii) verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor;
- (iii) monitoring and reviewing the Company's internal audit and financial control system, risk management systems; and
- (iv) management of the Company's relationships with external auditors.

# (k) Diversity policy

The Company is committed to workplace diversity. The Company is committed to inclusion at all levels of the organisation, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socioeconomic background, perspective and experience.

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

#### (I) Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a

Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's compliance and departures from the Recommendations will also be announced prior to admission to the Official List of the ASX.

#### 8. MATERIAL CONTRACTS

Set out below is a brief summary of the certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

# 8.1 Lead Manager Mandate

The Company has signed a mandate letter to engage CPS Capital Group Pty Ltd to act as lead manager of the Offer (**Lead Manager Mandate**). The material terms and conditions of which are summarised below:

Fees	As consideration for services provided in connection with the Offer, the Company will pay the Lead Manager:  (a) a management fee of 2% of total funds raised under the Prospectus (plus GST); and  (b) a capital raising fee of 4% of the funds raised under the Prospectus (plus GST).		
Lead Manager Options	Subject to the Company's admission to the Official List, the Lead Manager will receive 2,400,000 Lead Manager Options (plus GST).		
Termination by Lead Manager	The Lead Manager may terminate the Lead Manager Mandate by 14 days' written notice.		
Termination by Company	The Company may terminate the Lead Manager Mandate by 7 days' written notice		

The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

#### 8.2 Project Acquisition Agreements

#### 8.2.1 Ventnor Acquisition Agreement

The Company has entered into a binding term sheet (**Ventnor Acquisition Agreement**) with VRX Silica Ltd (ACN 142 014 873) (ASX:VRX) (**VRX**), the material terms and conditions of which are summarised below:

Acquisition	The Company agrees to acquire, and VRX agrees to sell, 100% of the issued capital of Ventnor Gold Pty Ltd (ACN 155773890) ( <b>Ventnor</b> ), free from encumbrances ( <b>Ventnor Acquisition</b> ). Ventnor holds the Tenements comprising the Biranup Project.		
Consideration	Subject to satisfaction of, in consideration for the Ventnor Acquisition, the Company agrees:		
	(a) to issue VRX 6,250,000 Shares at a deemed issue price of \$0.20 per Share on settlement of the Ventnor Acquisition ( <b>Settlement</b> );		

	(b)	<ul> <li>(i) (Milestone Payment 1): \$200,000 cash at the delineation of a JORC compliant Inferred Resource of no less than 7.5Mt at a grade of 2% nickel and 0.5% copper on the land comprising the Biranup Project;</li> <li>(ii) (Milestone Payment 2): \$200,000 cosh at the completion of a preliminary feasibility study with respect to the Project demonstrating an ability to operate the Biranup Project at a commercially viable enterprise; and</li> <li>(iii) (Milestone Payment 3): \$500,000 cash of the first commercial extraction of any minerals, mineral products, ore or concentrates, in whatever form, from the Biranup Project.</li> </ul>	
Conditions Precedent	condition (a)  (b)  (c)  (d)	the Company completing technical, financial and legal due diligence on Ventnor and the Biranup Project to its satisfaction; the Company preparing and lodging this Prospectus with ASIC, and receiving sufficient applications to meet the Minimum Subscription; the Company receiving a letter from ASX confirming that ASX will grant conditional quotation of its securities on the official list of ASX; and the Company and VRX obtaining all necessary consents and/or approvals required to complete the transaction the subject of the Ventnor Acquisition Agreement, ter, the Conditions).	
Exclusivity Period	VRX has agreed to provide the Company with full exclusivity over the purchase of Ventnor until 30 June 2021, unless further extended by mutual agreement of the parties.		
Settlement	Settlement of the Acquisition will occur on that date which is 5 business days after the satisfaction (or waiver) of the Conditions and by no later than the end of the Exclusivity Period.		

The Binding Term Sheet otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

# 8.2.2 Ponton Acquisition Agreement

The Company has entered into a binding term sheet (**Ponton Acquisition Agreement**) with Black Dragon Energy (Aus) Pty Ltd (ACN 160 804 062) (**Black Dragon**), a wholly owned subsidiary of Zenith Minerals Limited (ACN 119 397 938) (ASX:ZNC), the material terms and conditions of which are summarised below:

Acquisition	The Company agrees to acquire, and Black Dragon agrees to sell, 100% of its right, title and interest in E28/2779, which comprises the Ponton Project, free from encumbrances (Ponton Acquisition).		
Consideration	<ul> <li>Subject to satisfaction of, in consideration for the Ventnor Acquisition, the Company agrees:</li> <li>(a) to pay Black Dragon \$15,000 in cash as a reimbursement for costs incurred in connection with the development of Ponton Project (subject to receipt of evidence supporting such prior expenditure);</li> <li>(b) to issue 500,000 Shares to Black Dragon at a deemed issue price of \$0.20 per Share on settlement of the Ponton Acquisition (Settlement); and</li> <li>(c) with effect from Settlement, grant to Black Dragon a royalty of 1.5% of the net smelter return on all minerals, mineral products and concentrates produced and sold from the Ponton Project.</li> </ul>		
Conditions Precedent	<ul> <li>Settlement of the Acquisition is subject to and conditional upon the following:</li> <li>(a) the Company completing technical, financial and legal due diligence on Black Dragon and the Ponton Project to its satisfaction;</li> <li>(b) the Company preparing and lodging this Prospectus with ASIC, and receiving sufficient applications to meet the Minimum Subscription;</li> <li>(c) the Company receiving a letter from ASX confirming that ASX will grant conditional quotation of its securities on the official list of ASX; and</li> <li>(d) the Company and Black Dragon obtaining all necessary consents and/or approvals required to complete the transaction the subject of the Ventnor Acquisition Agreement,</li> <li>(together, the Conditions).</li> </ul>		
Exclusivity Period	Black Dragon has agreed to provide the Company with full exclusivity over the purchase of the Ponton Project until 23 June 2021, unless further extended by mutual agreement of the Parties.		
Settlement	Settlement of the Acquisition will occur on that date which is 5 business days after the satisfaction (or waiver) of the Conditions and by no later than the end of the Exclusivity Period (Settlement Dote).		

# 8.3 Agreements with Directors

# 8.3.1 Matthew Gauci - Managing Director and Chief Executive Officer

The Company has entered into an employment agreement with Matt Gauci, pursuant to which Mr Gauci has been appointed as Managing Director and Chief Executive Officer of the Company (**Gauci Employment Agreement**), the material terms and conditions of which are set out below:

Remuneration	The Company will pay Mr Gauci a base salary of \$250,000 per annum (plus statutory superannuation) ( <b>Base Salary</b> ). In addition to the Base Salary, the Company will issue Mr Gauci the following Board and Management Options:			
	Material Option Terms	Number of Options		
	Unquoted Options exercisable at \$0.25 per Option on or before the date that is five years from their issue.	1,000,000		
	Unquoted Options exercisable at \$0.30 per Option on or before the date that is five years from their issue.	1,000,000		
	Unquoted Options exercisable at \$0.40 per Option on or before the date that is five years from their issue.	1,000,000		
	TOTAL	3,000,000		
	The Company may also issue Mr Gauci additional performance incentives from time to time (subject to receipt of any applicable regulatory or Shareholder approvals).			
Term	Mr Gauci's term commenced on 1 January 2021 and will conclude on 31 December 2023 unless further extended by mutual agreement of the parties; or terminated validly in accordance with the terms of the Gauci Employment Agreement.			
Termination	Either party may terminate the Gauci D Agreement at any time and for any reason a period of notice of six (6) months.	•		

The Employment Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

#### 8.3.2 Consultancy Agreement – Corporate Geoscience Group

Corporate Geoscience Group (**CGSG**), a joint venture partnership between Dr Kreuzer and Dr Butera, was engaged by the Company on standard, arm's length commercial terms to provide geological services to the Company, including assisting with the preparation of the Independent Technical Assessment Report on an ad-hoc basis (**Consultancy Agreement**) at a rate of \$2,000 per day.

To date, CGSG has invoiced the Company for \$36,000 (exclusive of GST) for the preparation of the Independent Technical Assessment Report, which comprises an initial fee of \$30,000 for initial assistance in the preparation of the report, and an additional \$6,000 in fees for revisions made to the report. These fees are paid in addition to Dr Kreuzer's and Dr Butera's existing directors' fees set out in Section 7.2.

#### 8.3.3 Non-executive Director appointments

Mr Jonathan Downes has entered into an appointment letter with the Company to act in the capacity of non-executive Chair; and Drs Kris Butera and Oliver Kreuzer have entered into appointment letters with the Company to act in the capacity of non-executive Directors. Pursuant to their respective appointment letters, the abovementioned Non-executive Directors will receive the remuneration and Board and Management Options set out in Section 7.2.

# 8.3.4 Deeds of indemnity, insurance and access

The Company intends to enter into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

#### 9. ADDITIONAL INFORMATION

#### 9.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

# 9.2 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### (a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

# (b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### (c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the

amount paid or credited as paid is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they believe to be justified subject to the requirements of the Corporations Act. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement on such terms and conditions as the Directors think fit, (a) a dividend reinvestment plan which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

#### (d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

#### (e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

#### (f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

#### (g) Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being

wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

#### (h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

#### 9.3 Rights attaching to Board and Management Options

The following terms and conditions apply to the Options:

#### (a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

#### (b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be:

- (i) \$0.25 (Tranche 1);
- (ii) \$0.30 (Tranche 2); and
- (iii) \$0.40 (Tranche 3),

(Exercise Price).

#### (c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date that is five (5) years from the date of their issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

#### (d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

#### (e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

# (f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

#### (g) Timing of issue of Shares on exercise

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 9.3(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

#### (h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

#### (i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

# (j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

#### (k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

#### (I) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

# 9.4 Rights attaching to Lead Manager Options

The following terms and conditions apply to the Options:

#### (a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

#### (b) Exercise Price

Subject to paragraph 9.3(i), the amount payable upon exercise of each Option will be \$0.25 per Option.

(Exercise Price).

# (c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date that is four (4) years from the date of their issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

#### (d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

#### (e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

#### (f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

#### (g) Timing of issue of Shares on exercise

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is

unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 9.4(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

#### (h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

#### (i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

#### (j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

#### (k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

#### (I) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

#### 9.5 Employee Incentive Securities Plan

A summary of the terms of the Company's Employee Securities Incentive Plan (**Plan**) is set out below.

#### (a) Eligible Participant

Eligible Participant means a person who is a full-time or part-time employee, officer, or contractor of the Company, or an Associated Body Corporate (as defined in ASIC Class Order 14/1000), or such other person who has been determined by the Board to be eligible to participate in the Plan from time to time.

The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.

# (b) Purpose

The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and
- (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

#### (c) Plan administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

#### (d) Eligibility, invitation and application

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

#### (e) Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

#### (f) Terms of Convertible Securities

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

# (g) Vesting of Convertible Securities

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

#### (h) Exercise of Convertible Securities and cashless exercise

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

#### (i) Delivery of Shares on exercise of Convertible Securities

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under

the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

## (j) Forfeiture of Convertible Securities

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly; committed an act which has brought the Company, the Group or any entity within the Group into disrepute, or wilfully breached his or her duties to the Group or where a Participant is convicted of an offence in connection with the affairs of the Group; or has a judgment entered against him or her in any civil proceedings in respect of the contravention by the Participant of his or her duties at law, in equity or under statute, in his or her capacity as an employee, consultant or officer of the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

#### (k) Change of control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event provided that, in respect of Convertible Securities, the maximum number of Convertible Securities (that have not yet been exercised) that the Board may determine will vest and be exercisable into Shares under this Rule is that number of Convertible Securities that is equal to 10% of the Shares on issue immediately following vesting under this Rule, which as far as practicable will be allocated between holders on a pro-rata basis on the basis of their holdings of Convertible Securities on the date of determination of vesting.

#### (I) Rights attaching to Plan Shares

All Shares issued or transferred under the Plan or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and

distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

# (m) Disposal restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

#### (n) Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

#### (o) Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

#### (p) Compliance with applicable law

No Security may be offered, grated, vested or exercised if to do so would contravene any applicable law. In particular, the Company must have reasonable grounds to believe, when making an invitation, that the total number of Plan Shares that may be issued upon exercise of Convertible Securities offer when aggregated with the number of Shares issued or that

may be issued as a result of offers made at any time during the previous three year period under:

- (i) an employee incentive scheme of the Company covered by ASIC Class Order 14/1000; or
- (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme, but disregarding any offer made or securities issued in the capital of the Company by way of or as a result of:
  - (A) an offer to a person situated at the time of receipt of the offer outside Australia;
  - (B) an offer that did not need disclosure to investors because of section 708 of the Corporations Act (exempts the requirement for a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company); or
  - (C) an offer made under a disclosure document, which would exceed 5% (or such other maximum permitted under any applicable law) of the total number of Shares on issue at the date of the invitation.

#### (q) Maximum number of Securities

The Company will not make an invitation under the Plan if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan, will exceed 5% of the total number of issued Shares at the date of the invitation.

#### (r) Amendment of Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

#### (s) Plan duration

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

## (†) Income Tax Assessment Act

The Plan is a plan to which Subdivision 83A-C of the *Income Tax* Assessment Act 1997 (Cth) applies (subject to the conditions in that Act).

## 9.6 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

## 9.7 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(d) the formation or promotion of the Company;

- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

CSA Global Pty Ltd has acted as the author of the Independent Technical Assessment Report and has prepared the Independent Technical Assessment Report which is included in Annexure A. The Company estimates it will pay CSA Global Pty Ltd a total of \$30,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, CSA Global Pty Ltd has received \$20,882 in fees from the Company for ad-hoc exploration support.

Steinepreis Paganin has acted as the Australian legal advisers to the Company in relation to the Offer and has prepared the Solicitor's Report on Tenements which is included in Annexure B. The Company estimates it will pay Steinepreis Paganin \$70,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received \$57,314 in fees from the Company for the provision of general legal services.

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure C. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd a total of \$15,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Corporate Finance (WA) Pty Ltd has not received any fees from the Company.

BDO Audit (WA) Pty Ltd has acted as the auditor of the Company. The Company estimates it will pay BDO Audit (WA) Pty Ltd a total of \$9,000 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Audit (WA) Pty Ltd has received \$11,065 in fees from the Company for audit services.

CPS Capital Group Pty Ltd will receive those fees set out in Section 8.1 following the successful completion of the Offer for its services as Lead Manager to the Offer. CPS Capital Group Pty Ltd will be responsible for paying all capital raising fees that CPS Capital Group Pty Ltd and the Company agree with any other financial service licensees. Further details in respect to the Lead Manager Mandate with CPS Capital Group Pty Ltd are summarised in Section 8.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, CPS Capital Group Pty Ltd has not received cash fees from the Company for any other services.

## 9.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offer or of the Shares), the Directors, any underwriters, persons named in

the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

CSA Global Pty Ltd has given its written consent to being named as Independent Geologist in this Prospectus and to the inclusion of the Independent Technical Assessment Report in Annexure A in the form and context in which the report is included.

Steinepreis Paganin has given its written consent to being named as the Australian legal advisers to the Company in relation to the Offer in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Annexure B in the form and context in which it appears.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Independent Limited Assurance Report in Annexure C in the form and context in which the information and report it appears.

BDO Audit (WA) Pty Ltd has given its written consent to being named as auditor of the Company in this Prospectus and to the inclusion of the audited financial information of the Company contained in the Independent Limited Assurance Report included in Annexure C to this Prospectus in the form and context in which it appears.

CPS Capital Group Pty Ltd has given its written consent to being named as the Lead Manager to the Company in this Prospectus.

Automic Registry Services has given its written consent to being named as the share registry to the Company in this Prospectus.

## 9.9 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$555,982 for Minimum Subscription or \$678,603 for Maximum Subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription	Maximum Subscription	
ASIC fees	\$3,206	\$3,206	

Item of Expenditure	Minimum Subscription	Maximum Subscription
ASX fees	\$78,732	\$80,928
Lead Manager Fees <sup>1</sup>	\$300,000	\$420,000
Legal Fees	\$70,000	\$70,000
Independent Technical Assessment Fees <sup>2</sup>	\$66,000	\$66,000
Investigating Accountant's Fees	\$15,000	\$15,000
Auditor's Fees	\$9,000	\$9,000
Printing and Distribution	\$10,000	\$10,000
Miscellaneous	\$4,044	\$4,469
TOTAL	\$555,982	\$678,603

#### Notes:

- 1. Refer to Section 8.1 for further details.
- 2. Comprising:
  - a) a fee of \$30,000 charged by CSA Global Pty Ltd in connection with the preparation of the Independent Technical Assessment Report; and
  - b) fees of \$36,000 charged by CGSG (a joint venture partnership between Dr Kreuzer and Dr Butera) to provide support and assist in the preparation of the Independent Technical Assessment Report on an ad-hoc basis pursuant to the Consultancy Agreement, the material terms and conditions of which are summarised at Section 8.3.2.

## 10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Jonathan Downes
Non-Executive Chair
For and on behalf of
NickelX Limited

### 11. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

**Application Form** means the application form attached to or accompanying this Prospectus relating to the Offer.

**ASIC** means Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691), or the financial market operated by it as the context requires.

**ASX Listing Rules** means the official listing rules of ASX.

Black Dragon means Black Dragon Energy (Aus) Pty Ltd (ACN 160 804 062).

**Board** means the board of Directors as constituted from time to time.

**Board and Management Option** means the Options issued to the Directors and Steven Wood, the Company Secretary, in order to incentivise their performance, the terms of which are set out at Section 9.3.

**Business Days** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means NickelX Limited (ACN 631 513 696)

**Conditions** has the meaning set out in Section 4.6.

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company at the date of this Prospectus.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

**JORC Code** has the meaning given in the Important Notice Section.

**Lead Manager** means CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL 294 848).

**Lead Manager Mandate** means the agreement with the Lead Manager summarised in Section 8.1.

**Lead Manager Options** means the Options issued to the Lead Manager pursuant to the Lead Manager Mandate, the terms of which are set out at Section 9.4.

**Maximum Subscription** means the maximum amount to be raised under the Offer, being \$7,000,000.

**Minimum Subscription** means the minimum amount to be raised under the Offer, being \$5,000,000.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 4.1.

Official List means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Option** means an option to acquire a Share.

Optionholder means a holder of an Option.

**Ponton Acquisition** has the meaning set out in Section 8.2.2.

**Ponton Acquisition Agreement** has the meaning set out in Section 8.2.2.

**Prospectus** means this prospectus.

**Recommendations** has the meaning set out in Section 7.4.

Section means a Section of this Prospectus.

**Securities** means Shares and Options.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Tenements** means the mining tenements (including applications) in which the Company has an interest as set out in Section 5.3 and further described in the Independent Technical Assessment Report at Annexure A and the Solicitor's Tenement Report at Annexure B or any one of them as the context requires.

Ventnor means Ventnor Gold Pty Ltd (ACN 155 773 890).

**Ventnor Acquisition** has the meaning set out in Section 8.2.1.

Ventnor Acquisition Agreement has the meaning set out in Section 8.2.1.

VRX means VRX Silica Ltd (ACN 142 014 873).

**WST** means Western Standard Time as observed in Perth, Western Australia.

## ANNEXURE A - INDEPENDENT TECHNICAL ASSESSMENT REPORT



# CSA Global Mining Industry Consultants

an ERM Group company





## Report prepared for

Client Name	Nickel X Limited
Project Name/Job Code	NKLETG01
Contact Name	Matt Gauci
Contact Title	MD
Office Address	C/O Grange Consulting 945 Wellington St West Perth

## Report issued by

CSA Global Office	CSA Global Pty Ltd Level 2, 3 Ord Street West Perth WA 6005 AUSTRALIA
	T +61 8 9355 1677 F +61 8 9355 1977 E info@csaglobal.com
Division	Corporate

## **Report information**

Filename	R390.2020 NKLETG01 ITAR 20210315 - Final
Last Edited	15/03/2021 9:56:00 AM
Report Status	Final

## **Author and Reviewer Signatures**

Coordinating Author	Tony Donaghy BSc (Hons), Associate Diploma of Civil Engineering, P.Geo.	Electronic signature not for duplication. Electronic signature not for support not for duplication. Electronic signature not for support not for duplication. Electronic signature not for duplication.			
Peer Reviewer	Trivindren Naidoo MSc, Grad Cert, MAusIMM, FGSSA, Pr.Sci.Nat	Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature for for duplication. Electronic signature for for duplication.			
CSA Global Authorisation	Graham M. Jeffress BSc (Hons), FAIG, RPGeo, FAusIMM, FSEG, MGSA	Electronic signature not for duplication.			

© Copyright 2021



# **Executive Summary**

CSA Global Pty Ltd (CSA Global), an ERM Group company, was requested by Nickel X Limited ("NKL" or the "Company") to prepare an Independent Technical Assessment Report (ITAR) for use in a prospectus to support an initial public offering (IPO) of shares (25–35 million fully paid ordinary shares at an issue price of 20¢ per share to raise A\$5 million to A\$7 million) for NKL to enable a listing on the Australian Securities Exchange (ASX). The funds raised will be used for the purpose of exploration and evaluation of the project areas.

The Company has acquired, or has the rights to acquire, a 100% interest in seven exploration licences over two project areas located in the Albany-Fraser Orogen (AFO), Western Australia (Figure 1). The Projects, known as Biranup and Ponton, cover a total area of ca. 383 km² and comprise of six tenements that are granted and one that is pending. The tenements were selected principally based on their potential to host economic nickel and gold mineralisation.

The AFO hosts and is prospective for a range of mineral deposit styles, including:

- Magmatic nickel-(copper-cobalt) mineralisation, as exemplified by the Nova-Bollinger deposit
- Orogenic gold mineralisation, as exemplified by the Tropicana gold deposit
- Intrusion-related gold mineralisation, as exemplified by the Voodoo Child gold deposit
- Polymetallic sedimentary exhalative (SedEx) and volcanogenic massive sulphide (VMS) mineralisation, as exemplified by the Trilogy lead-zinc-silver-copper-gold deposit.

## **Biranup Project (NKL 100%)**

The Biranup Project is comprised of six granted exploration licences. The six tenements combined cover a total area of 342 km<sup>2</sup>. NKL's Biranup Project is located in the north-eastern AFO, straddling the Tropicana and Biranup zones. The Biranup Project is an early-stage nickel-copper-cobalt and gold project. CSA Global is of the opinion that the Biranup Project offers good potential to host economic nickel-copper-cobalt and/or gold mineralisation.

NKL's Biranup Project has recorded a relatively short, gold-focused exploration history with no prior drilling completed in the area before 2003. The bulk of the holes completed at Biranup are shallow and widely spaced aircore holes. The strongly clustered spatial distribution of the past drilling with a strong gold focus leaves large tracts of the Biranup Project that are effectively yet to be explored. Moreover, a detailed assessment indicates that a large proportion of the previously drilled holes are ineffective in that they had not penetrated the cover sequences and, therefore, not sampled the gold- and nickel-copper-cobalt-prospective basement.

NKL intends to follow up anomalous SPECTREM airborne electromagnetic conductor responses at the Biranup Project that are considered high priority for potential nickel-copper-cobalt but are yet untested. These targets require geochemical and ground geophysical follow up, and geological mapping if outcrop is present. NKL's initial key targets, based on past exploration work and given its nickel-copper-cobalt focus, are Silver Dragon and Fire Dragon. CSA Global is of the opinion that these prospects offer significant encouragement for exploration for magmatic nickel-copper-cobalt deposits, with immediate targets for drilling.

In addition to the nickel-copper-cobalt targets described above, the Biranup Project offers several compelling gold targets. Of particular interest is the Black Dragon-Red Dragon trend, where previous rock chip and drilling returned anomalous results.

NKL has provided CSA Global with their proposed exploration program on the Biranup Project for the first two years of exploration. CSA Global is of the opinion that the proposed program represents a clear exploration strategy to further test the nickel-copper-cobalt and gold potential of the Biranup Project.



## Ponton Project (NKL 100%)

The Ponton Project consists of one exploration licence application, covering a total area of 41 km<sup>2</sup>. NKL's Ponton Project is located in the Fraser Zone of the eastern AFO, ca. 90 km north-northeast of the Nova-Bollinger nickel-copper-cobalt mine, 55 km north-northeast of the Silver Knight nickel-copper-cobalt deposit and 80 km southwest of the Mawson nickel-copper-cobalt discovery. The Crean nickel-copper-cobalt occurrence lies to the northeast of and is ca. 4 km along strike from NKL's Ponton Project.

The Ponton Project is an early-stage nickel-copper-cobalt project. The project is within the same prospective strata as the surrounding known nickel-copper-cobalt deposits and recent discoveries within the Fraser Zone, with no previous exploration. CSA Global is of the opinion that the Ponton Project has good prospectivity for nickel-copper-cobalt deposits.

As the Ponton Project is an exploration licence application, with the inherent uncertainty associated with the granting timetable for such tenure, NKL has not allocated a budget for exploration of the project within the first year of exploration. CSA Global would recommend that should the tenement be granted within that timetable, NKL:

- Review any existing geophysical data for potential buried mafic-ultramafic complexes.
- Conduct suitably spaced bedrock geochemical surveys with corresponding multi-element geochemical assays.
- Plan surface geophysical surveys, particularly electromagnetic, over any potential targets identified from the geophysical review and geochemical surveys.

## **Risks**

A key risk, common to all exploration companies, is that expected mineralisation may not be present or that it may be too small to warrant commercial exploitation. The interpretations and conclusions reached in this report are based on current scientific understanding and the best evidence available at the time of writing. CSA Global makes no guarantee of certainty as to the presence of economic mineralisation of any commodity within NKL's project areas.

The Projects comprise a range of stages of advancement from early exploration through to advanced prospect. Risk is reduced at each stage. Exploration is an intrinsically risky process, particularly at an early stage.

The Biranup Project area falls within a native title claim by the Nangaanya-ku Native Title Claim Group. The Ponton Project area falls within the Ngadju Native Title determination area. NKL will need to negotiate and sign Deeds of Agreement with the traditional owners and Native Title claimants in order to carry out onground exploration activities. Further heritage surveys will be required by NKL in areas where on-ground exploration has not occurred, which is the entirety of the project area at Ponton.

The Ponton Project comprises a single exploration licence application. There is an inherent risk in all such exploration licence applications that the tenure may not be granted by the Government. CSA Global is not aware of any circumstances that would preclude the granting of the exploration licence tenure to NKL in due course.

## **Use of Funds**

NKL provided CSA Global with a copy of its planned expenditure for the Biranup Project for an initial two-year period following listing on the ASX (Table 1). CSA Global understands the budget in Table 1 will be scaled proportionally based on any oversubscription funds raised.

All costs included are in Australian dollars (A\$).



Table 1: Proposed exploration expenditure summary by activity

Duoinet	Duaguam	A\$5.0 M Raising		A\$7.0 M Raising	
Project	Program	Year 1 (A\$)	Year 2 (A\$)	Year 1 (A\$)	Year 2 (A\$)
	Drilling	700,000	1,000,000	1,250,000	1,250,000
	Geophysics	150,000	400,000	350,000	450,000
Diranun	Geochemistry	80,000	150,000	150,000	200,000
Biranup	Field support	40,000	60,000	65,000	75,000
	Land access and environment	15,000	20,000	30,000	20,000
	Wages and contractors	80,000 90,000 115,000		115,000	100,000
Biranup Tota	Biranup Total		1,720,000	1,960,000	2,095,000
	Drilling	0	150,000	0	175,000
	Geophysics	0	100,000	0	175,000
Ponton	Geochemistry	0	50,000	0	90,000
Ponton	Field support	0	40,000	0	60,000
	Land access and environment	0	50,000	0	50,000
	Wages and contractors	0	45,000	0	55,000
Ponton Tota	Ponton Total		435,000	0	605,000
GRAND TOTAL		1,065,000	2,155,000	1,960,000	2,700,000

<sup>#</sup>Drilling costs are calculated as all-in costs that include cost items such as sampling and assaying.

NKL has prepared staged exploration and evaluation programs, specific to the potential of the Projects, which are consistent with the budget allocations, and warranted by the exploration potential of the Projects. CSA Global considers that the relevant areas have sufficient technical merit to justify the proposed programs and associated expenditure. The budgeted expenditure is also considered sufficient to meet the minimum statutory expenditure on the tenements.

<sup>\*</sup>Geology costs include cost items such as generative and targeting studies and geological mapping and interpretations.



# **Contents**

	Repor	t prepared	d for					
	Repor	t issued by	/					
	Repor	t informat	ion	Inatures				
	1.6.2 Competent Person's Statement 1.6.3 Site Inspection  1.7 About this Report  TENEMENT POSITION, LOCATION AND ACCESS 2.1 Biranup Project 2.2 Ponton Project  REGIONAL GEOLOGY  3.1 Albany Fraser Orogen 3.1.1 Tropicana Zone 3.1.2 Biranup Zone 3.1.3 Fraser Zone  MINERALISATION WITHIN THE ALBANY FRASER OROGEN  4.1 Magmatic Nickel ± Copper-Cobalt Systems  4.2 Orogenic Gold Systems  4.3 Intrusion-Related Gold Systems  4.4 Polymetallic SEDEX and VMS Systems  BIRANUP PROJECT  5.1 Local Geology  5.2 Exploration History  5.2.1 WMC Resources Limited (1996 to 1999)  5.2.2 AngloGold Ashanti Limited and Independence Group NL (2002 to 2014)							
EXECUT  E  F  F  C  1  1  1  1  2  1  2  3  4  7  5  8  8  8	CUTIVE S	UMMARY		II				
Report Re			•					
		,	·					
	Use of	f Funds		III				
1	INTRODUCTION							
	1.1	Context	t, Scope and Terms of Reference	1				
2	1.2	Complia	ance with the VALMIN and JORC Codes	1				
	1.3							
	1.4	Authors	s of the Report	2				
	1.5		·					
	1.6	•						
		1.6.1	Purpose of this Document	4				
		1.6.2	Competent Person's Statement	4				
		1.6.3	Site Inspection	4				
	1.7	About t	his Report	4				
2	TENEMENT POSITION, LOCATION AND ACCESS							
	2.1	Biranup Project						
	2.2 Ponton Project							
3	REGIO	NAL GEOL	LOGY	9				
	3.1	3.1 Albany Fraser Orogen						
		3.1.1	Tropicana Zone	12				
		3.1.2	Biranup Zone	12				
		3.1.3	Fraser Zone	12				
4	MINE	RALISATIO	N WITHIN THE ALBANY FRASER OROGEN	14				
	4.1	Magma	itic Nickel ± Copper-Cobalt Systems	16				
	4.2	Orogen	ic Gold Systems	16				
	4.3	Intrusio	on-Related Gold Systems	17				
	4.4	Polyme	tallic SEDEX and VMS Systems	17				
5	BIRANUP PROJECT							
	5.1	Local G	eology	18				
	5.2	Explora	tion History	20				
		5.2.1	WMC Resources Limited (1996 to 1999)	20				
		5.2.3	·					
		5.2.4						
	5.4	Propose	ed Exploration Strategy	31				



6	PONT	PONTON PROJECT					
	6.1	Local Geology	33				
	6.2	Exploration History	33				
	6.3	Summary and Discussion					
	6.4	Proposed Exploration Strategy	32				
7	RISKS	S	35				
8	PROPO	POSED EXPLORATION BUDGET SUMMARY	36				
9	REFER	RENCES	37				
	9.1	WAMEX References	40				
		9.1.1 Biranup Project	40				
		9.1.2 Ponton Project	41				
10	GLOSS	SSARY	42				
11	ABBRE	REVIATIONS	43				
Figu	ıres						
Figure		Project location map, Western Australia	2				
Figure 2:		Tenement map for the Biranup Project depicting the main mineral occurrences and mines, and existing access an exploration tracks					
Figure	3:	Tenement map for the Ponton Project relative to the Nova-Bollinger and Silver Knight nickel-co deposits and new discoveries such as Lantern and Crean	• •				
Figure	4:	Detailed tenement map of the Ponton Project	8				
Figure	5:	Schematic overview of the AFO, Western Australia					
Figure	6:	Time-space plot of the AFO and Madura Province					
Figure	7:	Schematic overview of mineralisation within the AFO, Western Australia					
Figure		Interpreted bedrock geology (1:500,000 scale) of the Biranup Project and surrounding area					
Figure		Map of anomalous SPECTREM conductor responses (i.e. SPECTREM targets)					
Figure		Silver Dragon nickel-copper-cobalt prospect					
Figure		Fire Dragon nickel-copper-cobalt prospect					
Figure	12:	Three-dimensional view of modelled electromagnetic conductor plates at Fire Dragon					
_	igure 13: Map of the collar locations of all drillholes completed at NKL's Biranup Project						
Figure	14:	Map of gold and nickel-copper-cobalt targets	32				
Tab	les						
Table :	1:	Proposed exploration expenditure summary by activity	۱\				
Table 2	2:	Tenement information for NKL's Biranup and Ponton Projects					
Table 3	3:	Summary of work undertaken at the Biranup Project by the Tropicana joint venture	22				
Table 4	4:	Summary of work programs conducted at Biranup by Ventnor Resources Limited	23				
Table 5:		Proposed exploration expenditure summary by activity	36				

# **Appendices**

Appendix A JORC Code Table 1 for Exploration Results



#### Introduction 1

#### 1.1 Context, Scope and Terms of Reference

CSA Global Pty Ltd (CSA Global), an ERM Group company, was requested by Nickel X Limited ("NKL" or the "Company") to prepare an Independent Technical Assessment Report (ITAR) for use in a prospectus to support an initial public offering (IPO) of shares (25–35 million fully paid ordinary shares at an issue price of 20¢ per share to raise A\$5 million to A\$7 million) for NKL to enable a listing on the Australian Securities Exchange (ASX). The funds raised will be used for the purpose of exploration and evaluation of the project areas.

The Company has acquired, or has the rights to acquire, a 100% interest in seven exploration licences over two project areas located in the Albany-Fraser Orogen (AFO), Western Australia (Figure 1). The Projects, known as Biranup and Ponton, cover a total area of ca. 383 km<sup>2</sup> and comprise of six tenements that are granted and one that is pending. The tenements were selected principally based on their potential to host economic nickel-copper-cobalt and/or gold mineralisation.

The ITAR is subject to the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015 ("VALMIN¹ Code"). In preparing this ITAR, CSA Global:

- Adhered to the VALMIN Code.
- Relied on the accuracy and completeness of the data provided to it by NKL, and that NKL made CSA Global aware of all material information in relation to the Projects.
- Relied on NKL's representation that it will hold adequate security of tenure for exploration and assessment of the projects to proceed.
- Required that NKL provide an indemnity to the effect that NKL would compensate CSA Global in respect of preparing the report against any and all losses, claims, damages and liabilities to which CSA Global or its Associates may become subject under any applicable law or otherwise arising from the preparation of the report to the extent that such loss, claim, damage or liability is a direct result of NKL or any of its directors or officers knowingly providing CSA Global with any false or misleading information, or NKL, or its directors or officers knowingly withholding material information.
- Required an indemnity that NKL would compensate CSA Global for any liability relating to any consequential extension of workload through queries, questions, or public hearings arising from the reports.

#### 1.2 Compliance with the VALMIN and JORC Codes

The report has been prepared in accordance with the VALMIN Code<sup>1</sup>, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC Code<sup>2</sup> and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and ASX that pertain to Independent Expert Report's.

<sup>&</sup>lt;sup>1</sup> Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code), 2015 Edition, prepared by the VALMIN Committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. <a href="http://www.valmin.org">http://www.valmin.org</a>

<sup>&</sup>lt;sup>2</sup> Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC). <a href="http://www.jorc.org">http://www.jorc.org</a>



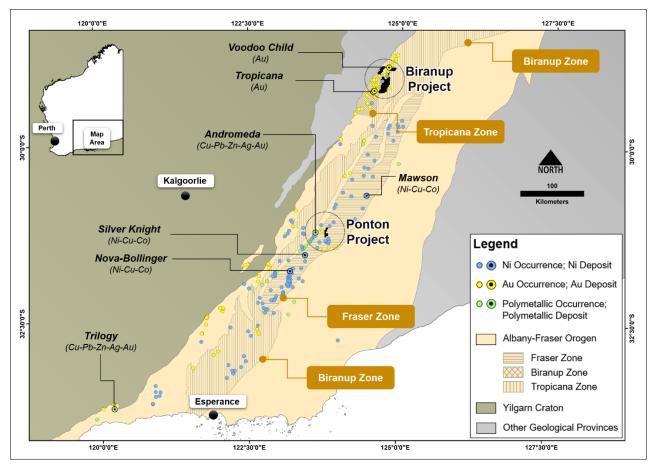


Figure 1: Project location map, Western Australia

Locations of NKL's Biranup and Ponton Projects in south-eastern Western Australia. Source: NKL

### 1.3 Principal Sources of Information and Reliance on Other Experts

CSA Global has based its review of the Projects on information made available to the principal authors by NKL along with technical reports prepared by consultants, government agencies and previous tenements holders, and other relevant published and unpublished data. CSA Global has also relied upon discussions with NKL's management for information contained within this assessment. This report has been based upon information available up to and including 15 March 2021.

CSA Global has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy, and completeness of the technical data upon which this report is based. Unless otherwise stated, information and data contained in this technical report or used in its preparation has been provided by NKL in the form of documentation.

NKL was provided a final draft of this report and requested to identify any material errors or omissions prior to its lodgement.

Descriptions of the mineral tenure; tenure agreements, encumbrances and environmental liabilities were provided to CSA Global by NKL or its technical consultants. NKL has warranted to CSA Global that the information provided for preparation of this report correctly represents all material information relevant to the Project. Full details on the tenements are provided in the Independent Solicitor's Report elsewhere in the prospectus.

## 1.4 Authors of the Report

CSA Global, an ERM Group Company, is a privately owned, mining industry consulting company headquartered in Perth, Western Australia. CSA Global provides geological, resource, mining, management



and corporate consulting services to the international resources sector and has done so for more than 30 years.

This ITAR has been prepared by a team of consultants sourced principally from CSA Global's Perth, Western Australia office. The individuals who have provided input to the ITAR have extensive experience in the mining industry and are members in good standing of appropriate professional institutions. The Consultant preparing this ITAR is a specialist in the field of geology and exploration, in particular relating to magmatic nickel and orogenic gold.

The following individuals, by virtue of their education, experience, and professional association, are considered Competent Persons, as defined in the JORC Code (2012), for this report. The Competent Persons' individual areas of responsibility are presented below:

- Principal author Mr Tony Donaghy (Principal Consultant with CSA Global in Perth, Western Australia) is responsible for the entire report
- Peer reviewer –Mr Trivindren Naidoo (Principal Consultant with CSA Global in Perth, Western Australia)
   is responsible for the entire report
- Partner in Charge Mr Graham Jeffress (Manager Corporate of CSA Global in Perth, Western Australia) is responsible for the entire report.

Mr Donaghy is an internationally recognised expert in the global search for nickel, copper, cobalt, and platinum group elements (PGEs) and a skilled exploration geologist who is familiar with most geological environments and a broad variety of mineral commodities. He has more than 25 years' experience covering all continents and all aspects of the industry – from leading continental-scale grassroots targeting exercises, through greenfields and brownfields exploration project design and execution, mining, property evaluation and due diligence, board level strategy development and guidance, to independent regulatory technical reporting and project valuation.

This ITAR was peer reviewed by CSA Global Principal Consultant, Trivindren Naidoo. Trivindren is an exploration geologist with over 20 years' experience in the minerals industry, including 15 years as a consultant, specialising in project evaluations and technical reviews as well as code compliant (JORC, VALMIN, NI 43-101 and CIMVAL) reporting and valuation. Trivindren's knowledge is broad-based, and he has wide-ranging experience in the field of mineral exploration, having managed or consulted on various projects ranging first-pass grassroots exploration to brownfields exploration and evaluation, including the assessment of operating mines. Trivindren is part of CSA Global's Corporate team and has completed independent evaluations and valuations of numerous mineral assets ranging from early-stage exploration properties to projects with multiple operating mines, across various commodities and jurisdictions.

This ITAR was authorised by CSA Global Partner – Manager Corporate, Graham Jeffress, BSc (Hons) (Applied Geology), RPGeo (Mineral Exploration), FAIG, FAusIMM, FSEG, MGSA. Mr Jeffress is a geologist with over 30 years' experience in exploration geology and management in Australia, Papua New Guinea, and Indonesia. He has worked in exploration (ranging from grassroots reconnaissance through to brownfields, near-mine, and resource definition), project evaluation and mining in a variety of geological terrains, commodities, and mineralisation styles within Australia and internationally. Mr Jeffress is competent in multidisciplinary exploration, and proficient at undertaking prospect evaluation and all phases of exploration. He has completed numerous independent technical reports (IGR, CPR, QPR) and valuations of mineral assets. Mr Jeffress now coordinates and participates in CSA Global's activities providing expert technical reviews, valuations, and independent reporting services to groups desiring improved understanding of the value, risks and opportunities associated with mineral investment opportunities.

## 1.5 Independence

Neither CSA Global, nor the authors of this report, has or has had previously, any material interest in NKL or the mineral properties in which NKL has an interest. CSA Global's relationship with NKL is solely one of professional association between client and independent consultant.



CSA Global is an independent geological consultancy. Fees are being charged to NKL at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the report. The fee for the preparation of this report is ca. A\$26,000.

No member or employee of CSA Global is, or is intended to be, a director, officer, or other direct employee of NKL. No member or employee of CSA Global has, or has had, any shareholding in NKL.

There is no formal agreement between CSA Global and NKL as to NKL providing further work for CSA Global.

#### 1.6 Declarations

### 1.6.1 Purpose of this Document

This report has been prepared by CSA Global at the request of, and for the sole benefit of NKL. Its purpose is to provide an ITAR of NKL's AFO tenements.

The report is to be included in its entirety or in summary form within a prospectus to be prepared by NKL in connection with an IPO. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The statements and opinions contained in this report are given in good faith, and in the belief, that they are not false or misleading. The conclusions are based on the reference date of 15 March 2021and could alter over time depending on exploration results, mineral prices, and other relevant market factors.

## 1.6.2 Competent Person's Statement

The information in this report that relates to Technical Assessment of the Mineral Assets, Exploration Targets, or Exploration Results is based on information compiled and conclusions derived by Mr Tony Donaghy, a Principal Consultant and an employee of CSA Global.

Mr Donaghy is a Registered Professional Geoscientist with the association of Professional Geoscientists of Ontario, an RPO and has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 Edition of the "Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets", and as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Donaghy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## 1.6.3 Site Inspection

No site visit was made to the Projects, as the author has sufficient knowledge of these regions to assess the Projects. In CSA Global's professional judgement, a site visit is unlikely to materially improve its understanding of the Projects, due to the Projects' early stage and the lack of recent exploration activity.

## 1.7 About this Report

This report describes the prospectivity of NKL's Biranup and Ponton Projects, located in the AFO, Western Australia. The geology and mineralisation for each project is discussed, as well as the exploration work done, and the results obtained there from.

No valuation has been requested or completed for the Projects.



# 2 Tenement Position, Location and Access

The Company has acquired, or has the rights to acquire, a 100% interest in the Biranup and the Ponton Projects (Figure 1). Tenement details are listed in Table 2. CSA Global is not qualified to give opinions on legal matters pertaining to tenement status or liabilities. CSA Global relies on the legal opinion of Steinepreis Paganin of Perth. NKL has advised CSA Global that the due diligence on matters in respect of the Projects tenure is covered by an Independent Solicitor's Report prepared by Steinepreis Paganin that appears in the Prospectus.

Table 2: Tenement information for NKL's Biranup and Ponton Projects

Tenement	Project	Status	Holder	Grant date	End date	Blocks	Area* (km²)
E38/3191	Biranup	Granted	Ventnor Gold Pty Ltd	04/05/2017	03/05/2022	10	30
E38/3294	Biranup	Granted	Ventnor Gold Pty Ltd	09/08/2018	08/08/2023	12	36
E39/1828	Biranup	Granted	Ventnor Gold Pty Ltd	31/03/2015	30/03/2025	25	75
E39/2000	Biranup	Granted	Ventnor Gold Pty Ltd	04/05/2017	03/05/2022	32	96
E39/2001	Biranup	Granted	Ventnor Gold Pty Ltd	03/07/2017	02/07/2022	21	63
E39/2003	Biranup	Granted	Ventnor Gold Pty Ltd	04/05/2017	03/05/2022	14	42
Subtotal					114	342	
Applications	Applications						
E28/2779	Ponton	Pending	Black Dragon Energy (AUS) Pty Ltd	N/A	N/A	14	41
GRAND TOTAL					128	383	

## 2.1 Biranup Project

The Biranup Project (Figure 2, Table 1) is comprised of six granted exploration licences (E38/3191, E38/3294, E39/1828, E39/2000, E39/2001, E39/2003). The six tenements combined cover a total area of 342 km<sup>2</sup>.

The exploration licences comprising the Biranup Project are wholly held by Ventnor Gold Pty Ltd, a wholly-owned subsidiary of VRX Silica Limited (ASX:VRX). As announced to the ASX by the latter (VRX Silica Limited, 2020), NKL has entered into a conditional agreement with VRX Silica Limited for the purchase of 100% of the issued share capital of Ventnor Gold Pty Ltd. The sale of the Biranup Project will take effect upon NKL receiving ASX conditional approval for listing of the Company's securities on the ASX.

The Tropicana gold mine, a joint venture between AngloGold Ashanti Limited (70%) and IGO Limited (30%), is located less than 10 km from the south-western Biranup Project boundary.

Access from Kalgoorlie-Boulder is via the Yarri and Kurnalpi-Pinjin roads to Pinjin (ca. 160 km) and the Tropicana gold mine access road to Tropicana (ca. 220 km) from where the project area can be accessed via Rason Lake Road (ca. 20 km). Once within the project area, movement between the various prospects is via minor tracks following grid and fence lines. Alternatively, the project can be accessed from Kalgoorlie via the Goldfields Highway and Laverton-Leonora Road to Laverton (ca. 350 km) and the Merolia and Rason Lake roads to Biranup (ca. 300 km), or via the Trans-Australian Railway Access Road (or "Trans Access Road") to Rawlinna Siding (ca. 380 km), then Connie Sue and Rason Lake roads to Biranup (ca. 270 km).

Local access over the project is reasonable, with numerous rehabilitated gold exploration tracks covering much of the area. The main access track, which passes through tenements E39/1828 and E39/2000 and leads to some of the key prospects, has been regraded and cleared by the previous holder to facilitate better access.

The Biranup tenements cover unallocated crown land on the western edge of the Great Victoria Desert, a sparsely populated desert region characterised by Quaternary aeolian sand ridges and a tree steppe of Marble Gum, Mulga and Ooldea Mallee over Spinifex-dominated grassland. The climate is arid, with average daily temperature ranges of 15°C to 45°C in summer and 0°C to 30°C during winter. Rainfall typically consists



of scattered showers during the winter months, and seasonal thunderstorms and occasional cyclone-related events during the summer months. The rainfall averages between 150 mm and 250 mm annually, falling predominantly between November and March.

There are no pastoral leases within the project area. The Biranup Project area falls within a native title claim by the Nangaanya-ku Native Title Claim Group.

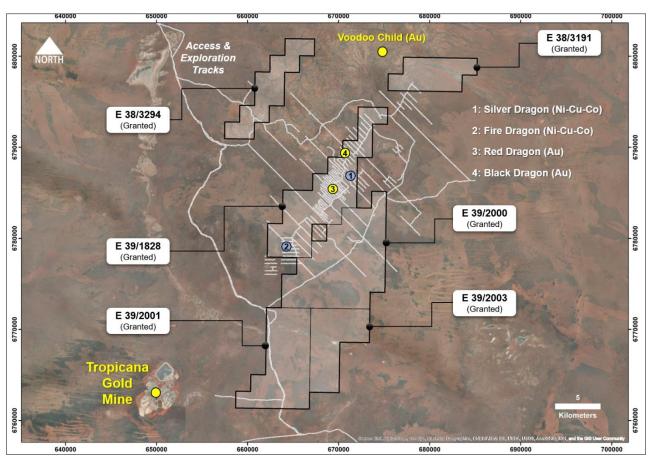


Figure 2: Tenement map for the Biranup Project depicting the main mineral occurrences and mines, and existing access and exploration tracks

Background image: Satellite imagery from the ESRI World Imagery Map repository draped over the SEEBASE digital elevation model of Australia. Source: NKL.

## 2.2 Ponton Project

The Ponton Project (Figure 3, Figure 4, Table 1) consists of one exploration licence application (E28/2779), covering a total area of 41 km<sup>2</sup>.

The Company has the rights to acquire a 100% interest in the Ponton Project. E28/2779 is held by Black Dragon Energy (AUS) Pty Ltd, a wholly-owned subsidiary of Zenith Minerals Limited (ASX:ZNC). As announced to the ASX by the latter (Zenith Minerals Limited, 2019), Black Dragon Energy (AUS) Pty Ltd won a portion of E28/2779 in a contested ballot for nickel prospective ground within the Fraser Range in Western Australia. The Department of Mines, Industry Regulation and Safety has advised Zenith Minerals Limited that several competing exploration licence applications were resolved via ballot with Black Dragon Energy (AUS) Pty Ltd's exploration licence application E28/2779 awarded first priority to Primary Block No. 2782 Graticules n, o and s. The sale of E28/2779 to NKL is conditional on upon the successful listing via an initial public offering of NKL on the ASX (Zenith Minerals Limited, 2020).

Ponton is situated ca. 760 km east of Perth and 225 km east-southeast of Kalgoorlie-Boulder. The Nova nickel-copper-cobalt mine, operated by IGO Limited, is located 75 km to the southwest of Ponton (Figure 1).



The Ponton Project covers unallocated crown land on the western edge of the Great Victoria Desert. More specifically, the tenement is located in the northern Fraser Range, a northeast trending range of isolated low ridges and undulating hills, the highest of which is Mount Pleasant (579 m above sea level). The climate is semi-arid with a mean annual rainfall of 280 mm that generally decreases to the northeast. Streams are ephemeral, although scattered swamps and gnamma holes retain water through all but the driest months. The range land is covered by blackbutt woodland, with scrub at higher elevations. Sandy soil is present on some outcrops, with red loam filling depressions between hills. The vegetation east and west of Fraser Range is mainly mixed eucalypt woodland with patches of mallee and spinifex in the north.

Access from Kalgoorlie-Boulder is via the Trans Access Road to Zanthus Siding (ca. 220 km) from where the Ponton Project can be reached via Balladonia-Zanthus Road (ca. 15 km) and minor tracks along fence lines (ca. 20 km).

The Project area falls within the Ngadju Native Title determination area. No pastoral leases exist in the area of the Ponton Project.

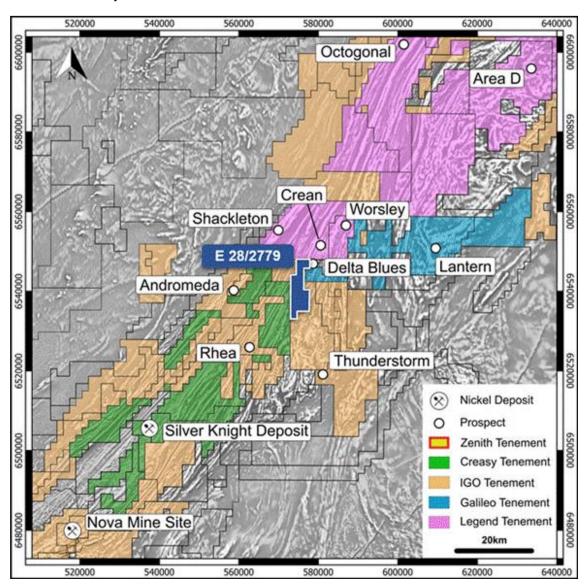


Figure 3: Tenement map for the Ponton Project relative to the Nova-Bollinger and Silver Knight nickel-coppercobalt deposits and new discoveries such as Lantern and Crean Background image: First vertical derivative of the airborne magnetics. Source: Zenith Minerals Limited (2020).



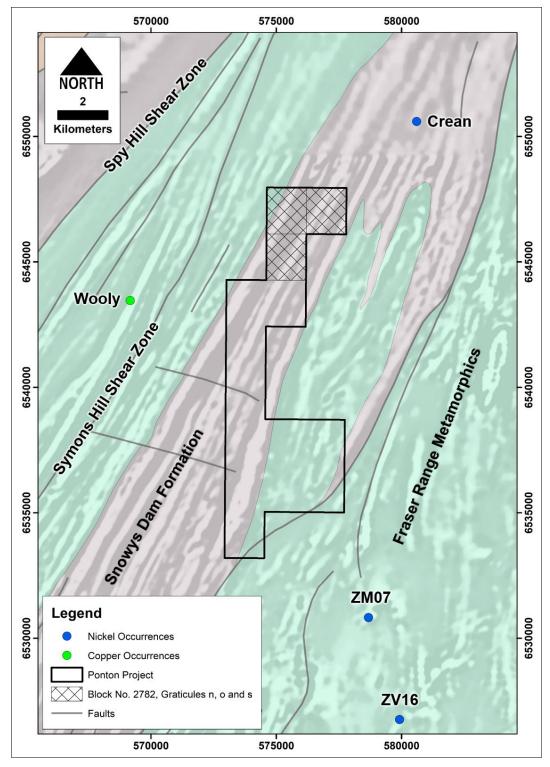


Figure 4: Detailed tenement map of the Ponton Project
Interpreted local bedrock geology draped over the first vertical derivative of the airborne magnetics. Also shown are nearby nickel and copper occurrences. Primary Block No. 2782 Graticules n, o and s, which Black Dragon Energy (AUS) Pty Ltd won in a contested ballot are highlighted. Source: NKL.



# 3 Regional Geology

## 3.1 Albany Fraser Orogen

NKL's Biranup and Ponton Projects are both located within the Mesoproterozoic AFO. The arcuate belt of rocks comprising the AFO extends approximately 1,200 km along the southern and south-eastern margin of the Yilgarn Craton (Figure 5). The geology of the AFO and its constituent lithologies (Figure 5, Figure 6) has been studied in detail by Nelson et al. (1995), Clark et al. (2000), Kirkland et al. (2011, 2015), Spaggiari et al. (2011, 2014), Smithies et al. (2013, 2014), Blenkinsop and Doyle (2014), Spaggiari and Tyler (2014), Occhipinti et al. (2014, 2018), Doyle et al. (2015), Crawford and Doyle (2016), Aitken et al. (2018), and Scibiorski (2019). The following is a synopsis of their work. In the following "Ma" refers to million years before the present day and "Ga" refers to billion years before the present day.

The AFO is characterised by high-metamorphic grade mafic and felsic gneisses together with voluminous granite and mafic-ultramafic intrusive plutons and complexes. The AFO comprises two main tectonic units that reflect its relationship to the Yilgarn Craton:

- 1) Northern Foreland.
- 2) Kepa Kurl Booya Province.

The Northern Foreland originated as part of the Archean Yilgarn Craton and comprises tectonically reworked slivers of the Yilgarn crust, and in general overlies the non-reworked part of the craton in various thrust sheets. The Kepa Kurl Booya Province is defined as the crystalline basement of the AFO. It includes four fault-bound geographical and structural zones (Tropicana, Biranup, Fraser and Nornalup) that contain rocks with variable protolith ages and geological histories. These zones formed offshore from the Yilgarn Craton during cyclical extensional and compressional tectonic regimes, and sequentially became accreted to the southern and south-eastern Yilgarn Craton over time, culminating in the Albany-Fraser Orogeny. This interpretation of geological history is complicated by issues such as multiply overprinting thermal and deformation events, and a severe paucity of outcrop due to well-developed thick cover sequences across most of the belt. Much of the interpretation of the AFO is reliant on regional geophysics such as aeromagnetics, gravity, and deep seismic and audio magnetotelluric survey profiles.

Two major tectonic events have been recognised in the AFO:

- 1) The recently defined Palaeoproterozoic Biranup Orogeny that covers the period 1710–1650 Ma, which includes the 1680 Ma Zanthus Event. This Orogeny was marked by widespread magmatism, the formation of sedimentary basins, and high-temperature metamorphism and deformation.
- 2) The Mesoproterozoic AFO, which took place in two stages: 1345–1260 Ma (Stage I) and 1215–1140 Ma (Stage II). Stage I has been interpreted to reflect the northwest-directed convergence and subsequent collision of the combined South Australian and Mawson Cratons with the Yilgarn Craton, whereas Stage II is interpreted to reflect intracratonic mountain building processes post-collision.

Stage I is dominantly represented by voluminous mafic and felsic magmatism forming both the Recherche Supersuite and the mafic-ultramafic magmatic intrusive rocks of the Fraser Range Metamorphics that predominantly occur within the Fraser Zone, and was accompanied by high-temperature metamorphism and deformation.

The deformation patterns established by the deformation events, particularly Stage II, have formed the preserved crustal architecture we see today, dominated by craton-directed, fault-bound thrust slices and stacks of largely mid-crustal, high metamorphic grade-rocks.

The eastern extent of the AFO coincides with the Rodona Shear Zone, which separates it from the Madura Province. The Madura Province comprises an entirely covered basement terrane interpreted to represent an offshore oceanic island arc and oceanic basin complex with a separate Proterozoic history prior to ca. 1330 Ma, that was subsequently accreted to the southern margin of the AFO commencing during Stage I.



NKL's Biranup Project straddles the boundary between the Tropicana and Biranup zones, whereas the Ponton Project is situated in the Fraser Zone. The following provides a summary of these three tectonostratigraphic packages.

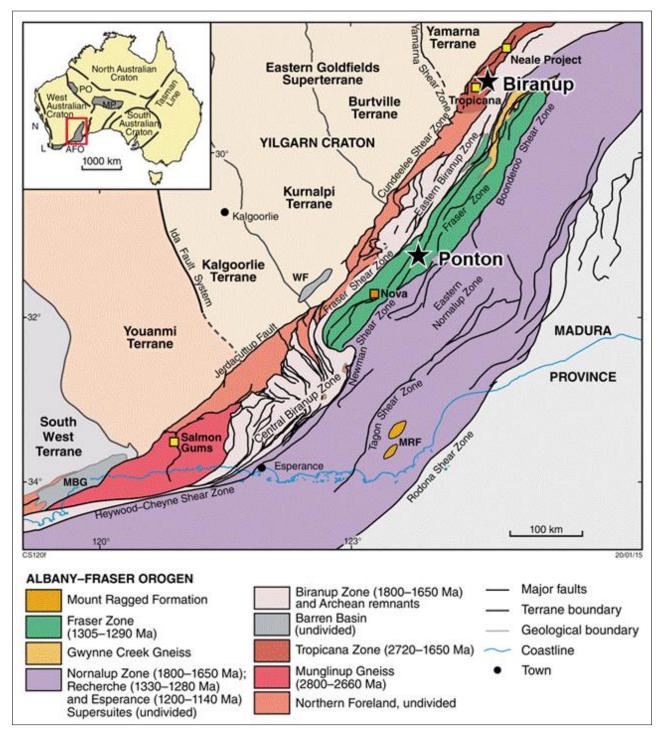


Figure 5: Schematic overview of the AFO, Western Australia

Simplified pre-Mesozoic interpreted bedrock geology of the east AFO and tectonic subdivisions of the Yilgarn Craton. Abbreviations used: MBG – Mount Barren Group; WF – Woodline Formation; MRF – Mount Ragged Formation; AFO – Albany-Fraser Orogen; MP – Musgrave Province; PO – Paterson Orogen; L – Leeuwin Province; N – Northampton Province. Also shown are locations of NKL's Biranup and Ponton Projects, indicated by stars. Modified from Spaggiari and Tyler (2014).



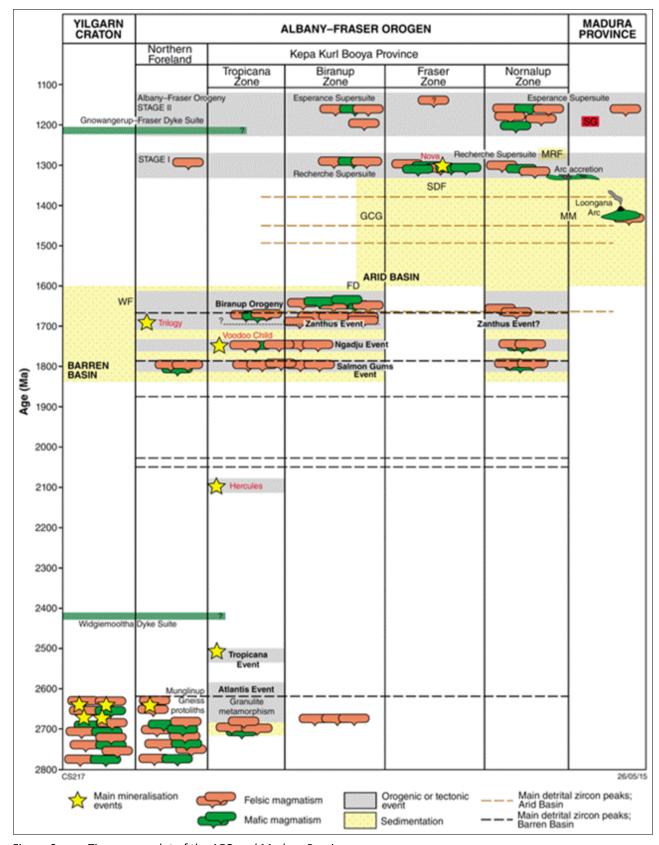


Figure 6: Time-space plot of the AFO and Madura Province

Abbreviations used: FD – Fly Dam Formation; GCG – Gwynne Creek Gneiss; MM – Malcolm Metamorphics; MRF –

Mount Ragged Formation; SDF – Snowys Dam Formation; SG – Salisbury Gneiss; WF – Woodline Formation. After

Spaggiari et al. (2014).



## 3.1.1 Tropicana Zone

The 2720–1700 Ma Tropicana Zone is dominated by high-metamorphic grade (amphibolite to granulite facies) rocks consisting of the Tropicana Gneiss and the Hercules Gneiss.

The Tropicana Gneiss comprises quartzo-feldspathic gneiss, garnet-bearing gneiss, mafic to ultramafic gneiss, metachert and meta-iron formation. Their protolith rocks are interpreted as a succession of sedimentary rocks and felsic to intermediate composition volcanic rocks, possibly representing a crustal continental margin volcanic arc, deposited in a submarine setting.

The Hercules Gneiss, which does not outcrop and is only known from diamond drillcores from the Atlantis and Hercules gold prospects, is dominated by felsic to intermediate meta-intrusive gneisses, locally interlayered with mafic (gabbroic) meta-intrusive gneiss. "Mafic granites" (a rock type known as a sanukitoid) of the Hercules Gneiss as recorded at the Atlantis and Hercules prospects were dated at  $2692 \pm 16$  Ma. The geochemistry of the "Mafic granites" suggests that the Tropicana Zone developed proximal to an older volcanic arc at an active plate boundary. "Mafic granites" emplacement is interpreted to have commenced at the start of the prolonged 2718-2554 Ma granulite facies metamorphism of the Atlantis Event, which included high-grade (granulite facies) metamorphism of Tropicana Zone rocks at a deep crustal level.

Both the Tropicana Gneiss and the Hercules Gneiss were intruded by granites during the 1780–1760 Ma Ngadju Event, which affected much of the AFO.

## 3.1.2 Biranup Zone

The 1815–1625 Ma Biranup Zone is dominated by strongly deformed meta-igneous orthogneiss, with lesser amounts of metagabbroic and hybrid rocks that flank the entire southern and south-eastern margin of the Yilgarn Craton. Isolated remnants of Archean granite with Yilgarn Craton geochemical affinity occur within the Biranup Zone and this, combined with the isotopic and geochemical signatures of the Paleoproterozoic intrusive rocks, indicates a direct association with the Yilgarn Craton during their emplacement. In the eastern part of the orogen, the Biranup Zone is in fault contact to the southeast with the Mesoproterozoic Fraser and Nornalup zones. The Biranup Zone shares a similar geological history to the Tropicana Zone from at least 1800 Ma. In contrast to the Tropicana Zone, which hosts the Tropicana gold deposit, and the Fraser Zone, which hosts the Nova-Bollinger nickel-copper-cobalt deposit, the Biranup Zone has received little attention and is poorly described.

## 3.1.3 Fraser Zone

The 1310–1280 Ma Fraser Zone, a dominantly mafic piece of high-grade metamorphic crust, is bounded by the Fraser shear zone to the northwest and Newman and Boonderoo shear zones to the southeast. The Fraser Zone is clearly evident in the regional gravity field data and is marked by a strong positive gravity anomaly. This is due to the dominance of high density metagabbroic rocks within the sequence. The gravity data indicates that the Fraser Zone is a northeast-southwest trending tectonic element that is ca. 425 km long and up to 50 km wide. Much of the Fraser Zone is obscured by Cretaceous to Cenozoic cover rocks of the Bight and Eucla basins.

The 1305–1290 Ma Fraser Range Metamorphics, which dominate the Fraser Zone, are composed of thin to voluminous sheets of metagabbro, ranging in thickness from several centimetres up to several hundred metres. These sheets are interlayered with sheets of metavolcanic to metaigneous gneisses, pyroxene-bearing granitic gneisses, and hybrid magmatic rocks. All are interlayered to varying degrees with high-metamorphic grade (amphibolite to granulite facies) metasedimentary gneiss, and locally calc-silicate and iron-rich metasedimentary rocks of the Snowys Dam Formation, which forms part of the Mesoproterozoic Arid Basin.

Peak metamorphic temperatures and pressures recorded by the metasedimentary rocks of the Snowys Dam Formation are indicative of peak high-grade metamorphic (granulite-facies) conditions at ca. 1290 Ma. Crystallisation of the gabbroic and granitic melts of the Frazer Zone occurred during a short time interval between ca. 1305 Ma and 1290 Ma and was essentially coeval with granulite-facies metamorphism and

### **NICKEL X LIMITED**

INDEPENDENT TECHNICAL ASSESSMENT REPORT – BIRANUP AND PONTON PROJECTS



Stage I of the Albany-Fraser Orogeny. The close association in time between mafic to felsic magmatism and the age of granulite-facies metamorphism suggests that the widespread mafic-ultramafic magmatism provided the thermal trigger for metamorphism.

The Fraser Zone is interpreted to represent a structurally modified, middle- to deep-crustal "hot zone", formed by the repeated intrusion of gabbroic magma from a mantle upwelling into quartzofeldspathic country rock, either beneath an intercontinental rift, or in a distal back-arc setting.



# 4 Mineralisation within the Albany Fraser Orogen

The various mineralisation styles within the AFO have been reported and reviewed in detail by Independence Group NL (2012), Less (2013), Bennett et al. (2014), Blenkinsop and Doyle (2014), Doyle (2014), Spaggiari and Tyler (2014), Doyle et al. (2015), Crawford and Doyle (2016), Aitken et al. (2018), McKinnon (2018), Occhipinti et al. (2018), Hetherington and Murphy (2019), Polito et al. (2019), Standing (2019), Legend Mining Limited (2020a), and Medallion Metals Limited (2020). The following is a synthesis of these reports and reviews. All statistics quoted in the following text are sourced from these documents.

The AFO hosts and is prospective for a range of mineral deposit styles (Figure 7), including:

- Magmatic nickel-(copper-cobalt) mineralisation, as exemplified by the Nova-Bollinger deposit
- Orogenic gold mineralisation, as exemplified by the Tropicana gold deposit
- Intrusion-related gold mineralisation, as exemplified by the Voodoo Child gold deposit
- Polymetallic sedimentary exhalative (SedEx) and volcanogenic massive sulphide (VMS) mineralisation as exemplified, by the Trilogy lead-zinc-silver-copper-gold deposit.

The region may also be prospective for iron-oxide copper-gold (IOCG) mineralisation associated with the Mesoproterozoic A-type granitic intrusions of the Esperance Supersuite, although to date no deposits of this type have been discovered in the AFO. More systematic targeting of this deposit style may be warranted.



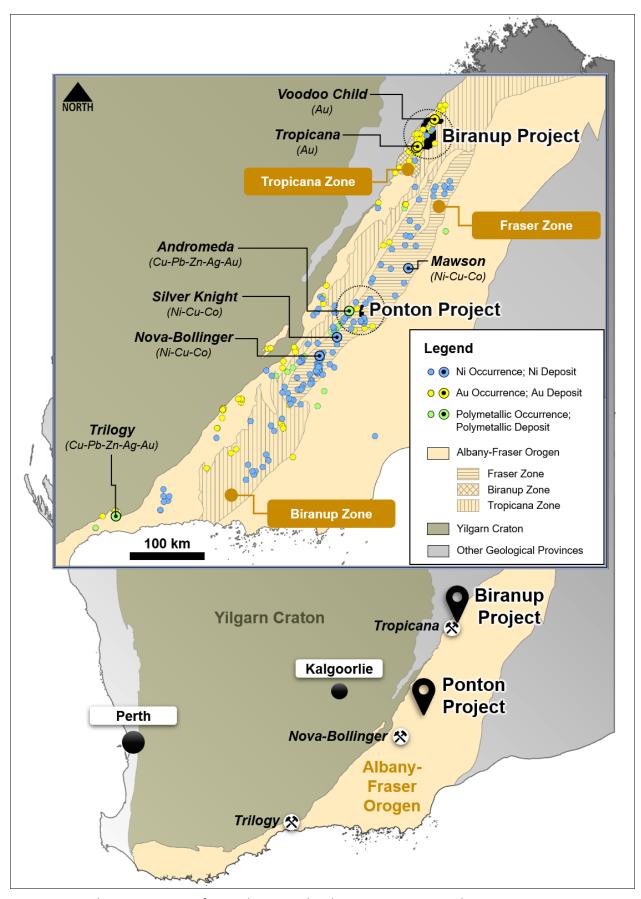


Figure 7: Schematic overview of mineralisation within the AFO, Western Australia

Inset showing the known nickel (blue circles), gold (yellow) and base metals (green) deposits and occurrences within the Biranup, Tropicana and Fraser zones, which host NKL's Biranup and Ponton Projects. Source: NKL



## 4.1 Magmatic Nickel ± Copper-Cobalt Systems

Nova-Bollinger, located in the central portion of the Fraser Zone, is classified as a structurally modified magmatic sulphide deposit. The deposit was discovered in 2012 by Sirius Resources NL, following up moving loop electromagnetic (MLEM) conductivity anomalies in close spatial association with a nickel-copper-cobalt-in-soil anomaly. In September 2015, Sirius Resources NL was acquired by mid-tier mining company IGO Limited (IGO). Subsequently IGO has secured a large exploration position in the AFO through acquisitions and exploration joint ventures. Commercial production at Nova-Bollinger commenced in July 2017.

Stacked, sub-horizontal lenses of an upper mixed norite and peridotite complex, and a lower gabbronorite, olivine-norite and olivine-pyroxenite complex, were emplaced late during granulite facies, high-temperature-low-pressure metamorphism and deformation during Stage 1 of the Albany-Fraser Orogeny at ca. 1300–1200 Ma. Sulphide mineralisation, mainly pyrrhotite, pentlandite and chalcopyrite, occurred initially as a typical magmatic composition with massive-, matrix-, disseminated- and breccia-textured sulphides. Subsequently the deposit was metamorphically and tectonically modified, possibly while still a melt. Sulphide was mobilised along foliations and into F2 fold hinges, post-foliation pegmatites and a shear zone in footwall granulite gneisses comprised of granulite-facies mafic-ultramafic metaintrusive and metavolcanic rocks, granite orthogneisses and various metasedimentary rocks and iron formations. The Nova-Bollinger intrusive complex lies in the core of a doubly plunging synform that represents the interference pattern between northeast-southwest trending F3 and northwest-southeast trending F4 folds.

The AFO was largely unexplored for magmatic nickel deposits prior to the 2010s. As demonstrated by more recent nickel discoveries such as the Silver Knight and Mawson deposits, significant nickel discovery potential remains in the AFO.

## 4.2 Orogenic Gold Systems

The world-class Tropicana gold deposit was discovered in 2005 by AngloGold Ashanti Limited and its joint venture partner Independence Group NL, following up an unexplained gold-in-soil anomaly Independence Group NL had recognised in regional public domain data collected in the 1990s. The Tropicana discovery prompted the joint venture partners to secure more than 15,000 km² of tenements in what is now recognised as a new gold province. Open-pit mining commenced in 2012 and first gold was produced in September 2013.

The Tropicana gold deposit is hosted by the Tropicana Gneiss, a sequence of Neoarchean, amphibolite- to granulite-facies metamorphic grade quartzofeldspathic gneiss, garnet-bearing gneiss, mafic to ultramafic gneiss, metachert and meta-iron formation. The Tropicana Gneiss relationship to the Yilgarn and other units of AFO is contentious. Some researchers regard it as a discrete terrane, separating the in-situ eastern margin of the Yilgarn Craton from Proterozoic elements of the AFO, and name the fault-bound tectonic unit that hosts the Tropicana Gneiss as the Plumridge Terrane. However, other workers have disagreed with this classification and have assigned the Tropicana Gneiss to the Tropicana Zone.

Gold mineralisation at Tropicana is dated at ca. 2520 Ma, postdating a long-lived, ca. 2722–2554 Ma amphibolite to granulite facies tectonothermal event, known as the Atlantis Event. It also post-dates peak metamorphism between ca. 2636 Ma and 2520 Ma of the hosting Tropicana Gneiss, which was accompanied by anatexis and the formation and deformation of high-grade gneissic fabrics. At ca. 2520 Ma, the Tropicana Zone was exhumed and retrogressed to greenschist facies as it was thrust onto the Yilgarn Craton, thereby forming a west-to-northwest verging fold-and-thrust belt above a flat-lying detachment zone known as the Plumridge Detachment. This fold-and-thrust belt is host to the Tropicana gold deposit.

Gold mineralisation at Tropicana was localised along pyrite-biotite-sericite-bearing shear zones in quartzofeldspathic gneiss that formed during northeast-southwest shortening at ca. 2520 Ma (Tropicana Event) and clearly postdate the formation and deformation of high-grade gneiss fabrics. The orientation of the Tropicana orebodies is controlled by the shear zones, which are in turn localised by the gneissic banding. Gold mineralisation also involved solution and coeval microfracturing and veining of more competent pegmatitic units. The paucity of water in granulite-facies gneisses under retrograde conditions suggests that the gold-bearing fluids were likely introduced from an external source; possibly a lithospheric-scale, deep



plumbing system linked to the Plumridge Detachment that concentrated fluids, energy and metals into specific sites in the crust. The gold mineralising event was followed by at least two further deformations (i.e. Albany-Fraser Orogeny Stages 1 and 2) that re-activated and overprinted the biotite fabrics with sericite and chlorite, created new shear zones, and locally affected gold distribution.

## 4.3 Intrusion-Related Gold Systems

Little information is available in the public domain about the Voodoo Child gold-silver prospect, an inferred intrusion-related gold system hosted by ca. 1760 Ma ultramafic-mafic to felsic volcanic rocks of the Voodoo Child Formation, ca. 50 km to the north-northeast of Tropicana.

Volcanosedimentary and intrusive rocks of the Voodoo Child Formation include dacite, leucogabbro, and mafic-ultramafic rocks, and are interpreted to have formed in a small fault-bound pull-apart basin. Mineralisation at Voodoo Child is interpreted to have occurred at ca. 1760 Ma (coincident with the Ngadju Event) and prior to inversion of the basin-filling sequence.

The mineralisation at Voodoo Child takes the form of electrum and sulphide (pyrite ± chalcopyrite, sphalerite) disseminations within biotite- and sericite-altered granitoid and quartz diorite. The mineralised intrusions are interpreted as apophyses of a larger mineralised, or fertile, granitoid intrusion at depth. Deep-seated, long-lived structures are suggested to have provided the plumbing for magmatism and mineralisation at Voodoo Child.

## 4.4 Polymetallic SEDEX and VMS Systems

The Trilogy lead-zinc-silver-copper-gold deposit was discovered by Homestake Gold of Australia Limited in 1997.

Trilogy is currently interpreted as a clastic-hosted polymetallic massive sulphide stratabound SedEx deposit. The deposit is hosted by graphitic phyllites (i.e. metamorphosed siltstones) of the ca. 1696 Ma Mount Barren Group, a sequence of amphibolite facies metamorphic grade metasedimentary rocks attributed to the 1815–1600 Ma Barren Basin of the western AFO.

Two styles of mineralisation are evident at Trilogy. Stratabound, polymetallic lead-zinc-silver sulphide mineralisation is cut by copper-gold stringer mineralisation, hosted mostly in late-stage pyrite-chalcopyrite veins and contained within a silicified envelope reminiscent of the paragenesis of lead-zinc and copper systems within the Mount Isa deposit in north-western Queensland.

The AFO also hosts and is prospective for polymetallic VMS systems. Andromeda, interpreted as a siliciclastic mafic or Besshi-style VMS system, is located along the margin between the 1600–1310 Ma Arid Basin and the 1310–1280 Ma Fraser Zone. The prospect was discovered by IGO in 2018, following up a deep-seated MLEM conductor (ca. 400 m below surface) on the fringe of an "eye-shaped" magnetic anomaly in an area where the bedrock geology is masked by transported cover.

Drilling intercepted semi-massive sulphide breccia and matrix ore hosted by garnetiferous mafic granulites and amphibolites. The mineralisation comprises of pyrrhotite, pyrite, sphalerite, magnetite, chalcopyrite and rare galena. Metamorphism obliterated any primary ore textures, homogenised the copper:zinc ratio and blended the ores with their host rocks.



# 5 Biranup Project

## 5.1 Local Geology

NKL's Biranup Project is located in the north-eastern AFO, straddling the 2720–1700 Ma Tropicana and 1815–1625 Ma Biranup zones (Figure 8).

The Tropicana Zone is represented by the ca. 2640 Ma Tropicana Gneiss and several intrusive units, including the ca. 1763 Ma McKay Creek Metasyenogranite and associated 1760 Ma Voodoo Child Formation, the 1708 Ma Bobbie Point Metasyenogranite and an unnamed metagranitic unit (cf. Spaggiari and Tyler, 2014; Kirkland et al., 2015; Spaggiari and Occhipinti, 2015).

The Tropicana Gneiss, a succession of high-grade, amphibolite- to granulite-facies metamorphic rocks, is mainly comprised of quartzofeldspathic gneiss with tonalitic, monzonitic, quartz-syenogranitic and syenitic compositions, garnet-bearing gneiss, mafic to ultramafic gneiss, meta-chert and meta-iron formation. Their protolith rocks are interpreted as a succession of sedimentary rocks and medium-to high-K, calc-alkaline and adaktic volcanic rocks, possibly representing a crustal continental margin arc, deposited in a submarine setting (cf. Occhipinti et al., 2018).

Volcanosedimentary and intrusive rocks of the Voodoo Child Formation, which include dacite, leucogabbro, and mafic-ultramafic rocks, and the associated McKay Creek Metasyenogranite are interpreted to have formed in a small pull-apart basin. The Bobbie Point Metasyenogranite is described as a weakly schistose to mylonitic granitoid that includes minor mingled mafic rocks and minor banded iron formation (BIF) rafts as well as remnants of McKay Creek Metasyenogranite (cf. Kirkland et al., 2015; Occhipinti et al., 2018). These ca. 1763–1708 Ma units are restricted to the northernmost portion of the Biranup Project with the Tropicana Gneiss occurring immediately south of these units.

The Biranup Zone is represented by the 1815–1800 Ma Black Dragon Gneiss and an unnamed metagranitic unit. The Black Dragon Gneiss is poorly described with little information available other than it is comprised of metagranodiorite and metadiorite with local remnants of Archean rocks and Tropicana Gneiss (cf. Spaggiari and Tyler, 2014).

The structural geology of the Biranup Project is complex with several major shear zone systems present in the area. The Black Dragon shear zone (cf. Blenkinsop and Doyle, 2014), a laterally extensive (>70 km strike length), north-northeast-striking and east-southeast-dipping thrust, forms the boundary between the Tropicana and Biranup zones. Additional major structures include the Bobbie, Phoenix, Blue Robin, Chimera, and Thorny Devil shear zones, all broadly northeast- to north-northeast-striking and southeast- to east-southeast-dipping thrust or oblique-slip thrust systems like the Black Dragon shear zone.

Outcrop is scarce within the Project area, as is over large parts of the north-eastern AFO. At Biranup, prospective Neoarchean to Mesoproterozoic bedrock is mostly covered by transported regolith such as Cenozoic sand, sheetwash, colluvial and alluvial units. Of the scarce outcrop, some can be attributed to the glacial sedimentary rocks (sandstone, siltstone and conglomerate, tillite) of the Permian Paterson Formation, small remnants of which are present throughout the region.



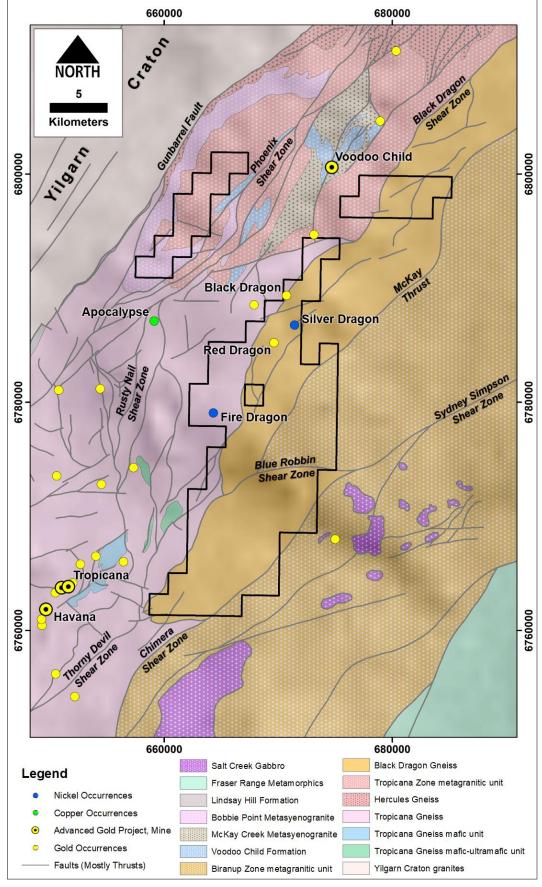


Figure 8: Interpreted bedrock geology (1:500,000 scale) of the Biranup Project and surrounding area

Modified from Spaggiari and de Gromard (2020) draped over the SEEBASE digital elevation model of Australia.

Source: NKL



## 5.2 Exploration History

Previous and relevant field-based exploration activities within the area covered by NKL's Biranup Project, as well as dedicated target generation and testing, were primarily undertaken by three groups:

- WMC Resources Limited (1996 to 1999)
- AngloGold Ashanti Limited and Independence Group NL (2002 to 2014)
- Ventnor Resources Limited (2015 to 2019).

More detailed accounts of the historical exploration activities are provided below.

## 5.2.1 WMC Resources Limited (1996 to 1999)

Between 1996 and 1999, nearly all NKL's Biranup Project was held by WMC Resources Limited as part of its Pleiades Lakes project (WAMEX Reports a50820, a53953, a55133 and a56210). The area was targeted by WMC Resources Limited for its potential to host Voisey's Bay-type magmatic nickel-copper-cobalt but also for orogenic gold mineralisation along the then largely unexplored contact between the Yilgarn Craton and AFO. The area was specifically chosen because government magnetic data indicated presence of numerous magnetic anomalies at Pleiades Lakes, initially believed to represent mafic intrusive bodies.

Exploration conducted by WMC Resources Limited included geological mapping, rock chip, stream sediment and soil sampling and petrological studies. Geophysical work included an airborne magnetic survey that consisted of 17,000 line-km with 250 m line spacing and a 60 m flying height, and ground gravity and transient electromagnetic surveys designed to follow-up magnetic anomalies. Landsat imagery was used as an aid in and to better guide the geological mapping.

In their first-year exploration program in 1996 (WAMEX Report a50820), WMC Resources Limited identified 14 priority magnetic anomalies, six of which were followed up with two of the anomalies (PL#1 and PL#2) found to be generated by BIFs and the remainder (PL#3, PL#6, PL#7, PL#14) under cover. A stream sediment survey (for a total of 53 samples) undertaken in the relatively outcrop-rich McKay's Creek and Bobbie's Point areas returned anomalous gold values in streams draining off an area extending northeast from geophysical anomaly PL#2, which is located within E38/3533 of NKL's Biranup Project. Infill sampling confirmed the original gold values and helped to better constrain the possible source of the anomalism: A shear zone cutting strongly schistose granitoids, BIFs and chloritic schists. As evident in magnetic imagery, this shear zone connects to a larger northeast-striking shear zone system. Soil sampling over anomaly PL#2 showed that the BIFs contained elevated gold. A rock chip collected in the area of PL#6, located within NKL's E39/1828 and coincident with what is now known as the Silver Dragon prospect, returned weakly anomalous nickel and copper associated with high iron.

Follow-up during the 1997 field season (WAMEX Report a53953) of the nickel-copper anomalous rock chip previously collected in the area of PL#6 returned one nickel-copper anomalous lag sample. The source of the anomalism could not be identified, however. A soil geochemical survey over the southern part of the Pleiades Lakes project identified a large (20 km x 7 km) area of gold anomalism coincident with the 2005 Tropicana gold discovery. The soil sampling program was carried out at 1 km spacing, composed of five composites at 200 m intervals.

A large (10 km x 1 km) area of interest was highlighted in the 1998 McKay's Creek soil geochemical survey, which returned elevated gold values associated with elevated arsenic, molybdenum, bismuth, and lead. Fractured granitoids were also found at McKay's Creek, many of which were extensively silica-veined whilst others contained large quartz veins with box-worked hematite thought to have been after sulphides. Interestingly, the McKay's Creek area is coincident with what is now known as the Voodoo Child intrusion-related gold deposit. However, WMC Resources Limited decided to relinquish this ground. The company deemed the low-level gold anomalism insignificant due to the area being largely outcrop and sub-crop (WAMEX Report a55133).

An additional soil geochemical survey was completed in 1998, covering large swathes of the tenements that had been retained (WAMEX Report a56210). The 768 soil samples collected by WMC Resources Limited were



subject to a multi-element (34) HF digest and fire assay for gold, platinum, and palladium. The returned results showed no signs of any significant precious or base metals anomalism, although anomalous gold values were recorded. The samples with gold anomalies were sieved and reanalysed using an aqua regia digest, confirming the anomalous values, with the best anomalous gold result directly over the then undiscovered Tropicana gold deposit. Importantly, elevated gold values were also returned from the PL#6 area (now known as the Silver Dragon prospect) and in an area immediately south of what is now known as the Black Dragon prospect. Both areas lie within NKL's E39/1828.

In 1999, the Pleiades Lakes project was relinquished, despite WMC Resources Limited having defined low-level gold anomalism over a large area, including the area of the 2005 Tropicana gold discovery. As stated by WMC Resources Limited, "the results of the surface geochemical program failed to detect any significant anomalism and thus the entire project is to be relinquished" (WAMEX Report a56210).

## 5.2.2 AngloGold Ashanti Limited and Independence Group NL (2002 to 2014)

Between 2002 and 2014, NKL's Biranup Project formed part of the Tropicana project, a joint venture between AngloGold Ashanti Limited and Independence Group NL.

The area was targeted by the joint venture for its gold potential, particularly the gold-in-soil anomalies identified in the 1990s by WMC Resources Limited. "A focus for base metals exploration meant these soil anomalies remained untested at depth, with no previous drilling in the area documented" (WAMEX Report a67756).

Exploration activities by the joint venture partners between 2002 to 2005 (i.e. in the lead up to the Tropicana gold discovery) included several geochemical, geophysical, and drilling campaigns. However, comparably little work was undertaken within the portion of the Tropicana property that now forms part of NKL's Biranup Project. The latter was subject to an airborne magnetic survey, regional mapping, rotary air blast (RAB) and auger drilling (WAMEX Reports a67756 and a70439). As discussed in WAMEX Report a67756, the vertical RAB holes (TPRB 123 to 131) were completed as part of a 2003 infill drilling campaign that included 15 traverses of 100 m spaced RAB holes. According to the report author, the holes had to be hammered ca. 10 m past bedrock refusal to obtain an effective geochemical sample given the presence of a strongly depleted zone in the weathering profile. The nine holes drilled within the Biranup Project had a total downhole length of 334 m and a medium length of 40 m. None of the holes returned any anomalous results. The auger campaign was completed in 2004 with a total of 413 samples collected on a 1,000 m x 500 m spaced grid. The auger program was designed to screen a large area of shallow cover and weathering almost entirely located within NKL's Biranup Project. The samples were subjected to multi-element analysis with at best moderately elevated gold in holes TPAU0535 and TPAU0704. In early 2005, the lease over this area was surrendered "due to the low level of anomalism and the absence of any coherency in this anomalism" (WAMEX Report a70439). However, the area was again picked up by the Tropicana joint venture in 2006.

Exploration efforts accelerated after the Tropicana discovery with a significant amount of work undertaken by the Tropicana joint venture between 2006 and 2014 on what is now NKL's Biranup Project. Table 3 provides a summary of work undertaken by the Tropicana joint venture at the Biranup Project as compiled by NKL to date.

The main prospect identified at Biranup by the Tropicana joint venture was the Black Dragon gold prospect, which includes what are now known as the Red Dragon, Black Dragon, and North Dragon prospects. These prospects provided the focus areas of the exploration undertaken by the Tropicana joint venture within the Biranup Project.

Black Dragon was discovered during the 2007–2008 field season (WAMEX Report a79742) when rock chip samples were collected from an area of outcropping quartz veins, quartz-hematite breccia, sericite-muscovite schist and subordinate amphibole-feldspar gneiss and amphibolite. Thirty-one of the samples returned anomalous gold assay values.



Table 3: Summary of work undertaken at the Biranup Project by the Tropicana joint venture

Activity	Quantity
Surface rock chip sampling	165 samples
Soil sampling	2,566 samples
Auger drilling	3,459 samples
Air-core drilling	1,044 holes for 43,773 m
Reverse circulation drilling	66 holes for 9,627 m
Diamond drilling	4 holes for 821.2 m
Gravity survey	275 stations
Airborne magnetic survey	521.19 line-km
Airborne SPECTREM electromagnetic survey	283.99 line-km
Induced polarisation gradient surveys	22.01 line-km

Source: Ventnor Resources Limited

These results were followed-up with a 217-hole air-core drilling campaign undertaken on a 200 m x 400 m grid. Only relatively narrow and shallow intersections of low-grade gold were detected. Additional air-core drilling during the 2008–2009 field season defined an anomalous zone along strike to the northeast and extending up to 2 km from the outcrop where the high-grade rock chip samples had been collected during the 2007–2008 reporting period. However, best intercepts within the zone were relatively broad intersections (10–20 m) of again low-grade gold.

Following the initial results of the rock chip sampling and the air-core drilling, two phases of reverse circulation (RC) drilling were completed during 2008, with 22 holes drilled for a total of 3,001 m. Whilst the drilling intercepted a sequence of sericite-altered granite with disseminated pyrite, quartz-hematite breccia as exposed at surface was not intersected. The drilling only returned narrow intervals of gold mineralisation.

In 2014, the lease containing the Black Dragon prospect was relinquished. According to the Tropicana joint venture partners, "follow up RC/DD did not provide a vector regarding genesis and origins of mineralisation, nor did it identify a potential basement source for the surface mineralisation. Mineralisation observed appears to be hosted by the large plutonic intrusive and is seemingly localised within narrow sericite-carbonate, quartz-carbonate or sericite shears. [...] Exploration work to date upon E39/1204 failed to identify a coherent and viable mineralization system. The prospect is considered tested as no vectors to significant mineralization have been found, thus no further work is recommended. As a result, in the absence of any distinct drill targets E39/1204 is recommended for surrender" (WAMEX Report a103657). As summarised in the latter report, "several phases of AC drilling were conducted on tenement E39/1204 over the period from 2007 to 2012. A total of 1,044 vertical holes for 43,773m were drilled within this period. The spacing of drilling across this area varies greatly with regional scale traverses (200x2000m) down to smaller areas of closer spaced drilling (50x200m). [...] Several encouraging geochemical anomalies were identified and followed up with RC/DDH drilling. A total of 66 RC and 4 DD have been drilled for 9,627m and 821.2m respectively to test the basement for Au mineralisation beneath anomalies identified through surface sampling and AC drilling. [...] Mineralisation was narrow with very few vectors for future work to target."

#### 5.2.3 Ventnor Resources Limited (2015 to 2020)

Annual reports submitted by Ventnor Resources Limited to the Western Australian Department of Mines, Industry Regulation and Safety's (DMIRS) WAMEX database are yet to be released publicly. However, as part of the conditional purchase agreement with VRX Silica Limited outlined above, NKL has obtained access to the company's Biranup Project database.

Table 4 provides a summary of the 2015 to 2020 work programs undertaken at Biranup by Ventnor Resources Limited.



Table 4: Summary of work programs conducted at Biranup by Ventnor Resources Limited

Year	Prospect	Activity	Statistics	
		Geological reconnaissance	N/A	
	Black Dragon	Rock chip sampling	32 samples	
2015		RC drilling	33 holes for 2,493 m	
2013		Gravity data acquisition	500 m stations	
	Entire project	Magnetic data acquisition	250 m + 50 m line spacings	
		SPECTREM data acquisition	50 m line spacing	
	Entire project	Emissivity study	N/A	
		Framework and targeting study	N/A	
	Fire Dragon	Cround MI TM curvou	200 m spaced traverses	
	Silver Dragon	Ground MLEM survey	200 m spaced traverses	
2016	Fire Dragon	RC drilling	2 holes for 504 m	
		DHEM survey	All holes	
		Wireline downhole probe	One DD hole probed only	
		RC drilling	1 hole for 286 m	
	Silver Dragon	DHEM survey	All holes	
		Wireline downhole probe	All holes	
	Silver Dragon	Auger drilling	742 holes, 100 m x 50 m grid	
	Fire Dragon	DD drilling	2 holes for 517.6 m	
2017	Black Dragon	RC drilling	3 holes for 208 m	
	D. d Durana	RC drilling	16 holes for 1,280 m	
	Red Dragon	DD drilling	2 holes for 398.3 m	
2018 to 2020	Entire project	Data review	N/A	

Key to abbreviations: DD drilling = diamond (core) drilling; DHEM survey = downhole electromagnetic survey; EM = electromagnetic; IP = induced polarisation; MLEM survey = moving loop electromagnetic survey; N/A = not applicable; RC drilling = reverse circulation drilling; SPECTREM = Fixed-wing airborne system collecting high resolution electromagnetic, magnetic and radiometric data concurrently (owned and operated by Spectrem Air Pty Ltd).

Source: Ventnor Resources Limited

Initial exploration by Ventnor Resources Limited focused on the Black Dragon gold prospect, previously discovered by AngloGold Ashanti Limited and its joint venture partner, Independence Group NL. Field work at Black Dragon commenced in early 2015 and involved geological mapping and rock chip sampling of a variety of locations and rock types. Ten of the 32 rock chip samples collected at Black Dragon returned anomalous gold assay values. Follow-up multi-element assays returned anomalous silver and tellurium associated with the anomalous gold values, indicating the presence of a gold-silver-tellurium system (Ventnor Resources Limited, 2015a, 2015b).

In August 2015, Ventnor Resources Limited commenced a drilling program at Black Dragon designed to test the surface anomalism identified earlier in the year. The program including 33 RC holes for 2,492 m with the holes drilled in multiple orientations as to gain a better understanding of the orientation of the mineralisation. Every drillhole metre was sampled and assayed for gold and silver, using a 25 g fire assay for gold and an aqua regia acid digest for silver. Several drillholes returned anomalous gold and silver values over intervals less than 10m downhole thickness at shallow depth.

In contrast to the historical drilling by AngloGold Ashanti Limited and Independence Group NL, the drilling by Ventnor Resources Limited returned results that:

• Were of higher tenor than indicated by the previous work



- Pointed towards a more complex geology comprising not only granitoid but also folded metasedimentary and metavolcanic rocks
- Suggested a possible east-west orientation of the mineralised trend (Ventnor Resources Limited, 2015c 2015d).

Work completed in late 2015, during 2016 and in early 2017 included geochemical and geophysical data reviews and targeting studies that led to ground MLEM surveys and RC and diamond drilling at Fire Dragon and Silver Dragon, two newly identified, high priority nickel-copper-cobalt targets. Fire Dragon was identified in a SPECTREM regional (500 m spaced flight line) airborne electromagnetic survey previously conducted by AngloGold Ashanti Limited and Independence Group NL (Figure 9). The Fire Dragon target covers three anomalous SPECTREM responses observed in the mid to later time electromagnetic decay channels. In addition, the southern part of the anomaly was found to be spatially coincident with highly anomalous cobalt and silver (in a historical bottom-of-hole assay from hole MDA345, a vertical, 62 m deep air-core hole previously drilled by AngloGold Ashanti Limited and Independence Group NL).

Silver Dragon, on the other hand, was generated from airborne magnetic and geochemical data (Figure 10). The target encompasses a large (ca. 2.8 km x 1.5 km), ovoid and potentially concentrically zoned magnetic body associated with nickel, copper, cobalt, and zinc anomalism returned from soil and auger sampling (Ventnor Resources Limited, 2016a, 2016b).

The Fire Dragon MLEM survey, which was carried out along 200 m-spaced east-west traverses and using a station spacing of 50 m, identified a highly conductive anomalous electromagnetic response across all survey lines and coincident with the SPECTREM anomalies. The MLEM response was modelled using large conductive model plates (1,000 S) with a dip of 20-30° towards the northeast (Figure 11 and Figure 12). The modelled conductor plates were subsequently tested by two drillholes (FRC001 and FRC002) that intersected a thin zone of strong pyrrhotite and minor chalcopyrite mineralisation associated with strong carbonate alteration at the same modelled conductor plate depth (ca. 200-220 m) and hosted within a mafic gneiss host rock (Ventnor Resources Limited, 2016a, 2016b). More specifically, "the RC drilling intersected a pervasively sulphidic, predominantly pyrrhotite, mafic rock, with discrete zones of semi-massive to massive sulphides". Assay results have been received that confirm these zones are associated with peak copper, nickel and cobalt values and are anomalous, when compared to the background values in the rest of the holes, by an order of magnitude. Several chips from FRC001 were sent to A&A Crawford Geological Consultants in Tasmania, to determine the nature of the host rock and the origin of the sulphides. This analysis determined that, in one sample, the host rock was "unambiguously a medium grained, mafic granulite likely derived from a gabbro or gabbronorite protolith". It has been well documented that the protolith of the magmatic intrusive body that gave rise to the Nova-Bollinger magmatic nickel copper deposit was a gabbronorite" (Ventnor Resources Limited, 2017a).

Whilst initially believed to be a magmatic nickel-copper-cobalt target, subsequent investigations suggested the possible presence of a hydrothermal nickel-copper-cobalt system at Fire Dragon. As stated by Ventnor Resources Limited (2017b), "we are encouraged by results that have confirmed we are within a hydrothermal system which is highly prospective for base metals occurrences." Hydrothermal nickel-copper sulphides at the Neale prospect, ca. 25 km north-northeast of Biranup, could be similar in nature to those at Fire Dragon. The Neale prospect is hosted by sulphidic high-magnesium ultramafic rocks and associated with strong airborne and ground electromagnetic anomalies (WAMEX Report a104208).



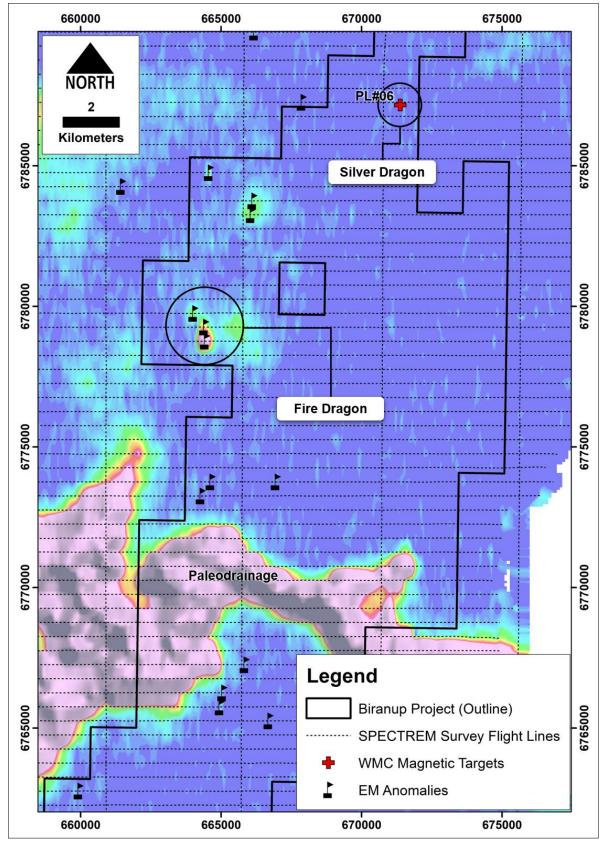


Figure 9: Map of anomalous SPECTREM conductor responses (i.e. SPECTREM targets)

Most of the anomalies identified at Biranup are untested and considered priority exploration targets. Also shown are magnetic targets identified in the late 1990s by WMC Resources Limited. Background image: Regional-scale SPECTREM airborne EM survey channel 8, dB/dt Z component, flown on 500m spaced flight lines. Source: NKL.



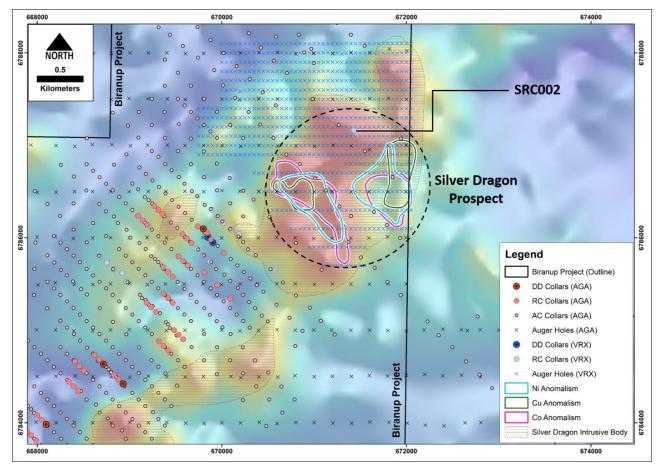


Figure 10: Silver Dragon nickel-copper-cobalt prospect

The prospect is coincident with an ovoid, 2.8 km-long and 1.5 km-wide magnetic feature, spatially overlapping nickel-, copper- and cobalt-in-soil and auger anomalism and an interpreted, internally zoned mafic-ultramafic intrusive body. Drillhole SRC002, which stopped short of target due to hard ground, intersected mafic-ultramafic rocks with disseminated pyrite and pyrrhotite. Background image: Total magnetic intensity reduced to pole. Source: NKL.

MLEM surveying at the Silver Dragon prospect was undertaken using regional 400 m spaced traverses and 100 m spaced stations. The MLEM survey was planned to identify potential conductive bedrock electromagnetic anomaly responses associated with the magnetic and geochemical anomalism. The mid-late time electromagnetic decay channels from each reading acquired at Silver Dragon were observed to be heavily affected by induced polarisation (IP) effects, due to the presence of near-surface polarisable material, mainly clays in the top 20 m. Therefore, a Slingram MLEM configuration was trialled to reduce the effects of this noise. This approach led to the identification of a very weak and subtle anomalous MLEM response in the Silver Dragon area along MLEM survey line L7 and adjacent to a geochemical anomaly. The anomaly was modelled and subsequently targeted by a single drillhole (SRC002: Figure 13). However, this drillhole stopped short of target due to hard ground but intersected mafic-ultramafic rocks, which contained pervasive pyrite and pyrrhotite (Ventnor Resources Limited, 2016a, 2016b; Stannard, 2017).

In April 2017, Ventnor Resources Limited embarked on a 2,200 m 26-hole RC and 640 m four-hole diamond drill program at Biranup, testing the Fire Dragon nickel-copper-cobalt prospect as well as the Black Dragon and Red Dragon gold prospects. In addition to this work, Ventnor Resources Limited completed a 20,000 line m auger and geochemical sampling program over the magnetic anomaly at the Silver Dragon nickel-copper-cobalt prospect (Ventnor Resources Limited, 2017c).



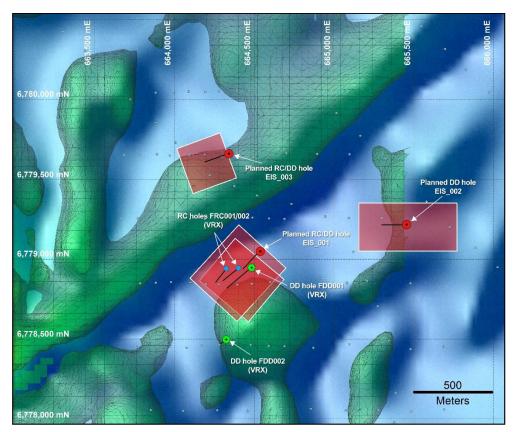


Figure 11: Fire Dragon nickel-copper-cobalt prospect

The conductor plates (red polygons) at Fire Dragon have received cursory testing by two RC holes (FRC001-002) and one DD hole (FDD001). Nearby conductors to the east and north remain untested. Background image magnetics (RTP) overlain by magnetics inversion model shown as a green wireframe. White points represent EM receiver station locations. Source: NKL

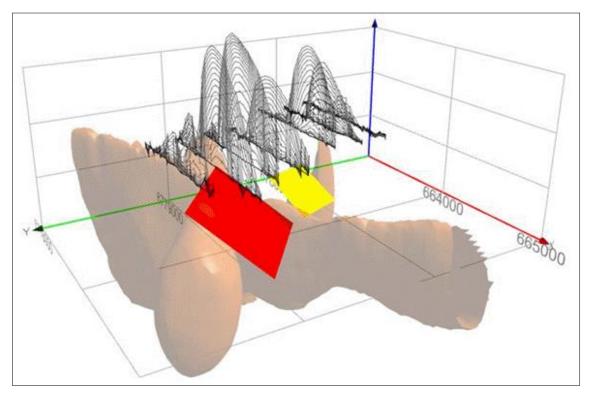


Figure 12: Three-dimensional view of modelled electromagnetic conductor plates at Fire Dragon

Magnetic inversion result shown as smoothed red bodies and MLEM profile responses with modelled source conductors as yellow and red plates (Ventnor Resources Limited, 2016c).



No significant results were obtained from Black Dragon.

Whilst the RC drilling at Red Dragon "did not directly vector in to targets for further drilling, [...] the geological information gained from [the] drill program has greatly increased the understanding of the host lithologies for gold mineralisation potential of the area. The two diamond holes did intersect significant, broad, gold mineralisation" (VRX Silica Limited, 2019).

In 2018, Ventnor Resources Limited's new commodity focus resulted in the company changing its name to VRX Silica Limited (VRX Silica Limited, 2018). Little work other than data reviews and geophysical data processing were undertaken at Biranup since mid-2017 given the company's acquisition of and focus on the Arrowsmith and Muchea silica sands deposit to the north of Perth, Western Australia (VRX Silica Limited, 2019).

## 5.2.4 Summary of Previous Drilling Coverage

NKL's Biranup Project has recorded a relatively short, gold-focused exploration history with no prior drilling completed in the area before 2003. Figure 13 shows the collar locations of the 2,803 holes drilled in the area by the Tropicana joint venture (i.e. AngloGold Ashanti Limited and Independence Group NL) and the 59 holes drilled by Ventnor Gold Limited drilled.

The bulk of the 2,862 holes completed at Biranup are air-core holes, accounting for 2,645 (or 92%) of the total number of holes drilled. The total downhole length of the air-core holes, all of which drilled by the Tropicana joint venture, is >100,000 m. The average hole depth is ca. 39.5 m whilst the median is 39.0 m. Hole spacings range from 100 m to 400 m whilst the spacings between the individual air-core fence lines ranges from 200 m (e.g. over the Red Dragon prospect) to >5,000 m in the underexplored south-eastern part of the Biranup tenement package. RC holes (n = 187 for >24,000 m) and diamond holes (n = 12 for >2,500 m) account for 199 (or 7%) of the total number of holes completed at Biranup. The median hole depth of the RC holes is ca. 128.5 m, whilst the average is 150 m. For the diamond holes, the median hole depth is ca. 201.5 m and the average is ca. 198.0 m.

The greatest concentration of drillholes at the Biranup Project is along the Black Dragon-Red Dragon trend, a ca. 12 km-long corridor defined by gold-in-soil- and gold-in-auger anomalism and several high-grade gold intercepts coincident with the western boundary of the Black Dragon Gneiss (Biranup Zone) that was thrust upon the adjacent Tropicana Gneiss (Tropicana Zone) along the regionally extensive Black Dragon shear zone. This trend received 1,358 or 47% of all holes ever drilled within the Project area, including 1,165 (or ca. 44% of all) air-core holes, 183 (or 98% of all) RC holes and 10 (or 83% of all) diamond holes.

The strongly clustered spatial distribution of the past drilling with a strong gold focus (Figure 13, above) leaves large tracts of the Biranup Project that are effectively yet to be explored outside the immediate Black Dragon-Red Dragon trend. Moreover, a detailed assessment of historical lithological logs by Darvall (2016) indicated that a large proportion of the previously drilled air-core holes are ineffective in that they had not penetrated the cover sequences and, therefore, not sampled the gold- and nickel-copper-cobalt-prospective basement.



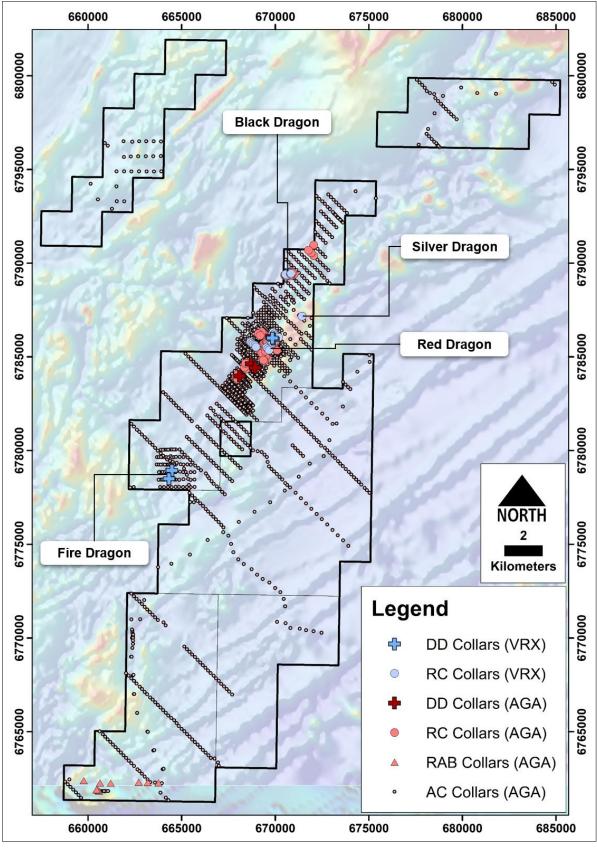


Figure 13: Map of the collar locations of all drillholes completed at NKL's Biranup Project.

AngloGold Ashanti Limited and Ventnor Resources Limited. Background image: Magnetic image (total magnetic intensity, reduced to pole). Source: NKL.



## 5.3 Summary and Discussion

The Biranup Project is an early-stage nickel-copper-cobalt and gold project. CSA Global is of the opinion that the Biranup Project offers good potential to host economic nickel-copper-cobalt and/or gold mineralisation.

NKL's initial key targets, based on past exploration work and given its battery metals focus, are Silver Dragon (Figure 10) and Fire Dragon (Figure 11). CSA Global is of the opinion that these prospects offer significant encouragement for exploration for magmatic nickel-copper-cobalt deposits, with immediate targets for drilling.

Silver Dragon is a high-priority nickel-copper-cobalt target. Silver Dragon is virtually untested by drilling. The Tropicana joint venture completed 25 vertical air-core drillholes in the broader Silver Dragon area, ranging in hole depth from 16 m to 42 m. Ventnor Resources Limited completed one RC hole (SCR002) for 286 m, targeting a weakly anomalous MLEM bedrock response. The lack of a strong electromagnetic conductor delineated to date is not viewed as a negative factor as it could be linked to masking effects of the clay-rich, conductive overburden (Stannard, 2017), potentially masking any bedrock signal. This hole stopped short of the target due to hard ground but intersected pyrite and pyrrhotite hosted within mafic-ultramafic units (Ventnor Resources Limited, 2016b). Whilst Silver Dragon presents a walk-up drill target, CSA Global recommends that the processing, filtering, and modelling of the existing geophysical data and further suitable ground geophysical surveys over the prospect area would help to better constrain drill targets and design drillholes.

A similar opportunity exists at Fire Dragon, where a past MLEM survey identified a highly conductive anomalous electromagnetic bedrock response. Subsequent drilling intersected a thin zone of semi-massive to massive pyrrhotite and minor chalcopyrite mineralisation associated with strong carbonate alteration hosted within a mafic gneiss host rock (Ventnor Resources Limited, 2016a, 2016b). The mineralisation intersected at Fire Dragon is open along strike and down plunge. An untested bedrock conductor known as Fire Dragon East remains untested. At Fire Dragon, the challenge is not only to locate thicker and potentially economic extensions to the thin sulphide zone intersected to date but also to better understand the style of mineralisation (i.e. whether the nickel-copper-cobalt mineralisation is magmatic, hydrothermal, or a structural modification of either) and the implications thereof. As with Silver Dragon, Fire Dragon presents a walk-up drill target. However, CSA Global recommends that the processing, filtering, and modelling of the existing geophysical data and further ground-based geophysical surveys over the prospect area would help to better constrain drill targets and design drillholes.

NKL also intends to follow up 16 anomalous SPECTREM conductor responses (Figure 9) at the Biranup Project that are considered high priority but are yet untested. These targets require geochemical and ground geophysical follow up, and geological mapping if outcrop is present. Whilst all anomalous SPECTREM conductor responses will be investigated, NKL advised that the highest priority will be given to an anomalous SPECTREM conductor response ca. 5 km to the north of the Fire Dragon target (Figure 9). This target is near and along strike from Fire Dragon and ranks highest after Fire Dragon according to a 2018 review of the SPECTREM data by consultants, Resource Potentials (Resource Potentials, 2018).

In addition to the nickel-copper-cobalt targets described above, the Biranup Project offers several compelling gold targets. Of particular interest is the Black Dragon-Red Dragon trend, where previous rock chip sampling returned anomalous results.

CSA Global is of the opinion that the effectiveness of the previous exploration programs was limited in that only 10 diamond holes were drilled along the approximately 12 km-long Black Dragon-Red Dragon trend. The relative scarcity of detailed lithological and structural information would have limited past explorers' understanding of the controls on the location of potentially economic gold mineralisation. The lack of success by previous explorers does not preclude potential. CSA Global recommends NKL obtain good quality structural and lithological information from orientated diamond core to better understand and determine the controls on mineralisation shoot location and geometry and the structural architecture of the rocks that host the gold mineralisation. CSA Global notes that targeting studies by both Geospy Pty Ltd (Holden, 2016)



and Epi Space Pty Limited (Darvall, 2016) identified several priority targets along the Black Dragon-Red Dragon trend (Figure 14).

In summary, CSA Global interprets that the Biranup tenements contain:

- At least two areas of sulphide-bearing mafic-ultramafic rocks at Silver Dragon and Fire Dragon that are anomalous with respect to nickel, copper, and cobalt.
- 35 km of potential gold-hosting structure and stratigraphy as defined by intermittent gold mineralisation, and the available geochemical, geophysical and drillhole information. Mineralisation is likely closely related to the regionally extensive Black Dragon shear zone.

# 5.4 Proposed Exploration Strategy

NKL has provided CSA Global with their proposed exploration program on the Biranup Project for the first two years of exploration. CSA Global is of the opinion that the proposed program represents a clear exploration strategy to further test the nickel-copper-cobalt and gold potential of the Biranup Project. Immediate targets to test include several nickel-copper-cobalt and gold prospects that have been confirmed as priority targets, in particular the Silver Dragon and Fire Dragon nickel-copper-cobalt prospects and the Black Dragon-Red Dragon gold trend.

At the Silver Dragon and Fire Dragon nickel-copper-cobalt prospects, within the first year of exploration NKL propose to:

- Commission a detailed geophysical data review and the processing, filtering, and modelling of the existing magnetic, gravity and electromagnetic data
- Undertake detailed ground geophysical surveys designed with the appropriate survey parameters to resolve opportunities at depth
- Infill and step-out drilling programs including appropriate sampling and assaying techniques on diamond drill core with multi-element assay data for mineralisation vectoring, that will commence as soon as practical after the IPO.

The latter will include a significant diamond drilling component aimed at verifying previous work and collecting lithological, structural and downhole geophysical information for better defining controls on the location of potentially economic nickel-copper-cobalt mineralisation. Accompanying petrographic studies will help to better characterise the nature of the nickel-copper-cobalt mineralisation, which in turn has important exploration implications.

During Year 1, NKL also propose to undertake further ground electromagnetic surveys over the most promising SPECTREM anomalies, in particular over the anomaly 5 km to the north of the Fire Dragon prospect and complete a detailed field and desktop review of the Black Dragon-Red Dragon gold trend.

Drilling will continue at Silver Dragon and Fire Dragon in Year 2 and will be accompanied by additional ground and potential downhole electromagnetic geophysical surveying. In addition, NKL will embark on several programs of drilling, including diamond core drilling, designed to test any significant geophysical anomalies identified in its follow up during Year 1 of the various SPECTREM anomalies, areas of interpreted nickel-copper-cobalt and gold prospective structures and lithologies not previously explored, and gold targets along the Black Dragon-Red Dragon trend.



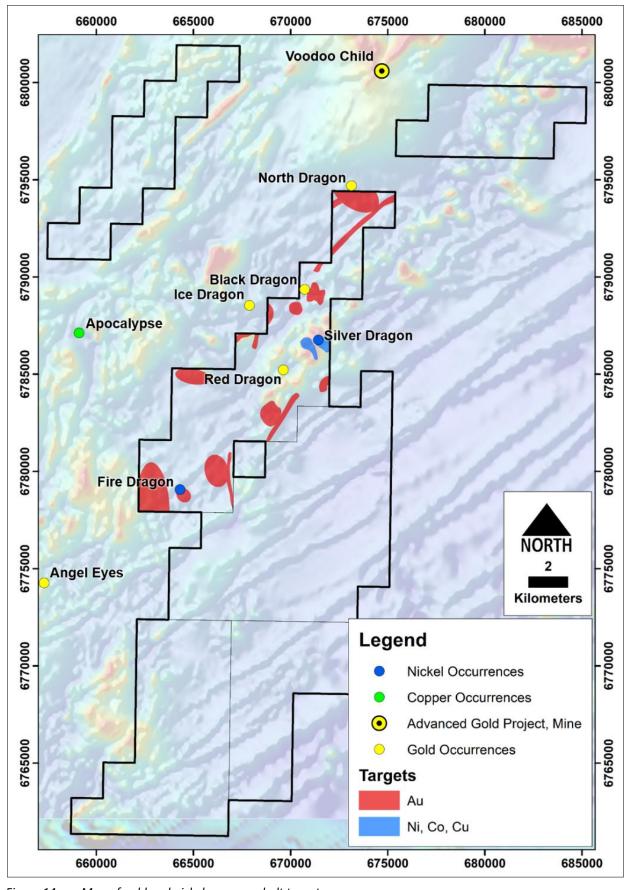


Figure 14: Map of gold and nickel-copper-cobalt targets

Targets generated by consultants Geospy Pty Limited and Epi Space Pty Limited. Source: NKL.



# 6 Ponton Project

#### 6.1 Local Geology

NKL's Ponton Project is located in the 1310–1280 Ma Fraser Zone of the eastern AFO, ca. 90 km north-northeast of the Nova-Bollinger nickel-copper-cobalt mine, 55 km north-northeast of the Silver Knight nickel-copper-cobalt deposit and 80 km southwest of the Mawson nickel-copper-cobalt discovery. The Crean nickel-copper-cobalt occurrence lies to the northeast of and is ca. 4 km along strike from NKL's Ponton Project (Figure 4).

The dominant unit in the Project area is the Snowys Dam Formation, a sequence of upper amphibolite to granulite facies pelitic, semipelitic to calcic, locally iron- and/or sulphide-rich metasedimentary rocks with abundant layers and sills of metagabbro of the 1305-1290 Ma Fraser Range Metamorphics (Figure 6). The Snowys Dam Formation is interpreted to have been deposited in a foreland basin during the final stages of formation of the Arid Basin (maximum depositional age of  $1332 \pm 21$  Ma), immediately prior to intrusion of the contemporaneous gabbroic and felsic rocks of the Fraser Range Metamorphics. The greater 200 km-long Symons Hill shear zone, a north-northeast striking and east-southeast dipping oblique-slip thrust fault that is spatially associated with the Nova Bollinger and Silber Knight nickel-copper-cobalt deposits, is less than 3 km from the north-western Ponton Project tenement boundary (cf. Maier et al., 2016).

Outcrop is scarce within the Ponton Project area. However, the regolith is characterised by residual and relict units. Hence, regolith geochemistry may be reflective of the geochemical composition of the bedrock.

#### 6.2 Exploration History

Several companies are recorded as having held tenure over the whole area, or portions, of NKL's Ponton Project between 1970 and 2020, including:

- Newmont Australia Pty Ltd (WAMEX Report a2415)
- Consolidated Goldfields of Australia Limited (WAMEX Report a4354)
- CRA Exploration Pty Ltd (WAMEX Reports a9636, a9637, a36055)
- BHP Minerals Pty Ltd (WAMEX Report a31702)
- Mark Creasy (WAMEX Report a52063)
- Geographe Resources Limited (WAMEX Report a56439)
- Homestake Gold of Australia Limited (WAMEX Report a59482)
- Ponton Minerals Pty Ltd (WAMEX Reports a80635, a96130, a99964)
- Bolgart Rise Pty Ltd (WAMEX Reports a98806, a98807, a103031)
- Windward Resources Limited (WAMEX Reports a104119, a107069)
- Great Southern Nickel Pty Ltd (WAMEX Report a117253)
- FSZ Resources Pty Ltd (WAMEX Report a117870)
- Independence Group NL/IGO Limited (WAMEX Reports a115413, a119714 and a123531).

However, NKL did not find any evidence in the WAMEX data repository of the Western Australian DMIRS of any prior exploration having been conducted within Primary Block No. 2782 Graticules n, o and s. There are no records of any prior drilling.

#### 6.3 Summary and Discussion

The Ponton Project is an early-stage nickel-copper-cobalt project. The project is within the same prospective strata as the surrounding known nickel-copper-cobalt deposits and recent discoveries within the Fraser Zone, with no previous exploration. CSA Global is of the opinion that the Ponton Project has good prospectivity for nickel-copper-cobalt deposits.



# 6.4 Proposed Exploration Strategy

As the Ponton Project is an exploration licence application, with the inherent uncertainty associated with the granting timetable for such tenure, NKL has not allocated a budget for exploration of the project within the first year of exploration. CSA Global would recommend that should the tenement be granted within the first two years of exploration, NKL:

- Review any existing geophysical data for potential buried mafic-ultramafic complexes.
- Conduct suitably spaced soil geochemical surveys with corresponding multi-element geochemical assays.
- Plan surface geophysical surveys, particularly electromagnetic, over any potential targets identified from the geophysical review and geochemical surveys.



# 7 Risks

A key risk, common to all exploration companies, is that expected mineralisation may not be present or that it may be too small to warrant commercial exploitation. The interpretations and conclusions reached in this report are based on current scientific understanding and the best evidence available at the time of writing. CSA Global makes no guarantee of certainty as to the presence of economic mineralisation of any commodity within NKL's project areas.

The Projects comprise a range of stages of advancement from early exploration through to advanced prospect. Risk is reduced at each stage. Exploration is an intrinsically risky process, particularly at an early stage.

The Biranup Project area falls within a native title claim by the Nangaanya-ku Native Title Claim Group. The Ponton Project area falls within the Ngadju Native Title determination area. NKL will need to negotiate and sign Deeds of Agreement with the traditional owners and Native Title claimants in order to carry out onground exploration activities. Further heritage surveys will be required by NKL in areas where on-ground exploration has not occurred, which is the entirety of the project area at Ponton.

The Ponton Project comprises a single exploration licence application. There is an inherent risk in all such exploration licence applications that the tenure may not be granted by the Government. CSA Global is not aware of any circumstances that would preclude the granting of the exploration licence tenure to NKL in due course.



# 8 Proposed Exploration Budget Summary

NKL provided CSA Global with a copy of their planned expenditure for the Biranup Project for an initial two-year period following listing on the ASX (Table 5).

CSA Global understands the budget in Table 5 will be scaled proportionally based on any oversubscription funds raised.

All costs included are in Australian dollars (A\$).

Table 5: Proposed exploration expenditure summary by activity

Durations.		A\$5.0 M Raising		A\$7.0 M Raising	
Project	Program	Year 1 (A\$)	Year 2 (A\$)	Year 1 (A\$)	Year 2 (A\$)
	Drilling	700,000	1,000,000	1,250,000	1,250,000
	Geophysics	150,000	400,000	350,000	450,000
Dimanum	Geochemistry	80,000	150,000	150,000	200,000
Biranup	Field support	40,000	60,000	65,000	75,000
	Land access and environment	15,000	20,000	30,000	20,000
	Wages and contractors	80,000	90,000	115,000	100,000
Biranup Total		1,065,000	1,720,000	1,960,000	2,095,000
Ponton	Drilling	0	150,000	0	175,000
	Geophysics	0	100,000	0	175,000
	Geochemistry	0	50,000	0	90,000
	Field support	0	40,000	0	60,000
	Land access and environment	0	50,000	0	50,000
	Wages and contractors	0	45,000	0	55,000
Ponton Total		0	435,000	0	605,000
GRAND TO	TAL	1,065,000	2,155,000	1,960,000	2,700,000

<sup>\*</sup>Drilling costs are calculated as all-in costs that include cost items such as sampling and assaying.

The proposed budget is considered consistent with the exploration potential of NKL's Projects and is considered adequate to cover the costs of the proposed program. The budgeted expenditure is also considered sufficient to meet the minimum statutory expenditure on the tenements.

The mineral properties held by NKL are considered to be "exploration projects" that are intrinsically speculative in nature. The Biranup Project is at the "advanced exploration" stage, while the Ponton Project is at the "grassroots exploration" stage. CSA Global considers, however, that the Projects have sound technical merit and to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of their economic potential, consistent with the proposed programs.

At least half of the liquid assets held, or funds proposed to be raised by NKL, are understood to be committed to the exploration, development, and administration of the mineral properties, satisfying the requirements of ASX Listing Rules 1.3.2(b) and 1.3.3(b). CSA Global also understands that NKL has sufficient working capital; to carry out its stated objectives, satisfying the requirements of ASX Listing Rule 1.3.3(a).

NKL has prepared staged exploration and evaluation programs, specific to the potential of the Projects, which are consistent with the budget allocations, and warranted by the exploration potential of the Projects. CSA Global considers that the relevant areas have sufficient technical merit to justify the proposed programs and associated expenditure, satisfying the requirements of ASX Listing Rule 1.3.3(a).

<sup>\*</sup>Geology costs include cost items such as generative and targeting studies and geological mapping and interpretations.



# 9 References

- Aitken, A.R.A., Occhipinti, S.A., Lindsay, M.D., Joly, A., Howard, H.M., Johnson, S.P., Hollis, J.A., Spaggiari, C.V., Tyler, I.M., McCuaig, T.C., and Dentith, M.C., 2018. The tectonics and mineral systems of Proterozoic Western Australia: Relationships with supercontinents and global secular change. Geoscience Frontiers, 9(2), 295-316.
- Bennett, M., Gollan, M., Staubmann, M., and Bartlett, J., 2014. Motive, means, and opportunity: Key factors in the discovery of the Nova-Bollinger magmatic nickel-copper sulfide deposits in Western Australia. Society of Economic Geologists, Special Publication, 18, 301-320.
- Blenkinsop, T.G., and Doyle, M.G., 2014. Structural controls on gold mineralization on the margin of the Yilgarn craton, Albany–Fraser orogen: The Tropicana deposit, Western Australia. Journal of Structural Geology, 67, 189-204.
- Clark, C., Kirkland, C.L., Spaggiari, C.V., Oorschot, C.W., Wingate, M.T.D., and Taylor, B., 2014. Proterozoic granulite formation driven by mafic magmatism: An example from the Fraser Range Metamorphics, Western Australia. Precambrian Research, 240, 1-21.
- Clark, D.J., Hensen, B.J., and Kinny, P.D., 2000. Geochronological constraints for a two-stage history of the Albany–Fraser Orogen, Western Australia. Precambrian Research, 102(3-4), 155-183.
- Crawford, A.J., and Doyle, M.G., 2016. Granulite-Hosted Gold: Tectonic Setting and lithogeochemistry of the Tropicana Deposit, Western Australia. Economic Geology, 111(2), 395-420.
- Darvall, P., Black Dragon targeting report. Epi Space Pty Limited, Confidential Report to Ventnor Resources Limited, 19 p.
- Doyle, M., 2014. Tropicana—An integrated approach to understanding granulite-hosted gold. Available from: https://www.dmp.wa.gov.au/Documents/Geological-Survey/GSWA-AFO-Doyle-presentations-0006.pdf (last accessed: 09 October 2020).
- Doyle, M.G., Fletcher, I.R., Foster, J., Large, R.R., Mathur, R., McNaughton, N.J., Meffre, S., Muhling, J.R., Phillips, D., and Rasmussen, B., 2015. Geochronological constraints on the Tropicana gold deposit and Albany-Fraser orogen, Western Australia. Economic Geology, 110(2), 355-386.
- Hetherington, P., and Murphy, M.P., 2019. Nova-Bollinger deposit—Mineral resource estimation process. Kambalda Symposium 2019 Presentation, Kambalda, October 2019. Available from: https://www.igo.com.au/site/PDF/8b65f5f3-163c-4e7d-81d7-3e89ae39d91a/KambaldaSymposiumNova UndergroundMappingbyGlennBoyceProjectMineGeologist (last accessed: 09 October 2020).
- Holden, D., 2016. A review of the Black Dragon project area for Ventnor Resources. GeoSpy Pty Limited, Confidential Report to Ventnor Resources Limited, 46 p.
- Independence Group NL, 2012. Quarterly activities report 1 January to 31 March 2012. ASX Announcement, 30 April 2012. Available from: https://www.asx.com.au/asxpdf/20120501/pdf/425zfjp5nl06vx.pdf (last accessed: 12 October 2020).
- Joint Ore Reserves Committee, 2012. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. [online]. Available from <a href="http://www.jorc.org">http://www.jorc.org</a> (The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Minerals Council of Australia).
- Kirkland, C.L., Spaggiari, C.V., Pawley, M.J., Wingate, M.T.D., Smithies, R.H., Howard, H.M., Tyler, I.M., Belousova, E.A., and Poujol, M., 2011. On the edge: U-Pb, Lu-Hf, and Sm-Nd data suggests reworking of the Yilgarn craton margin during formation of the Albany-Fraser Orogen. Precambrian Research, 187(3-4), 223-247.
- Kirkland, C.L., Spaggiari, C.V., Smithies, R.H., Wingate, M.T.D., Sweetapple, M.T., Watkins, R., Tessalina, S., and Creaser, R., 2015. Temporal constraints on magmatism, granulite-facies metamorphism, and gold mineralization of the Hercules Gneiss, Tropicana Zone, Albany-Fraser Orogen. Geological Survey of Western Australia, Record, 2015/5, 33 p.
- Legend Mining Limited, 2020a. June 2020 quarterly report. ASX Announcement, 10 July 2020. Available from: https://asx.api.markitdigital.com/asx-research/1.0/file/2924-02253675-6A985882 (last accessed: 12 October 2020).
- Legend Mining Limited, 2020b. 2019 annual report. ASX Announcement, 18 March 2020. Available from: http://legendmining.com.au/wp/wp-content/uploads/2020/03/Annual-Report-2019.pdf (last accessed: 13 October 2020).



- Legend Mining Limited, 2020c. Assays strengthen potential of Rockford South prospects. ASX Announcement, 01 May 2020. Available from: https://www.asx.com.au/asxpdf/20190501/pdf/444qw55s5zwdgd.pdf (last accessed: 19 October 2020).
- Legend Mining Limited, 2020d. Regional geophysical exploration update, Rockford project. ASX Announcement, 22 May 2020. Available from: https://wcsecure.weblink.com.au/pdf/LEG/02237539.pdf (last accessed: 19 October 2020).
- Less, T., 2013. Newly recognised Paleoproterozoic gold-silver mineralisation in the Albany-Fraser orogeny. In: Chang, Z., Goldfarb, R., Blenkinsop, T., Palczek, C., Cooke, D., Camuti, K., Carranza, J. (eds.), FUTORES Conference: Future Understanding of Tectonics, Ores, Resources, Environment and Sustainability, James Cook University, Townsville, Australia 2-5 June 2013, Economic Geology Research Unit Contribution, 68, 31.
- Maier, W.D., Smithies, R.H., Spaggiari, C.V., Barnes, S.J., Kirkland, C.L., Yang, S., Lahaye, Y., Kiddie, O., and MacRae, C., 2016. Petrogenesis and Ni-Cu sulphide potential of mafic-ultramafic rocks in the Mesoproterozoic Fraser Zone within the Albany-Fraser Orogen, Western Australia. Precambrian Research, 281, 27-46.
- McKinnon, S., 2018. I'll die with boots on: WA prospector king Mark Creasy gets ready to trim empire. The West Australian, Saturday, 27 October 2018. Available from: https://thewest.com.au/business/mining/ill-die-with-boots-on-wa-prospector-king-mark-creasy-gets-ready-to-trim-empire-ng-b881003057z (last accessed: 09 October 2020).
- Medallion Metals Limited, 2020. Mineral resource estimate for the Trilogy deposit, Jerdacuttup project. Available from: https://medallionmetals.com.au/resources-reserves (last accessed: 12 October 2020).
- Nelson, D.R., Myers, J.S., and Nutman, A.P., 1995. Chronology and evolution of the Middle Proterozoic Albany-Fraser Orogen, Western Australia. Australian Journal of Earth Sciences, 42(5), 481-495.
- Occhipinti, S. A., Doyle, M.G., Spaggiari, C.V., Korsch, R J., Cant, G., Martin, K., Kirkland, C.L., Savage, J., Less, T., Bergin, L., and Fox, L.J., 2014. Interpretation of the deep seismic reflection line 12GA-T1: Northeastern Albany-Fraser Orogen. In: Spaggiari, C.V., Tyler, I.M. (eds.), Albany-Fraser Orogen seismic and magnetotelluric (MT) workshop 2014: Extended abstracts. Geological Survey of Western Australia, Record, 2014/6, 52-68.
- Occhipinti, S.A., Tyler, I.M., Spaggiari, C.V., Korsch, R.J., Kirkland, C.L., Smithies, R.H., Martin, K., and Wingate, M.T.D., 2018. Tropicana translated: A foreland thrust system imbricate fan setting for c. 2520 Ma orogenic gold mineralization at the northern margin of the Albany–Fraser Orogen, Western Australia. Geological Society, London, Special Publications, 453(1), 225-245.
- Polito, P., Crawford, A., Worthington, T., Whitford, M., and Sheppard, S., 2019. The Andromeda Zn-Cu prospect in the Albany-Fraser Orogenic belt: A HT SQUID discovery. Second Australasian Exploration Geoscience (ASEG) Conference: Data to Discovery, Perth, September 2019. Available from: https://www.igo.com.au/site/PDF/f0bd89a9-ff92-436d-9b6f-cd6916a8198f/TheAndromedaZnCuprospectintheAlbanyFraserOrogenicbeltAHTSQUID discoverybyPaulPolitoExplorationProjectManager (last accessed: 12 October 2020).
- Resource Potentials, 2018. Biranup project SPECTREM targeting. Unpublished Report to Ventnor Resources Limited, 10/08/2018, 8 p.
- Smithies, R.H., Spaggiari, C.V., Kirkland, C.L., Howard, H.M., and Maier, W.D., 2013. Petrogenesis of gabbros of the Mesoproterozoic Fraser Zone: Constraints on the tectonic evolution of the Albany-Fraser Orogen. Geological Survey of Western Australia, Record, 2013/5, 29 p.
- Smithies, R.H., Spaggiari, C.V., Kirkland, C.L., and Maier, W.D., 2014. Geochemistry and petrogenesis of igneous rocks in the Albany-Fraser Orogen. In: Spaggiari, C.V., Tyler, I.M. (eds.), Albany-Fraser Orogen seismic and magnetotelluric (MT) workshop 2014: Extended abstracts. Geological Survey of Western Australia, Record, 2014/6, 77-88.
- Spaggiari, C.V., de Gromard, R.Q., 2020. East Albany-Fraser Orogen GIS. Geological Survey of Western Australia, Geological Information Series, USB Flash Drive, ISSN 1834-2337.
- Spaggiari, C.V., Kirkland, C.L., Pawley, M.J., Smithies, R.H., Wingate, M.T.D., Doyle, M.G., Blenkinsop, T.G., Clark, C., Oorschot, C.W., Fox, L.J., and Savage, J., 2011. The geology of the east Albany-Fraser Orogen—a field guide: Geological Survey of Western Australia, Record, 2011/23, 97 p.
- Spaggiari, C.V., Kirkland, C.L., Smithies, R.H., and Wingate, M.T.D., 2014. Tectonic links between sedimentary cycles, basin formation and magmatism in the Albany-Fraser Orogen, Western Australia. Geological Survey of Western Australia Report, Report, 133, 63 p.
- Spaggiari, C.V., and Occhipinti, S.A., 2015. Interpreted pre-Mesozoic bedrock geology of the Albany-Fraser Orogen and southeast Yilgarn Craton including seismic line 12GA-T1 (1:250 000). In: Spaggiari, C.V., Tyler I.M. (eds.), Albany-Fraser Orogen seismic and magnetotelluric (MT) workshop 2014: Extended abstracts. Geological Survey of Western Australia, Record, 2014/6, Plate 1.



- Spaggiari, C.V., and Tyler I.M., 2014. Albany-Fraser Orogen seismic and magnetotelluric (MT) workshop 2014: Extended abstracts. Geological Survey of Western Australia, Record 2014/6, 182 p.
- Standing, J., 2019. Structural setting and controls on Ni-Cu sulphide mineralisation at Nova-Bollinger, Fraser Zone, WA. Second Australasian Exploration Geoscience (ASEG) Conference: Data to Discovery, Perth, September 2019. ASEG Extended Abstracts, 2019(1), 1-3.
- Stannard, D., 2017. MLEM survey summary report. Resource Potentials Pty Limited, Confidential Report to Ventnor Resources Limited, 6 p.
- VALMIN, 2015, Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code), 2015 edition. [online]. Available from <a href="http://www.valmin.org">http://www.valmin.org</a> (The VALMIN Committee of The Australasian Institute of Mining and Metallurgy, and The Australian Institute of Geoscientists).
- Ventnor Resources Limited, 2015a. High grade rock chip assays from Black Dragon gold project. ASX Announcement, 28 April 2015. Available from: https://clients3.weblink.com.au/pdf/VRX/01619432.pdf (last accessed: 16 October 2020).
- Ventnor Resources Limited, 2015b. Potential epithermal gold system at Black Dragon. ASX Announcement, 28 May 2015. Available from: https://clients3.weblink.com.au/pdf/VRX/01628952.pdf (last accessed: 16 October 2020).
- Ventnor Resources Limited, 2015c. Drill results from Black Dragon. ASX Announcement, 17 September 2015. Available from: https://clients3.weblink.com.au/pdf/VRX/01662560.pdf (last accessed: 16 October 2020).
- Ventnor Resources Limited, 2015d. Black Dragon exploration update. ASX Announcement, 16 November 2015. Available from: https://clients3.weblink.com.au/pdf/VRX/01685261.pdf (last accessed: 16 October 2020).
- Ventnor Resources Limited, 2016a. Ventnor commences ground EM survey at Biranup project. ASX Announcement, 13 October 2016. Available from: https://clients3.weblink.com.au/pdf/VRX/01789035.pdf (last accessed: 16 October 2020).
- Ventnor Resources Limited, 2016b. Ventnor completes initial RC program on copper-nickel anomalies. ASX Announcement, 06 December 2016. Available from: https://clients3.weblink.com.au/pdf/VRX/01810316.pdf (last accessed: 16 October 2020).
- Ventnor Resources Limited, 2016c. Ventnor commences follow up drilling at Biranup project. ASX Announcement, 08 November 2016. Available from: https://www.asx.com.au/asxpdf/20161108/pdf/43cqtkv9txnsgt.pdf (last accessed: 20 October 2020).
- Ventnor Resources Limited, 2016d. Quarterly activities report. ASX Announcement, 31 October 2016. Available from: https://www.asx.com.au/asxpdf/20161031/pdf/43cgp448w5635y.pdf (last accessed: 20 October 2020).
- Ventnor Resources Limited, 2017a. Biranup diamond drilling program testing copper-nickel anomalies. ASX Announcement, 17 January 2017. Available from: https://clients3.weblink.com.au/pdf/VRX/01820360.pdf (last accessed: 16 October 2020).
- Ventnor Resources Limited, 2017b. Drilling results and planned diamond drilling. ASX Announcement, 13 April 2017. Available from: https://clients3.weblink.com.au/pdf/VRX/01847882.pdf (last accessed: 16 October 2020).
- Ventnor Resources Limited, 2017c. Drilling commenced at Biranup. ASX Announcement, 26 April 2017. Available from: https://clients3.weblink.com.au/pdf/VRX/01850363.pdf (last accessed: 16 October 2020).
- VRX Silica Limited, 2018. Change of company name VRX Silica Ltd. ASX Announcement, 06 December 2018. Available from: https://clients3.weblink.com.au/pdf/VRX/02057193.pdf (last accessed: 09 October 2020).
- VRX Silica Limited, 2019. Annual Report for the Period 31 March 2018 to 30 March 2019, C152/2017 "Biranup". Unpublished Report, 19 p.
- VRX Silica Limited, 2020. Sale of Biranup nickel and gold project to Nickel X Ltd IPO. ASX Announcement, 01 July 2020. Available from: https://www.asx.com.au/asxpdf/20200701/pdf/44k47qm9vk29nd.pdf (last accessed: 09 October 2020).
- Zenith Minerals Limited, 2019. Fraser Range exploration licence result of ballot. ASX Announcement, 04 December 2019. Available from: https://www.asx.com.au/asxpdf/20191204/pdf/44c8g72sy069gm.pdf (last accessed: 09 October 2020).
- Zenith Minerals Limited, 2020. Conditional sale of Fraser Range nickel tenement. ASX Announcement, 04 December 2019. Available from: https://www.asx.com.au/asxpdf/20200630/pdf/44k399wg3rbf1v.pdf (last accessed: 09 October 2020).



#### 9.1 WAMEX References

#### 9.1.1 Biranup Project

WAMEX Report a100724, AngloGold Ashanti Australia Limited, Tropicana West Project, Partial Surrender Report, 2013

WAMEX Report a101997, AngloGold Ashanti Australia Limited, Tropicana West Project, Annual Report, 2014

WAMEX Report a103657, AngloGold Ashanti Australia Limited, Tropicana Project, Final Surrender Report, 2014

WAMEX Report a103658, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Partial Surrender Report, 2014

WAMEX Report a103713, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Annual Report, 2014

WAMEX Report a104208, Beadell Resources Limited, Tropicana East - Neale - Pleiades - Tucanae - Black Dragon Project, Annual Report, 2014

WAMEX Report a105674, AngloGold Ashanti Australia Limited, Tropicana West Project, Co-Funded Drilling Report, 2015

WAMEX Report a105798, AngloGold Ashanti Australia Limited, Tropicana Project, Non-statutory Report, 2010

WAMEX Report a106230, Sulphide Resources Pty Ltd, Tropicana West Project, Partial Surrender Report, 2015

WAMEX Report a106369, Sulphide Resources Pty Ltd, Tropicana West Project, Annual Report, 2015

WAMEX Report a107182, AngloGold Ashanti Australia Limited, Tropicana Project, Partial Surrender Report, 2015

WAMEX Report a107514, Beadell Resources Limited, Black Dragon Project, Final Surrender Report, 2015

WAMEX Report a107622, Beadell Resources Limited, Tropicana East - Neale - Pleiades - Black Dragon Project, Annual Report, 2015

WAMEX Report a110403, Sulphide Resources Pty Ltd, Tropicana West Project, Final Surrender Report, 2016

WAMEX Report a115748, AngloGold Ashanti Australia Limited, Tropicana Project, Final Surrender Report, 2017

WAMEX Report a116098, AngloGold Ashanti Australia Limited & Independence Group NL, Tropicana Project, Partial Surrender Report, 2018

WAMEX Report a11786, BHP Minerals Pty Ltd, Minigwal Central Project, Final Surrender Report, 1982

WAMEX Report a12196, BHP Minerals Pty Ltd, Minigwal Central Project, Final Surrender Report, 1983

WAMEX Report a22378, Austmin Gold NL, Mount Margaret Project, Non-statutory Report, 1987

WAMEX Report a27006, Austmin Gold Mines Pty Ltd, Jupiter Project, Annual Report, 1988

WAMEX Report a31536, Pancontinental Mining Limited, Mount Celia Project, Annual Report, 1990

WAMEX Report a37028, Mining Corp Exploration NL, Plumridge Project, Non-statutory Report, 1971

WAMEX Report a50820, WMC Resources Limited, Pleiades Lakes Project, Annual Report, 1997

WAMEX Report a53953, WMC Resources Limited, Pleiades Lakes Project, Annual Report, 1998

WAMEX Report a55133, WMC Resources Limited, Pleiades Lakes Project, Final Surrender Report, 1999

WAMEX Report a56210, WMC Resources Limited, Pleiades Lakes Project, Final Surrender Report, 1999

WAMEX Report a67756, AngloGold Australia Limited, Tropicana East Project, Annual Report, 2003

WAMEX Report a69410, AngloGold Ashanti Australia Limited, Tropicana East Project, Annual Report, 2004

WAMEX Report a69885, Independence Group NL, Tropicana West Group Project, Annual Report, 2004

WAMEX Report a70439, AngloGold Ashanti Australia Limited, Tropicana JV Project, Final Surrender Report, 2005

WAMEX Report a71262, AngloGold Ashanti Australia Limited, Tropicana Project, Annual Report, 2005

WAMEX Report a71639, AngloGold Ashanti Australia Limited, Tropicana West Project, Annual Report, 2005

WAMEX Report a73514, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Annual Report, 2006

WAMEX Report a74108, AngloGold Ashanti Australia Limited, Tropicana West Project, Annual Report, 2006

WAMEX Report a76224, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Annual Report, 2007



WAMEX Report a76855, AngloGold Ashanti Australia Limited, Tropicana West Project, Annual Report, 2007 WAMEX Report a79742, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Annual Report, 2008 WAMEX Report a80583, AngloGold Ashanti Australia Limited, Tropicana West Group Project, Annual Report, 2008 WAMEX Report a84617, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Annual Report, 2009 WAMEX Report a85421, AngloGold Australia Limited, Tropicana West Group Project, Annual Report, 2009 WAMEX Report a88094, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Annual Report, 2010 WAMEX Report a88889, AngloGold Ashanti Australia Limited, Tropicana West Group Project, Annual Report, 2010 WAMEX Report a91457, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Annual Report, 2011 WAMEX Report a92364, AngloGold Ashanti Australia Limited, Tropicana West Group Project, Annual Report, 2011 WAMEX Report a92477, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Final Surrender Report, 2011 WAMEX Report a93645, AngloGold Ashanti Australia Limited, Tropicana West Project, Annual Report, 2012 WAMEX Report a95280, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Annual Report, 2012 WAMEX Report a9660, Kennecott Exploration Australia Pty Ltd, Neale Junction Project, Non-statutory Report, 1980 WAMEX Report a97846, AngloGold Ashanti Australia Limited, Tropicana West Project, Annual Report, 2013 WAMEX Report a98123, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Partial Surrender Report, 2013 WAMEX Report a98508, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Final Surrender Report, 2013 WAMEX Report a99589, AngloGold Ashanti Australia Limited, Tropicana Group 1 Project, Annual Report, 2013

#### 9.1.2 Ponton Project

WAMEX Report a103031, Bolgart Rise Pty Ltd, Fraser Range Project, Annual Report, 2014 WAMEX Report a104119, Windward Resources Limited, Fraser Range North Project, Annual Report, 2014 WAMEX Report a107069, Windward Resources Limited, Fraser Range North Project, Co-Funded Drilling Report, 2015 WAMEX Report a115413, Independence Group NL, Buningonia Project, Partial Surrender Report, 2017 WAMEX Report a117253, Great Southern Nickel Pty Ltd, Fraser Range Project, Partial Surrender Report, 2018 WAMEX Report a117870, FSZ Resources Pty Ltd, E28/2064 Project, Partial Surrender Report, 2018 WAMEX Report a119714, Independence Group NL, Andromeda Project, Co-Funded Drilling Report, 2019 WAMEX Report a123531, IGO Limited, Woolly Project, Co-Funded Drilling Report, 2020 WAMEX Report a2415, Newmont Australia Pty Ltd, Fraser Range Project, Non-statutory Report, 1971 WAMEX Report a31702, BHP Minerals Pty Ltd, Ponton Project, Annual Report, 1990 WAMEX Report a36055, CRA Exploration Pty Ltd, Zanthus 1-29 Project, Final Surrender Report, 1982 WAMEX Report a4354, Consolidated Goldfields of Australia Limited, Eucla Basin Project, Non-statutory Report, 1973 WAMEX Report a52063, Mr Creasy, M.G., Ponton Creek Project, Final Surrender Report, 1997 WAMEX Report a56439, Geographe Resources Limited, Fraser Range Project, Annual Report, 1998 WAMEX Report a59482, Homestake Gold of Australia Limited, Fraser Range Project, Annual Report, 1999 WAMEX Report a80635, Ponton Minerals Pty Ltd, Ponton/Fraser Range Project, Final Surrender Report, 2009 WAMEX Report a96130, Ponton Minerals Pty Ltd, Fraser Range Project, Annual Report, 2012 WAMEX Report a9636, CRA Exploration Pty Ltd, Harris Lake Project, Non-statutory Report, 1980 WAMEX Report a9637, CRA Exploration Pty Ltd, Ponton Creek Project, Annual Report, 1981 WAMEX Report a98806, Bolgart Rise Pty Ltd, Fraser Range North Project, Annual Report, 2013 WAMEX Report a98807, Bolgart Rise Pty Ltd, Fraser Range South Project, Annual Report, 2013 WAMEX Report a99964, Ponton Minerals Pty Ltd, Fraser Range Project, Annual Report, 2013



# 10 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia (<a href="www.wikipedia.org">www.wikipedia.org</a>).

ESRI The Environmental Systems Research Institute (ESRI) is an international supplier of geographic

information system (GIS) software, web GIS and geodatabase management applications.

GDA94 Refers to the Geocentric Datum of Australia (GDA) 1994

(https://www.dmp.wa.gov.au/Minerals/Geocentric-Datum-of-Australia-8298.aspx)

Ma The abbreviation Ma stands for mega-annum with an implied meaning of millions of years before

the present.

Neoarchean Refers to the Neoarchean Era, a geological time interval within the Archean Eon. The Neoarchean

spans the period from 2,800 Ma to 2,500 Ma.

SedEx Refers to the class of sedimentary exhalative deposits

(https://pubs.usgs.gov/sir/2010/5070/n/sir20105070n.pdf)

SEEBASE SEEBASE™ is a structurally enhanced depth-to-basement model that defines the 3D geometry of

sub-surface basin systems.

VMS Refers to the class of volcanogenic massive sulphide deposits

(https://pubs.usgs.gov/sir/2010/5070/c/SIR10-5070-C.pdf)

WAMEX Refers to Western Australian Mineral Exploration Reports (WAMEX), an open-file data repository

administered by the Government of Western Australia through the Department of Mines,

Industry Regulations and Safety.



# 11 Abbreviations

° degrees

°C degrees Celsius
A\$ Australian dollars
AFO Albany-Fraser Orogen

Ag silver

AIG Australian Institute of Geoscientists

ASIC Australian Securities and Investments Commission

ASX Australian Securities Exchange

Au gold

AusIMM Australasian Institute of Mining and Metallurgy

BIF banded iron formation

ca. circa
Co cobalt

CSA Global CSA Global Pty Ltd

Cu copper

DMIRS Department of Mines, Industry Regulation and Safety

g/t grams per tonne IGO IGO Limited

IOCG iron-oxide copper-gold
IP induced polarisation
IPO initial public offering

ITAR Independent Technical Assessment Report

km kilometres

km2 square kilometres

m metres

MLEM moving-loop electromagnetic

mm millimetres

Moz millions of ounces
Mt millions of tonnes

Ni nickel Ni nickel

NKL Nickel X Limited

Pb lead

PGE platinum group element

ppb parts per billion
ppm parts per million
RAB rotary air blast
RC reverse circulation
SedEx sedimentary exhalative

t tonnes
Te tellurium

VMS volcanogenic massive sulphide

Zn zinc



# **Appendix A JORC Code Table 1 for Exploration Results**

The following tables are provided to ensure compliance with the JORC Code (2012 Edition) requirements for the reporting of the Exploration Results at the Biranup and Ponton Projects.

**Section 1: Sampling Techniques and Data** 

Criteria	JORC Code explanation	Commentary
Sampling techniques	Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.	All data presented herein are previous and Nickel X Limited (NKL) is undertaking a full validation of the nature and quality of the sampling undertaken.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	All data presented herein are previous and NKL is undertaking a full validation of the nature and quality of the sampling undertaken.
	Aspects of the determination of mineralisation that are Material to the Public Report.	All references to mineralisation are taken from reports and documents prepared by previous explorers and have been reviewed by NKL and considered to be fit for purpose.
	In cases where "industry standard" work has been done this would be relatively simple (e.g. "reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay"). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	All data presented herein are previous and NKL is undertaking a full validation of the nature and quality of the sampling completed.  NKL has, however, done sufficient verification of the sampling techniques, in the Competent Person's opinion, to provide sufficient confidence that sampling was performed to adequate industry standards and is fit for the purpose of planning exploration programs and generating targets for investigation.
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	Various drill types have been used previously including air-core (AC), rotary air blast (RAB), reverse circulation (RC) and diamond (DD). At this time, hole diameters and detailed information has not been compiled for all drilling.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	NKL is undertaking validation of the data to determine whether this information has been collected in full.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	NKL's review to date has indicated no material issues are apparent with drill sample recovery and the
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Competent Person is satisfied that the data it is fit for purpose.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	All holes have been geologically logged. NKL is undertaking verification of the quality and level of detail of the geological logging data.  NKL has done sufficient verification of the data, in the
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Competent Person's opinion to provide sufficient confidence that the logging was performed to
	The total length and percentage of the relevant intersections logged.	adequate industry standards and is fit for the purpose of planning exploration programs and generating targets for investigation.



Criteria	JORC Code explanation	Commentary
Subsampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	Details of sampling techniques are not readily available. NKL has no reason to believe that core has not been sawn and sampled according to industry standard (half core).
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Various sampling methods have been employed previously for non-core drilling, NKL is undertaking to verify the exact nature of this sampling.
	For all sample types, the nature, quality, and appropriateness of the sample preparation technique.	NKL has done sufficient verification of the data, in the Competent Person's opinion, to provide sufficient
	Quality control procedures adopted for all subsampling stages to maximise representivity of samples.	confidence that the sampling was performed to adequate industry standards and is fit for the purpose of planning exploration programs and generating
	Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/secondhalf sampling.	targets for investigation.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	NKL has done sufficient verification of the assay data, in the Competent Person's opinion, to provide sufficient confidence that the assaying was appropriate for the mineralisation present and is fit for the purpose of planning exploration programs and generating targets for investigation. NKL continues to fully verify the data.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	It is believed that geophysical surveys have been undertaken according to industry standards; however, this is yet to be validated. None of the previous reports that have been reviewed by NKL to date specified the use of any spectrometers or handheld XRF tools.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	NKL has done sufficient verification of the data, in the Competent Person's opinion to provide sufficient confidence that the quality control procedures were performed to adequate industry standards and is fit for the purpose of planning exploration programs and generating targets for investigation. NKL continues to fully verify the data.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	Significant intersections have been taken from previous databases and are assumed correct; however, NKL is undertaking the process of fully verifying the data.
	The use of twinned holes.	NKL is not aware of any twinned holes drilled by the previous explorers. Given the early-stage nature of the exploration prospects, NKL does currently not envisage duplicating any of the historical drillholes.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	NKL has done sufficient verification of the data, in the Competent Person's opinion, to provide sufficient confidence that sampling was performed to adequate industry standards and is fit for the purpose of planning exploration programs and generating targets for investigation.
	Discuss any adjustment to assay data.	No adjustments have been made to any of the assay data.



Criteria	JORC Code explanation	Commentary
Location of data points	Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	NKL has done sufficient verification of the data, in the Competent Person's opinion, to provide sufficient confidence in the accuracy and quality of survey data and that it is fit for the purpose of planning exploration programs and generating targets for investigation. NKL continues to fully verify the data. A Mineral Resource or Ore Reserve is not determined.
	Specification of the grid system used.	Several grid systems have been used previously, including AGD 1966 AMG Zone 51, AGD 1984 AMG Zone 51 and GDA 1994 MGA Zone 51. NKL uses the grid system GDA 1994 MGA Zone 51 although is in the process of converting to GDA 2020 MGA Zone 51.
	Quality and adequacy of topographic control.	The local topography in the project areas is relatively flat and nominal RLs or RLs taken from handheld GPS are assumed to have been used previously. NKL continues to fully verify the data and has not found any material issues to date.
Data spacing and distribution	Data spacing for reporting of Exploration Results.	Various data spacing has been used at various prospects by previous explorers. Examples of data spacing are provided in the Independent Technical Assessment Report.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Not applicable as no Mineral Resources or Ore Reserves have been determined.
	Whether sample compositing has been applied.	Not applicable as no Mineral Resources or Ore Reserves have been determined.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	The orientation of controlling structures has not been fully determined and a variety of drill orientations have been used previously. NKL's review so far has indicated no material issues exist to date.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Not applicable.
Sample security	The measures taken to ensure sample security.	Due to the historical nature of the data, this has not and may not be determinable. NKL believes that only few, if any, of the historical samples have been preserved.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	NKL has not performed any audits at this time.



# **Section 2: Reporting of Exploration Results**

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	The details and status of NKL's exploration licences and exploration licence applications is provided in Table 2 of the Independent Technical Assessment Report.  As stated in the Independent Technical Assessment Report, NKL's tenements cover unallocated crown land on the western edge of the sparsely populated Great Victoria Desert. No pastoral leases exist at either the Biranup Project or the Ponton Project. The same is true for any sensitive historical sites, wilderness or national park and environmental settings. The Biranup Project area falls within a native title claim by the Nangaanyaku Native Title Claim Group. The Ponton Project falls with the Ngadju Native Title Determination Area.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	NKL's granted tenements E38/3191, E38/3294, E39/1828, E39/2000, E39/2001 and E39/2003 are 100% owned by Ventnor Gold Pty Ltd, a wholly-owned subsidiary of VRX Silica Limited (ASX:VRX). As announced to the ASX by the latter (VRX Silica Limited, 2020), NKL has entered into a conditional agreement with VRX Silica Limited for the purchase of 100% of the issued share capital of Ventnor Gold Pty Ltd. The sale of the Biranup Project will take effect upon NKL receiving ASX conditional approval for listing of the Company's securities on the ASX. The tenements are in good standing and NKL is unaware of any impediments for exploration on these licences. In terms of tenement application E38/3533, Ventnor Gold Pty Ltd is the only applicant and NKL is unaware of any impediments that may negatively impact on the granting of these applications. Tenement application E28/2779 is in the name of Black Dragon Energy (AUS) Pty Ltd, a whollyowned subsidiary of Zenith Minerals Limited (ASX:ZNC). As announced to the ASX by the latter (Zenith Minerals Limited, 2019), Black Dragon Energy (AUS) Pty Ltd won a portion of E28/2779 in a contested ballot for nickel prospective ground within the Fraser Range in Western Australia. The Department of Mines, Industry Regulation and Safety has advised Zenith Minerals Limited that several competing exploration licence applications were resolved via ballot with Black Dragon Energy (AUS) Pty Ltd's exploration licence application E28/2779 awarded first priority to Primary Block No. 2782 Graticules n, o and s. The sale of E28/2779 to NKL is conditional on upon the successful listing via an initial public offering of NKL on the ASX (Zenith Minerals Limited, 2020).
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Previous exploration has been completed on NKL's projects by a variety of companies. Please refer to the Independent Technical Assessment Report for details and references to the previous work.



Criteria	JORC Code explanation	Commentary
Geology	Deposit type, geological setting and style of mineralisation.	NKL's Projects are located in the eastern Albany-Fraser Orogen, Western Australia, a poorly outcropping, ca. 1,200 km-long, arcuate, Neoarchean to Mesoproterozoic fold belt that developed along the southern and south-eastern margins of the Archean Yilgarn Craton and upon a Yilgarn-like Archean basement. The orogen records a long history of extensional tectonics (basins, magmatism) as well as thrust tectonics (long-lived structures) and is dominated by high-grade metamorphic (amphibolite to granulite facies) mafic and felsic gneisses and granite and mafic-ultramafic intrusive plutons and complexes. More detailed information is provided in the Independent Technical Assessment Report.  Mineralisation observed to date is considered similar in style to magmatic nickel-copper-cobalt systems such as Nova-Bollinger. However, a possible hydrothermal origin of at least one of the nickel-copper-cobalt systems cannot be ruled out given the sparse information at hand. Orogenic and possible intrusion-related gold systems have also been identified. Please refer to the Independent Technical Assessment Report for more detail.
Drill hole information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:  easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole downhole length and intersection depth hole length.	Summaries of significant previous drill intersections at NKL's prospects are provided in the Independent Technical Assessment Report.
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	Not applicable.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	All assays are based on previous databases, and upon review have been treated at face value. No validation or check assaying has been carried out by NKL.  Since these are exploration results, there has been no top cutting.
	Where aggregate intersections incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	High grade gold intervals are reported as included intervals. Short lengths of high-grade results use a nominal > 1 g/t Au cut-off, 1 m minimum reporting length and maximum length of 2 m internal waste.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable, as no metal equivalent values have been reported.
Relationship between mineralisation widths and intersection lengths	These relationships are particularly important in the reporting of Exploration Results.	Previous drilling has been undertaken on various drill orientations, and, thus, does not represent true width intersections. Future work by NKL will involve validation and reinterpretation of previous results and the drilling of additional holes to determine the orientation of mineralisation and thus true widths.



Criteria	JORC Code explanation	Commentary
	If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.	Not applicable, as the geometry of the mineralisation with respect to the drill angles has yet to be verified.
	If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. "downhole length, true width not known").	The statement "downhole length, true width not known" has been added to captions and footnotes of relevant tables and figures presented in the Independent Technical Assessment Report.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intersections should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.	Please refer to the Independent Technical Assessment Report for details.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All drill results are reported in the body of the report.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	All data presented herein are previous and NKL is yet to complete a full validation of the nature and quality of the previous work undertaken within its tenements. All material data encountered by NKL to date has been reported herein.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).	A two-year exploration work program has been planned and will include additional surface geochemical sampling, geophysical surveys and DD, RC, AC or RAB drilling.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Please refer to the body of the Independent Technical Assessment Report.



csaglobal.com





# ANNEXURE B - SOLICITOR'S REPORT ON TENEMENTS

4978-03/2584312\_7



Level 4, The Read Buildings 16 Milligan Street Perth WA 6000

GPO Box 2799 Perth WA 6001 Telephone: +61 8 9321 4000

Facsimile: +61 8 9321 4333 Web: www.steinpag.com.au

Perth | Melbourne

16 March 2021

Your Ref:

Our Ref: JHM:TCS:4978-03
Contact: Jonathan Murray

Jonathan Murray Partner

jmurray@steinpag.com.au

The Directors NickelX Limited Level 3 16 Milligan Street PERTH WA 6000

**Dear Sirs** 

#### **SOLICITOR'S REPORT ON TENEMENTS**

This Report is prepared for inclusion in a prospectus for the initial public offer of a minimum of 25,000,000 shares in the capital of NickelX Limited (ACN 631 513 696) (**Company**) at an issue price of 20 cents per share to raise a minimum of \$5,000,000. Oversubscriptions of a further 5,000,000 shares at an issue price of 20 cents per share to raise up to a further \$2,000,000 may be accepted (**Prospectus**).

#### 1. SCOPE

We have been requested to report on certain mining tenements in which the Company has an interest (the **Tenements**). The Tenements are located in Western Australia. Details of the Tenements are set out in Schedule 1 of this Report.

This Report is limited to the Searches (as defined and set out below).

#### 2. SEARCHES

For the purposes of this Report, we have conducted searches and made enquiries (**Searches**) in respect of all of the Tenements as follows:

(a) we have obtained mining tenement register searches of the Tenements from the registers maintained by the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS) (Tenement Searches). These searches were conducted on 18 January 2021 and 11 March 2021. Key details on the status of the Tenements and the conditions and endorsements attaching to them are set out in Schedule 1 of this Report;

- (b) we have obtained results of searches of the schedule of native title applications, register of native title claims, national native title register, register of indigenous land use agreements and national land use agreements as maintained by the National Native Title Tribunal (NNTT) for any native title claims (registered or unregistered), native title determinations and indigenous land use agreements (ILUAs) that overlap or apply to the Tenements. This material was obtained on 18 January 2021 and 11 March 2021. Details of any native title claims (registered or unregistered), native title determinations and ILUAs are set out in Section 7 and Schedule 2 of this Report;
- (c) we have obtained searches from the online Aboriginal Heritage Inquiry System maintained by the Department of Planning, Lands and Heritage (DPLH) for any Aboriginal sites registered on the Western Australian Register of Aboriginal sites over the Tenements (Heritage Searches). These searches were conducted on 18 January 2021 and 11 March 2021;
- (d) we have obtained quick appraisal user searches of 'Tengraph', which is maintained by the DMIRS to obtain details of features or interests affecting the Tenements (**Tengraph Searches**). These searches were conducted 18 January 2021 and 11 March 2021. Details of any material issues identified from the Tengraph Searches are set out in the notes to Schedule 1 of this Report; and
- (e) we have reviewed all material agreements relating to the Tenements provided to us or registered as dealings against the Tenements as at the date of the Tenement Searches.

#### 3. OPINION

As a result of our Searches, but subject to the assumptions and qualifications set out in this Report, we are of the view that, as at the date of the relevant Searches this Report provides an accurate statement as to:

- (a) the Company's interest in the Tenements;
- (b) the validity and good standing of the Tenements; and
- (c) third party interests, including encumbrances, in relation to the Tenements.

### 4. EXECUTIVE SUMMARY

Subject to the qualifications and assumptions in this Report, we consider the following to be material issues in relation to the Tenements:

## (a) Crown land

All land the subject of the Tenements overlaps Crown land. Further details are provided in Section 8 of this Report. The Mining Act imposes prohibitions on prospecting, exploration and mining activities and restrictions on access to certain parts of mining tenements that overlap Crown land without the prior agreement of the occupier which commonly involves the tenement holder paying compensation to the occupier of the Crown land. Although the Company will be able to undertake its proposed activities on those parts of the granted Tenements not covered by the prohibitions and pass over those parts of the Tenements to which the restrictions do not apply immediately

upon listing on ASX, the Company should consider entering into access and compensation agreements with the occupiers of the Crown land upon commencement of those activities in the event further activities are required on other areas of the Tenements which are subject to prohibitions or restrictions.

# (b) Company's interest

The Company's interest in the Tenements are as follows:

- (i) **Biranup Project:** the six tenements that comprise the Biranup Project are all 100% held by Ventnor Gold Pty Ltd (ACN 155 773 890) (**Ventnor**), a private company which is currently 100% owned by VRX Silica Limited (ACN 142 014 873) (ASX:VRX)(VRX). Pursuant to the Biranup Acquisition Agreement (summarised at 8.2.1 of the Prospectus), the Company has the right to acquire 100% of the issued capital of Ventnor from VRX and, therefore, a 100% legal and beneficial interest in the Biranup Project; and
- (ii) **Ponton Project:** E28/2779, the tenement application that comprises the Ponton Project is 100% held by Black Dragon Energy (Aus) Pty Ltd (ACN 160 804 062), a wholly owned subsidiary of Zenith Minerals Limited (ACN 119 397 938) (ASX:ZNC) (**Zenith**). Pursuant to the Ponton Acquisition Agreement (summarised at 8.2.2 of the Prospectus), the Company has the right to acquire 100% legal and beneficial interest in the Ponton Project from Zenith.

#### (c) Rent / Expenditure

We have not identified any failures to meet rent or expenditure commitments with respect to the Tenements, as set out at Schedule 1.

#### 5. LEGAL DESCRIPTION OF THE TENEMENTS – EXPLORATION LICENCE

The Tenements comprise six exploration licences granted under the *Mining Act* 1978 (WA) (**Mining Act**) and one application for an exploration licence. Schedule 1 provides a list of the Tenements. Set out below is a description of the nature and key terms of exploration licences as set out in the Mining Act and potential successor tenements.

#### (a) **Rights**

The holder of an exploration licence is entitled to enter the land for the purposes of exploration for minerals with employees and contractors and such vehicles, machinery and equipment as may be necessary or expedient.

## (b) Term

An exploration licence has a term of 5 years from the date of grant. The Minister may extend the term by a further period of 5 years followed by a further period or periods of 2 years.

## (c) Retention status

The holder of an exploration licence may apply for approval of retention status for the exploration licence. The Minister may approve the application where there is an identified mineral resource in or under the land the subject of the exploration licence but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a programme of works or require the holder to apply for a mining lease.

# (d) Conditions

Exploration licences are granted subject to various standard conditions, including conditions relating to minimum expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. These standard conditions are not detailed in Schedule 1 of this Report. A failure to comply with these conditions or obtain an exemption from compliance may lead to forfeiture of the exploration licence.

#### (e) Relinquishment

The holder of an exploration licence must relinquish not less than 40% of the blocks comprising the licence at the end of the fifth year. A failure to lodge the required partial surrender could render the tenement liable for forfeiture.

# (f) Priority to apply for mining lease

The holder of an exploration licence has priority to apply for a mining lease over any of the land subject to the exploration licence. Any application for a mining lease must be made prior to the expiry of the exploration licence. The exploration licence remains in force until the application for the mining lease is determined.

## (g) Transfer

No legal or equitable interest in an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. Thereafter, there is no restriction on transfer or other dealings.

#### 6. ABORIGINAL HERITAGE

#### 6.1 General

No Aboriginal sites were identified from the Heritage Searches.

However, there is no obligation under the relevant legislation to register sites or objects and the exact location of Aboriginal sites within the area of a known site cannot be ascertained from these searches.

It is important to note that an Aboriginal site may:

(a) exist in any area of Western Australia;

- (b) not have been recorded in the Register of Aboriginal Sites or elsewhere; and
- (c) not have been identified in previous heritage surveys or reports on that area,

but remains fully protected under the *Aboriginal Heritage Act 1972* (WA). Therefore, the absence of any reference to an Aboriginal site of interest from the Aboriginal Heritage Inquiry System is not conclusive.

We have not obtained information from the Commonwealth in connection with any places, areas and objects, which are registered or recognised in the National Heritage List, the Commonwealth Heritage List or other heritage lists or registers maintained by the Commonwealth.

The Company must ensure that it does not breach the Commonwealth and applicable State legislation relating to Aboriginal heritage (as set out below). To ensure that it does not contravene such legislation, it would be prudent for the Company (and it would accord with industry practice and Aboriginal expectations) to conduct heritage surveys to determine if any Aboriginal sites or objects exist within the area of the Tenements. Any interference with these sites or objects must be in strict conformity with the provisions of the relevant legislation. It may also be necessary for the Company to enter into separate arrangements with the traditional owners of the sites.

## 6.2 Legislation

The Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth) (Commonwealth Heritage Act) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation. It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

Tenements are granted subject to a condition requiring observance of the Aboriginal Heritage Act 1972 (WA) (WA Heritage Act). The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons (whether or not they are recorded on the register or otherwise known to the Register of Aboriginal Sites, DPLH or the Aboriginal Cultural Material Committee). The Minister's consent is required where any use of land is likely to result in the excavation, alteration or damage to an Aboriginal site or any objects on or under that site.

Aboriginal sites may be registered under the WA Heritage Act. However, there is no requirement for a site to be registered. The WA Heritage Act protects all registered and unregistered sites.

#### 7. NATIVE TITLE

#### 7.1 General

The law of Australia recognises the existence of native title rights held by indigenous Australians over their traditional lands<sup>1</sup>. Native title exists where an indigenous group has maintained a continuous traditional connection with the land, and those rights have not been extinguished.

Native title may be extinguished:

- (a) in whole by the grant of an interest in land conferring "exclusive possession" such as a freehold interest in the land; or
- (b) in part by the grant of an interest conferring "non-exclusive possession" including the grant of pastoral leases and mining leases, or the creation of certain reserves. In this case, the native title will co-exist with the other rights to the land.

The Native Title Act 1993 (Cth) (NTA):

- (a) provides a process for indigenous people to claim native title rights<sup>2</sup> and compensation<sup>3</sup>;
- (b) confirms the validity of past actions (including grants of land tenure) by the Commonwealth and State governments<sup>4</sup>; and
- (c) specifies the procedures which must be complied with to ensure that acts that SSmay affect native title rights (such as the grant or renewal of a mining tenement) are valid.

The NTA has been adopted in Western Australia by the enactment of the Titles (Validation) and Native Title (Effect of Past Acts) Act 1995.

## 7.2 Native title claim process

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. The application is then referred to the NNTT to assess whether the claim meets the registration requirements in the NTA, and if so, the native title claim will be entered on the register of native title claims (RNTC) maintained by the NNTT.

Native title claimants have certain procedural rights, including the rights to negotiation and compensation, in relation to the grant of mining tenements if their native title claim is registered at the time the State issues a notice of the proposed grant of the mining tenement (**Section 29 Notice**), or if their claim becomes registered within four months after the Section 29 Notice.

Once a claim is registered, a claimant must prove its claim in the Federal Court in order to have native title determined and the claim entered on the National Native Title Register (NNTR).

<sup>&</sup>lt;sup>1</sup> Mabo v Queensland (No 2) (1992) 175 CLR 1

<sup>&</sup>lt;sup>2</sup> Parts 3 and 4 of the NTA

<sup>&</sup>lt;sup>3</sup> Part 3, Division 5 of the NTA

<sup>&</sup>lt;sup>4</sup> Part 2, Division 2 of the NTA

# 7.3 Grant of tenements and compliance with the NTA

The grant of any mining tenement after 23 December 1996 must comply with the applicable NTA procedures in order to be valid. The exception to this is where native title has never existed over the land covered by the tenement, or has been extinguished prior to the grant of the tenement.

The absence of a claim does not necessarily indicate that there is no native title over an area, as native title claims could be made in the future.

Unless it is clear that native title does not exist (such as where the land the subject of a tenement application is freehold land), the usual practice of the State is to comply with the NTA when granting a tenement. This ensures the grant will be valid if a court subsequently determines that native title rights exist over the land subject to the tenement.

The procedural requirements in the NTA relating to the grant of a mining tenement (referred to as the "Future Act" procedures) include four alternatives:

- 1. the right to negotiate, which is the primary Future Act procedure prescribed by the NTA;
- 2. the expedited procedure, which may be used in relation to the grant of exploration and prospecting licences;
- 3. an ILUA; and
- 4. the infrastructure process.

Further details in respect of the Future Act procedures are set out below.

# 7.4 Right to negotiate

The primary Future Act procedure prescribed by the NTA is the "right to negotiate".

The right to negotiate involves a negotiation between the registered native title claimants, the tenement applicant and the State government, the aim of which is to agree the terms on which the tenement may be granted.

The applicant for the tenement is usually liable for any compensation that the parties agree to pay to the native title claimants. The parties may also agree on conditions that will apply to activities carried out on the tenement.

The initial negotiation period is six months from the date on which the State issues a Section 29 Notice.

If the parties cannot reach an agreement within the initial six-month period, any party may refer the matter to arbitration before the NNTT, which then has six (6) months to determine whether the tenement can be granted and if so, on what conditions.

# 7.5 Expedited procedure

Where the grant of a tenement is unlikely to directly interfere with community or social activities or areas or sites of particular significance, or involve major disturbance to land or waters, the NTA permits the State to follow an expedited procedure for the grant of a tenement.

The State applies the expedited procedure to the grant of exploration and prospecting tenements.

Registered native title parties can lodge an objection to the use of the expedited procedure within the period of four months following the issue of the Section 29 Notice by the State (**Objection Period**).

If no objections are lodged or if the objections are withdrawn, the State may grant the tenement at the expiry of the Objection Period without undertaking a negotiation process.

If an objection is lodged, the NNTT must determine whether the grant of the tenement is an act attracting the Expedited Procedure. If the NNTT determines the expedited procedure does not apply, the parties must follow the right to negotiate procedure or enter into an ILUA.

# 7.6 Indigenous land use agreement

The right to negotiate and expedited procedures do not have to be followed if an ILUA has been registered with the NNTT.

An ILUA is a voluntary contractual arrangement negotiated with all registered native title claimants for a relevant area. The State and the applicant for the tenement are usually the other parties to the ILUA.

An ILUA must set out the terms on which the relevant mining tenement may be granted. An ILUA will also specify conditions on which activities may be carried out within the tenement. The applicant for a tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants in return for the grant of the tenement being approved. These obligations pass to a transferee of the tenement.

Once an ILUA is agreed and registered, it binds the whole native title claimant group and all holders of native title in the area (including future claimants), even though they may not be parties to it.

# 7.7 Infrastructure process

The right to negotiate and expedited procedures also do not apply for grants of tenements for the sole purpose of the construction of an infrastructure facility.

In Western Australia, the DMIRS applies the infrastructure process to most miscellaneous licences and general purpose leases, depending on their purpose. For these types of tenements, an alternative consultation process applies, and in the absence of an agreement between the native title claimants and the applicant, the matter can be referred to an independent person for determination.

# 7.8 Renewals

Renewals of mining tenements made after 23 December 1996 must comply with the Future Act provisions in order to be valid under the NTA, except where:

- (a) the area to which the mining tenement applies is not extended;
- (b) the term of the renewed mining tenement is not longer than the term of the earlier mining tenement; and

(c) the rights to be created are not greater than the rights conferred by the earlier mining tenement.

# 7.9 Native title claims, native title determinations, freehold land and ILUAs

Our searches indicate that all of the Tenements are within the external boundaries of native title claims specified in Schedule 2. Both claims are registered, and the claim overlapping E28/2779 (WCD2014/004) has been determined by the Federal Court (WAD6020/1998).

As at the date of this Report, there are no registered ILUA's in respect of the Tenements though the Company has advised that an ILUA is currently being negotiated for WCD2014/004, the determination area which overlays E28/2779.

Registered native title claimants (and holders of native title under the determinations) are entitled to certain rights under the Future Act Provisions in respect of land in which native title may continue to subsist.

# Freehold land

Our searches did not indicate that any of the Tenements are overlapped by freehold land.

#### Non-freehold land

Native title may continue to subsist in certain parcels of non-freehold land or 'Crown land', including pastoral leases, vacant/unallocated Crown land and certain Crown reserves that were not vested prior to 23 December 1996 and which have not been subsequently developed as public works.

#### 8. CROWN LAND

As set out in Schedule 1, all land the subject of the Tenements overlaps Crown land.

The Mining Act:

- (a) prohibits the carrying out of prospecting, exploration or mining activities on Crown land that is less than 30 metres below the lowest part of the natural surface of the land and:
  - (i) for the time being under crop (or within 100 metres of that crop);
  - (ii) used as or situated within 100 metres of a yard, stockyard, garden, cultivated field, orchard vineyard, plantation, airstrip or airfield;
  - (iii) situated within 100 metres of any land that is an actual occupation and on which a house or other substantial building is erected;
  - (iv) the site of or situated within 100 metres of any cemetery or burial ground; or
  - (v) if the Crown land is a pastoral lease, the site of or situated within 400 metres of any water works, race, dam, well or bore not being an excavation previously made and used for purposes by a person other than the pastoral lessee,

without the written consent of the occupier, unless the warden by order otherwise directs:

- (b) imposes restrictions on a tenement holder passing over Crown land referred to in section 8(a), including:
  - (i) taking all necessary steps to notify the occupier of any intention to pass over the Crown land;
  - (ii) the sole purpose for passing over the Crown land must be to gain access to other land not covered by section 8(a) to carry out prospecting, exploration or mining activities;
  - (iii) taking all necessary steps to prevent fire, damage to trees, damage to property or damage to livestock by the presence of dogs, the discharge of firearms, the use of vehicles or otherwise; and
  - (iv) causing as little inconvenience as possible to the occupier by keeping the number of occasions of passing over the Crown land to a minimum and complying with any reasonable request by the occupier as to the manner of passage; and
- (c) requires a tenement holder to compensate the occupier of Crown land:
  - (i) by making good any damage to any improvements or livestock caused by passing over Crown land referred to in section 8(a) or otherwise compensate the occupier for any such damage not made good; and
  - (ii) in respect of land under cultivation, for any substantial loss of earnings suffered by the occupier caused by passing over Crown land referred to in section 8(a).

The warden may not give the order referred to in section 8(a) that dispenses with the requirement for occupier's consent in respect of Crown land covered by section 8(a) (iii). In respect of other areas of Crown land covered by the prohibition in section 8(a), the warden may not make such an order unless he is satisfied that the land is genuinely required for mining purposes and that compensation in accordance with the Mining Act for all loss or damage suffered or likely to be suffered by the occupier has been agreed between the occupier and the tenement holder or assessed by the warden under the Mining Act.

Although the Company will be able to undertake its proposed activities on those parts of the Tenements not covered by the prohibitions and pass over those parts of the Tenements to which the restrictions do not apply immediately upon listing on ASX, the Company should consider entering into access and compensation agreements with the occupiers of the Crown land upon commencement of those activities in the event further activities are required on other areas of the Tenements which are subject to prohibitions or restrictions.

# 9. QUALIFICATIONS AND ASSUMPTIONS

This Report is subject to the following qualifications and assumptions:

- (a) we have assumed the accuracy and completeness of all Searches, register extracts and other information or responses which were obtained from the relevant department or authority including the NNTT;
- (b) we assume that the registered holder of a Tenement has valid legal title to the Tenement;
- (c) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our Searches and the information provided to us;
- (d) we have assumed that any agreements provided to us in relation to the Tenements are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;
- (e) with respect to the granting of the Tenements, we have assumed that the State and the applicant for the Tenements have complied with, or will comply with, the applicable Future Act Provisions;
- (f) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;
- (g) unless apparent from our Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;
- (h) with respect to the application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;
- (i) references in Schedule 1 and 2 to any area of land are taken from details shown on searches obtained from the relevant department. It is not possible to verify the accuracy of those areas without conducting a survey;
- (j) the information in Schedules 1 and 2 is accurate as at the date the relevant Searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the Searches and the date of this Report;
- (k) where Ministerial consent is required in relation to the transfer of any Tenement, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any matter which would cause consent to be refused;
- (I) we have not conducted searches of the Database of Contaminated Sites maintained by the Department of the Environment and Conservation;

- (m) native title may exist in the areas covered by the Tenements. Whilst we have conducted Searches to ascertain that native title claims and determinations, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further, the NTA contains no sunset provisions and it is possible that native title claims could be made in the future; and
- (n) Aboriginal heritage sites or objects (as defined in the WA Heritage Act or under the Commonwealth Heritage Act) may exist in the areas covered by the Tenements regardless of whether or not that site has been entered on the Register of Aboriginal Sites established by the WA Heritage Act or is the subject of a declaration under the Commonwealth Heritage Act. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites or objects within the area of the Tenements.

#### 10. CONSENT

This report is given for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully

STEINEPREIS PAGANIN

# **SCHEDULE 1 - TENEMENT SCHEDULE**

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE (Blocks)	ANNUAL RENT (Next rental year)	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS / ENCUMBRANCES	NOTES
E28/2779	Black Dragon Energy (Aus) Pty Ltd	100/100	(06/07/2018)	N/A	14BL	N/A	N/A	N/A	N/A
E39/2003	Ventnor Gold Pty Ltd	100/100	04/05/2017	03/05/2022	14BL	\$3,332.00	Previous Tenement Year to 03/05/2020: \$20,000.00 Actual Expenditure: \$20,414.00 Current Tenement Year to 03/05/2021: \$30,000.00	N/A	Endorsements: 1-9 Conditions: 1-2
E39/2001	Ventnor Gold Pty Ltd	100/100	03/07/2017	02/07/2022	21BL	\$4,998.00	Previous Tenement Year to 02/07/2020: \$21,000.00 Actual Expenditure: \$21,235.00 Current Tenement Year to 02/07/2021: \$31,500.00	Objection lodged on 27/10/2016 by Anglogold Ashanti Australia Limited. Withdrawn 20/12/2016	Endorsements: 1-9 Conditions: 1, 2, 7
E39/2000	Ventnor Gold Pty Ltd	100/100	04/05/2017	03/05/2022	32BL	\$7,616.00	Previous Tenement Year to 03/05/2020: \$32,000.00 Actual Expenditure: \$32,432.00 Current Tenement Year to 03/05 /2021: \$48,000.00	N/A	Endorsements: 1-9 Conditions: 1-2
E39/1828	Ventnor Gold Pty Ltd	100/100	31/03/2015	30/03/2025	42BL	\$13,650.00	Previous Tenement Year to 30/03/2020: \$63,000.00	Extension / Renewal of Term lodged on 27/03/2020. Extension until 30/03/2025	Endorsements: 1, 2, 4, 5, 14-17 Conditions:

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE (Blocks)	ANNUAL RENT (Next rental year)	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS / ENCUMBRANCES	NOTES
							Actual Expenditure: \$66,830.00 Current Tenement Year to 30/03/2021: \$84,000.00	granted on 19/06/2020	1, 2, 5, 6
E38/3294	Ventnor Gold Pty Ltd	100/100	09/08/2018	08/08/2023	12BL	\$2,856.00	Previous Tenement Year to 08/08/2020: \$20,000.00 Actual Expenditure: \$21,175.00 Current Tenement Year to 08/08/2021: \$20,000.00	N/A	Endorsements: 1-3, 7, 8, 10-13 Conditions: 1, 3, 4
E38/3191	Ventnor Gold Pty Ltd	100/100	04/05/2017	03/05/2022	10BL	\$2,380.00	Previous Tenement Year to 03/05/2020: \$20,000.00 Actual Expenditure: \$21,286.00 Current Tenement Year to 03/05/2021: \$30,000.00	N/A	Endorsements: 1-4, 7-8, 10-12 Conditions: 1, 2

# **Key to Tenement Schedule**

E – Exploration Licence

ELA – refers to a pending application for an Exploration Licence

References to numbers in the "Notes" column refers to the conditions and encroachments following this table.

Unless otherwise indicated, capitalised terms have the same meaning given to them in the Prospectus.

Please refer to Schedule 2 of this Report for further details on native title and Aboriginal heritage matters.

#### Tenement conditions and endorsements

#### **ENDORSEMENTS**

- 1. The Licensee's attention is drawn to the provisions of the Aboriginal Heritage Act 1972 and any Regulations thereunder.
- 2. The Licensee's attention is drawn to the *Environmental Protection Act 1986* and the Environmental Protection (Clearing of Native Vegetation) Regulations 2004, which provides for the protection of all native vegetation from damage unless prior permission is obtained.

#### In respect to Water Resource Management Areas (WRMA) the following endorsements apply:

- 3. The Licensee attention is drawn to the provisions of the:
  - Waterways Conservation Act, 1976
  - Rights in Water and Irrigation Act, 1914
  - Metropolitan Water Supply, Sewerage and Drainage Act, 1909
  - Country Areas Water Supply Act, 1947
  - Water Agencies (Powers) Act 1984
- 4. The rights of ingress to and egress from, and to cross over and through, the mining tenement being at all reasonable times preserved to officers of Department of Water (DoW) for inspection and investigation purposes.
- 5. The storage and disposal of petroleum hydrocarbons, chemicals and potentially hazardous substances being in accordance with the current published version of the DoWs relevant Water Quality Protection Notes and Guidelines for mining and mineral processing.
- 6. The taking of groundwater from an artesian well and the construction, enlargement, deepening or altering of any artesian well is prohibited unless current licences for these activities have been issued by DoW.
- 7. Measures such as drainage controls and stormwater retention facilities are to be implemented to minimise erosion and sedimentation of adjacent areas, receiving catchments and waterways.
- 8. All activities to be undertaken so as to avoid or minimise damage, disturbance or contamination of waterways, including their beds and banks, and riparian and other water dependent vegetation.

# In respect to Proclaimed Ground Water Areas the following endorsement applies:

- 9. The taking of groundwater and the construction or altering of any well is prohibited without current licences for these activities issued by DoW, unless an exemption otherwise applies.
- 10. The rights of ingress to and egress from, and to cross over and through, the mining tenement being at all reasonable times preserved to officers of Department of Water and Environmental Regulation (DWER) for inspection and investigation purposes.
- 11. The storage and disposal of petroleum hydrocarbons, chemicals and potentially hazardous substances being in accordance with the current published version of the Department of Water and Environmental Regulation (DWER) relevant Water Quality Protection Notes and Guidelines for mining and mineral processing.

#### **ENDORSEMENTS**

12. The taking of groundwater from an artesian well and the construction, enlargement, deepening or altering of any artesian well is prohibited unless current licences for these activities have been issued by Department of Water and Environmental Regulation (DWER).

#### In respect to Proclaimed Ground Water Areas the following endorsement applies:

13. The taking of groundwater and the construction or altering of any well is prohibited without current licences for these activities issued by the Department of Water and Environmental Regulation (DWER), unless an exemption otherwise applies.

# In respect to Water Resource Management Areas (WRMA) the following endorsements apply:

- 14. The Licensee attention is drawn to the provisions of the:
  - Waterways Conservation Act, 1976
  - Rights in Water and Irrigation Act, 1914
  - Metropolitan Water Supply, Sewerage and Drainage Act, 1909
  - Country Areas Water Supply Act, 1947
  - Water Agencies (Powers) Act 1984
  - Water Resources Legislation Amendment Act 2007

#### In respect to Artesian (confined) Aquifers and Wells the following endorsement applies:

15. The abstraction of groundwater from an artesian well and the construction, enlargement, deepening or altering of any artesian well is prohibited unless a current licence for these activities has been issued by the DoW.

# In respect to Waterways the following endorsement applies:

- 16. Advice shall be sought from the DoW if proposing any exploration within a defined waterway and within a lateral distance of:
  - 50 metres from the outer-most water dependent vegetation of any perennial waterway, and
  - 30 metres from the outer-most water dependent vegetation of any seasonal waterway.

# In respect to Proclaimed Ground Water Areas the following endorsement applies:

17. The abstraction of groundwater is prohibited unless a current licence to construct/alter a well and a licence to take groundwater has been issued by the DoW.

# **CONDITIONS**

- 1. All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.
- 2. Unless the written approval of the Environmental Officer, DMP is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
- 3. All disturbances to the surface of the land made as a result of exploration, including costeans, drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, DMIRS. Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DMIRS.
- 4. Unless the written approval of the Environmental Officer, DMIRS is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
- 5. All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe immediately after completion.
- 6. All disturbances to the surface of the land made as a result of exploration, including costeans, drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Mines and Petroleum (DMP). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DMP.
- 7. The rights of ingress to and egress from Miscellaneous Licence 39/172 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.

# **TENGRAPH INTERESTS**

	Land Type	Description					
1.	Aboriginal Heritage Survey	Aboriginal Heritage Survey Areas are areas in which an Aboriginal Heritage Survey has been undertaken and results are described in a Heritage Survey Report. The DPLH holds copies of these reports.  A heritage survey conducted in a particular area does not necessarily mean that another heritage survey does not need to be undertaken. This will depend on the type of survey undertaken and also when the original survey was undertaken. Not all Aboriginal sites within a survey area are necessarily recorded in the survey. The type of survey undertaken, such as site identification or Site Avoidance, is decided by the professional heritage consultant engaged by the proponent and depends upon the scope and nature of the project. What is appropriate for one project may not be for a different project.  The following Aboriginal Heritage Survey Areas have been identified on the Tenements:					
		Affected Tenement (s)	Aboriginal Heritage Survey Area	Tenement Land Affected	Encroachment Percentage		
		E38/3191 E39/1828 E39/2000	22715 1	0.0006HA 12475.7726HA 3649.5737HA	<0.01% 99.07% 38.06%		
		E38/3191 E38/3294 E39/1828 E39/2000 E39/2001 E39/2003	23463 1	3001.7753HA 886.174HA 12593.4946HA 9488.1082HA 1950.9952HA 2195.9559HA	100% 24.61% 100% 98.96% 31.04% 52.39%		
2.	Unallocated Crown Land	in the public interest.  Every such reservation has its de authenticated map held by Lan Reservation action is normally in request, land planning decisions. The Land Act 1933 (WA) provid create new Class B reserves a protection for reserved lands, reservation. The A classification continue, but are no longer cre reserves, provided that, should 14 days from the cancellation or	escription and designated purpoladgate.  Initiated by the Department for Fig., or as a result of the subdivision and there is no longer reference requiring approval of Parliame is used solely to protect areas atted under the LA Act. The Mithe reservation be cancelled, or within 14 days after the commits	Planning and Infrastructure follow of land. ssified as Class A, B or C. There is to Class C reserves. Class A not to amend the reserve's pur of high conservation or high consister for Lands may deal with a special report is made to be encement of the next session.	Crown lands by Ministerial Order  Title (CLT) and is depicted on an wing community or Government e is no provision in the LA Act to affords the greatest degree of pose or area, or to cancel the ammunity value. Class B reserves Class B reserved lands as normal with Houses of Parliament within e government department, local		

	Land Type	Description
		government or incorporated community group by way of a Management Order registered against the relevant CLT. A Management Order under the LA Act does not convey ownership of the land – only as much control as is essential for the land's management.  Unallocated Crown Land – 'Cadastral' overlaps 100% of each of the Tenements.
3.	Groundwater Area	Groundwater is a reserve of water beneath the earth's surface in pores and crevices of rocks and soil. Recharge of groundwater aquifers is slow and can take many years. Groundwater often supports wetland and stream ecosystems.  Groundwater areas are proclaimed under the Rights in Water and Irrigation Act 1914 (WA).  There are 45 proclaimed groundwater areas in Western Australia where licences are required to construct or alter a well and to take groundwater. The Department of Water is responsible for managing proclaimed areas under the Act.  Ground Water Area 'GWA 21 - Goldfields' was identified as encroaching upon 100% of the following Tenements:  E38/3191  E38/3294  E39/2000  E39/2001  E39/2003

# **SCHEDULE 2 - NATIVE TITLE CLAIMS**

# **NATIVE TITLE DETERMINATIONS**

TENEMENT(S) AFFECTED	TRIBUNAL NUMBER	FEDERAL COURT NUMBER	DETERMINATION NAME	REGISTERED	STATUS
E28/2779	WCD2014/004	WAD6020/1998	Graham on behalf of the Ngadju People v the State of Western Australia	Yes	Active

# **NATIVE TITLE CLAIMS**

TENEMENT(S) AFFECTED	TRIBUNAL NUMBER	FEDERAL COURT NUMBER	CLAIM NAME	REGISTERED	STATUS
E38/3191 E38/3294 E39/1828 E39/2000 E39/2001 E39/2003	WC2018/019	WAD460/2018	Dennis Forrest & Ors on behalf of the Nangaanya-ku Native Title Claim Group and State of Western Australia & Ors	Yes	Active

# **ILUAs**

The land the subject of the Tenements is not subject to any ILUAs, though the Company has advised that an ILUA is currently being negotiated for WCD2014/004, the determination area which overlays E28/2779.

# **HERITAGE & COMPENSATION AGREEMENTS**

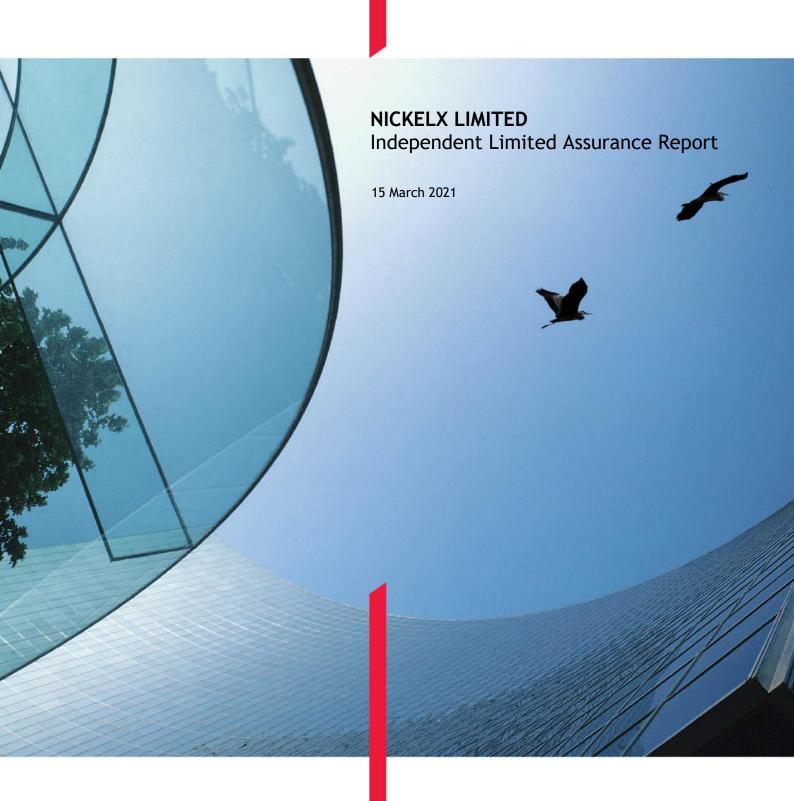
None.

# ABORIGINAL HERITAGE SITES - WESTERN AUSTRALIA

None registered.

# ANNEXURE C - INDEPENDENT LIMITED ASSURANCE REPORT

4978-03/2584312\_7











15 March 2021

The Directors
NickelX Limited
Level 3, The Read Buildings
16 Milligan Street
Perth WA 6000

**Dear Directors** 

# INDEPENDENT LIMITED ASSURANCE REPORT

# 1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by NickelX Limited ('NickelX' or 'the Company') to prepare this Independent Limited Assurance Report ('Report') in relation to certain financial information of NickelX, for inclusion in a Prospectus ('Prospectus') in relation to the Initial Public Offering ('IPO') of Shares in NickelX.

Broadly, the IPO will offer up to 35,000,000 Shares at an issue price of \$0.20 each to raise up to \$7 million before costs. The Offer is subject to a minimum subscription level of 25,000,000 shares to raise \$5 million.

NickelX, formerly New Energy Metals Limited, is an Australian public company which was incorporated on 7 February 2019. The Company's recent focus has been on targeting and securing high-grade battery minerals projects located in world class geological districts utilising the Company's in-house database and intellectual property.

On 19 June 2020, the Company entered into a binding term sheet ('Agreement') with VRX Silica Ltd ('VRX') where the Company agrees to acquire 100% of the issued capital of Ventnor Gold Pty Ltd ('Ventnor'). Ventnor holds the applications and tenements for the Biranup Nickel Project. On 23 December 2020, the Company entered into a variation to this Agreement, whereby the parties have agreed to extend the Exclusivity Period of the Agreement to 30 June 2021, subject to and conditional upon the Company expending a minimum of \$250,000 on the Tenements by 31 March 2021 ('Required Expenditure'). VRX has agreed with the Company that the Required Expenditure obligation has been met.

In consideration, the Agreement requires the Company to issue 6,250,000 fully paid ordinary shares to VRX in the capital of the Company at a deemed issue price of \$0.20 per Share at settlement, pay \$200,000 cash at the delineation of a JORC compliant inferred Resource of no less than 7.5Mt at a grade of 2% nickel and 0.5% copper on the land comprising the tenements ('Milestone Payment 1'), pay \$200,000 cash at the completion of a preliminary feasibility study with respect to the project demonstrating an ability to operate the project as a commercially viable enterprise ('Milestone Payment 2'), and \$500,000 cash at the first commercial extraction of any minerals, mineral products, ore or concentrates, in whatever form, from the project ('Milestone Payment 3').

On 23 June 2020, the Company also executed a binding heads of agreement ('Binding Heads of Agreement') with Black Dragon Energy (Aus) Pty Ltd ('Black Dragon'), a wholly owned subsidiary of Zenith Minerals Limited ('Zenith') where the Company agrees to acquire a 100% legal and beneficial interest in Exploration Licence (E28/1779), and all associated Mining Information and Statutory Licences ('Assets'). Consideration payable by the Company includes \$15,000 reimbursement for costs incurred in connection with the development of the tenement, shares in the Company to the value of \$100,000 at a deemed offer price equal to the offer price under the capital raising, and royalty of 1.5% of the net smelter returns on all minerals, mineral products and concentrates, produced and sold from the Assets ('Royalty').

Expressions defined in the Prospectus have the same meaning in this Report. BDO holds an Australian Financial Services Licence (AFS Licence Number 316158) and our Financial Services Guide ('FSG') has been included in this report in the event you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations, and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

# Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in this report in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the 'Historical Financial Information') of NickelX included in the Prospectus:

- the audited historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for the period from incorporation to 30 June 2019 and year ended 30 June 2020;
- the reviewed historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for the half-year ended 31 December 2020 (and comparatives for the half-year ended 31 December 2019); and
- the reviewed historical Statement of Financial Position as at 31 December 2020.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Historical Financial Information has been extracted from the financial report of NickelX for the half-year ended 31 December 2020, which was reviewed by BDO Audit (WA) Pty Ltd ('BDO Audit') in accordance with Australian Auditing Standards. BDO Audit issued an unmodified review opinion on the financial report.

The Historical Financial Information has been extracted from the financial report of NickelX for the period from incorporation to 30 June 2019 and financial year ended 30 June 2020, which was audited by BDO Audit in accordance with Australian Auditing Standards. BDO Audit issued an unmodified audit opinion on the financial report.

In each of the audit and review conclusions, BDO Audit included an emphasis of matter relating to the material uncertainty around the ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the review opinion and audit opinion were not modified in respect of this matter.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the 'Pro Forma Historical Financial Information') of NickelX:

the pro forma historical Statement of Financial Position as at 31 December 2020.

The Pro Forma Historical Financial Information has been derived from the historical financial information of NickelX, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by NickelX to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on NickelX's financial position as at 31 December 2020. As part of this process, information about NickelX's financial position has been extracted by NickelX from NickelX's financial statements for the period ended 31 December 2020.

# 3. Directors' responsibility

The directors of NickelX are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to ensure the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

# 4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

# 5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the audited historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for the period from incorporation to 30 June 2019 and year ended 30 June 2020;
- the reviewed historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for the half-year ended 31 December 2020 (and comparatives for the half-year ended 31 December 2019); and
- the reviewed historical Statement of Financial Position as at 31 December 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

 the pro forma historical Statement of Financial Position of NickelX as at 31 December 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

# 6. Subsequent Events

The pro forma statement of financial position reflects the following events that have occurred subsequent to 31 December 2020:

As at the date of this Report, the Company incurred \$250,000 in Required Expenditure.
 This expenditure has been recognised as a prepayment until the Company obtains the rights to tenure which is conditional on IPO amongst other conditions; and

• The Company has issued a total of 6,750,000 Options to Board and Management in three equal tranches, exercisable at \$0.25, \$0.30 and \$0.40, with an expiry date that is 5 years from the date of issue to the Chief Executive Officer and Directors of the Company ('Board and Management Options'). These Options have been valued at \$320,261, \$308,677 and \$289,476 respectively using the Black Scholes option pricing model. The issue of Board and Management Options is reflected in the pro forma statement of financial position by an increase in reserves and accumulated losses.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of NickelX not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

# 7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 1. This has been prepared based on the financial statements as at 31 December 2020, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under the Prospectus:

- The issue of 25,000,000 shares at an offer price of \$0.20 each to raise \$5 million before costs pursuant to the Prospectus, based on the minimum subscription;
- The issue of 35,000,000 shares at an offer price of \$0.20 each to raise \$7 million before costs pursuant to the Prospectus, based on the maximum subscription;
- Cash costs of the Offer are estimated to be approximately \$555,982 and \$678,603 for the
  minimum and maximum raises respectively. The costs directly attributable to the capital
  raising \$375,619 and \$510,651 respectively. Those costs, comprising lead manager fees
  and other apportioned expenses of the offer, which are directly attributable to the
  capital raising are offset against contributed equity, with the remaining costs of the
  Offer expensed through accumulated losses;
- The \$250,000 Required Expenditure recognised as prepayments will be capitalised as
  deferred exploration expenditure in line with the Company's accounting policies;
- Subject to and conditional on the satisfaction of the conditions precedent to the Agreement, the Company will issue 6,250,000 fully paid ordinary shares to VRX in the capital of the Company at a deemed issue price of \$0.20 per Share at settlement.
  - The acquisition of 100% of the legal and beneficial interests in Ventnor has not been deemed to be a business combination as they fall outside the scope of AASB 3 Business Combinations. Consistent with industry practice for asset acquisitions where-by projects are not yet at a stage where there is certainty on production occurring, no accounting treatment or value has been applied to the Milestone payments;
- Subject to and conditional on the satisfaction of the conditions precedent to the Binding Heads of Agreement, the Company will issue Zenith, shares in the Company to the value of \$100,000 (500,000 Shares) at a deemed offer price equal to the offer price under the capital raising (\$0.20 per Share).

The acquisition of 100% of the legal and beneficial interests in Exploration License (E28/1779) from Black Dragon has not been deemed to be a business combination as they fall outside the scope of AASB 3 Business Combinations. Total reimbursement costs of \$15,000 in connection with the development of the tenement have been treated as liabilities on acquisition. Consistent with industry practice for asset acquisitions whereby the projects are not yet at a stage where there is certainty on production occurring, no accounting treatment or value has been applied to the Royalty potential future payments; and

The proposed issue of 2,400,000 Lead Manager Options exercisable at \$0.25, with an expiry date that is 4 years from date in which NickelX is admitted to ASX's Official List, to the Lead Manager ('Lead Manager Options'). The Lead Manager Options have been valued at \$311,809 using the Black Scholes option pricing model. The issue of Lead Manager Options is reflected in the pro forma statement of financial position by an increase in reserves and accumulated losses.

# 8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report, for which professional fees will be received. BDO Audit is the auditor of NickelX, for which normal professional fees are received.

# 9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Peter Toll

Director

APPENDIX 1

NICKELX LIMITED

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Reviewed as at 31-Dec-20	Subsequent events	Pro-forma adjustments	Pro-forma adjustments	Pro-forma after issue	Pro-forma after issue
	Notes	\$	\$	Min S	Max \$	Min S	Max \$
Current assets	110103	Ť	*	*	<u> </u>	•	Ť
Cash and cash equivalents	2	471,924	(250,000)	4,444,018	6,321,397	4,665,942	6,543,321
Trade and other receivables		2,303	-	-	-	2,303	2,303
Total current assets		474,227	(250,000)	4,444,018	6,321,397	4,668,245	6,545,624
Non-current assets							
Prepayments	3	-	250,000	(250,000)	(250,000)	-	-
Deferred exploration expenditure	4	-	-	1,600,000	1,600,000	1,600,000	1,600,000
Total non-current assets		-	250,000	1,350,000	1,350,000	1,600,000	1,600,000
Total assets		474,227	-	5,794,018	7,671,397	6,268,245	8,145,624
Current liabilities							
Trade and other payables	5	57,994	-	15,000	15,000	72,994	72,994
Total current liabilities		57,994	-	15,000	15,000	72,994	72,994
Total liabilities		57,994	-	15,000	15,000	72,994	72,994
Net assets		416,233	-	5,779,018	7,656,397	6,195,251	8,072,630
Equity							
Share capital	6	742,950	-	5,959,381	7,824,349	6,702,331	8,567,299
Reserves	7	-	918,414	311,809	311,809	1,230,223	1,230,223
Accumulated losses	8	(326,717)	(918,414)	(492,172)	(479,761)	(1,737,303)	(1,724,892)
Total equity		416,233	-	5,779,018	7,656,397	6,195,251	8,072,630

The consolidated pro-forma statement of financial position after the Offers is as per the statement of financial position before the Offers adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to the Prospectus. The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 2 and Appendix 3.

APPENDIX 2

NICKELX LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed for the half- year ended 31-Dec-20 \$	Audited for the year ended 30-Jun-20 \$	Reviewed for the half- year ended 31-Dec-19 \$	Audited for the period from incorporation to 30-Jun-19
Revenue and other income				
Other income	46	25,135	25,129	56
	46	25,135	25,129	56
Less: expenses				
Corporate & admin. expenses	(85,896)	(85,382)	(39,099)	(34,887)
Impairment expense	-	(1,000)	-	-
Project costs	(57,704)	(3,568)	(1,568)	(83,518)
Profit/(loss) before income tax expense	(143,554)	(64,815)	(15,538)	(118,349)
Other comprehensive income for the period	-	-	-	-
Net loss for the period	(143,554)	(64,815)	(15,538)	(118,349)

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 3. Past performance is not a guide to future performance.

APPENDIX 3

NICKELX LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed for the half-year ended	Audited for the year ended	Reviewed for the half-year ended	Audited for the period from incorporation to
	31-Dec-20 \$	30-Jun-20 \$	31-Dec-19 \$	30-Jun-19 \$
Cash flows from operating activities Interest received	47	23	17	56
Payments to suppliers and employees	(111,853)	(68,015)	(51,398)	(83,094)
Net cash used in operating activities	(111,806)	(67,992)	(51,381)	(83,038)
Cash flows from investing activities Related party loans Proceeds from sale of assets Net cash provided by/(used in) investing activities	(1,103)	(700) 25,113 24,413	25,113 25,113	- -
Cash flows from financing activities Proceeds from issue of shares net of costs	573,600	25,000	25,000	112,850
Net cash provided by financing activities	573,600	25,000	25,000	112,850
Cash and cash equivalents at the beginning of the period Net increase/(decrease) in cash held	11,233 460,691	29,812 (18,579)	29,812 (1,268)	- 29,812
Cash and cash equivalents at the end of the period	471,924	11,233	28,544	29,812

This consolidated statement of cash flows shows the historical cash flows of the Company and are to be read in conjunction with the notes to and forming part of the consolidated historical financial information set out in Appendix 4.

#### **APPENDIX 4**

#### **NICKELX LIMITED**

#### NOTES TO AND FORMING PART OF THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

#### a) Basis of preparation of historical financial information

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

#### b) Reporting Basis and Conventions

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

# c) Basis of Consolidation

The consolidated financial information comprise the financial information of NickelX and its subsidiaries ('the Group'). Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

In preparing the consolidated financial information, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full. Unrealised losses are also eliminated unless costs cannot be recovered. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

#### d) Going Concern

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

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

#### e) Segment Reporting

For management purposes, the Company is organised into one main operating segment, which involves mineral exploration. All of the Company's activities are interrelated, and discrete financial information is reported to management as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial information of the Company as a whole.

# f) Changes in accounting policies and disclosures

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for future reporting periods. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and therefore, no change will be necessary to Company accounting policies.

# g) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - (b) exploration and evaluation activities in the area of interest have not at the balance 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 initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

# g) Exploration and evaluation expenditure (cont.)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

#### h) Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior years 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 recognized 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
- 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 recognized 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 utilized, except when:

# h) Income Tax (cont.)

- 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
- 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 recognised.

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 recognized.

Unrecognized deferred income tax assets are reassessed at each balance date and are recognized 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 recognized 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 recognized directly in equity are recognized 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.

#### i) 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 Government. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Government is included as part of receivables or payables in the statement of financial position. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the Government, are disclosed as operating cash flows.

#### j) Impairment of non-financial assets other than goodwill

The Company 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 Company 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 Company of assets and the asset's value in use cannot be estimated to be close to its fair value. 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.

# j) Impairment of non-financial assets other than goodwill (cont.)

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 estimates used to determine the asset's 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 prior 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 a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### k) Cash and cash equivalents

Cash comprises cash at bank and in 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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### l) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

#### 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).

# l) Financial Instruments (cont.)

#### Financial assets (cont.)

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

- amortized cost;
- fair value through other comprehensive income ('FVOCI'); and
- fair value through profit or loss ('FVPL').

Classifications are determined by both:

- the contractual cash flow characteristics of the financial assets; and
- the entities business model for managing the financial asset.

# Financial assets at amortized cost

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

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

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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 amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value that are recognized in profit or loss.

# **Impairment**

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

# m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

#### n) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

#### o) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

## p) Revenue recognition

Revenue is recognised when or as the Group transfers control of good or services to a customer at the amount to which the company expects to be entitled.

# q) Other income

Interest income

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

#### (t) Earnings per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members, adjusted to exclude any 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.

#### (t) Earnings per share (cont.)

Diluted earnings per share is calculated as net profit/loss 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 dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

#### (u) Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted when the fair value of goods and/or services cannot be determined. The fair value of options granted is measured using the Black-Scholes option pricing model. The model uses assumptions and estimates as inputs.

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting year has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a year represents the movement in cumulative expense recognised at the beginning and end of the year. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

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

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted.

# (v) Leases

The Company has adopted AASB 16 *Leases* from incorporation. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

#### Impact on adoption

The impact of this standard has not had any impact on the amounts presented in the Company's historical financial statements.

# (w) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the year in which the estimate is revised if it affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

# Share-based payment transactions:

The Group 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 of options and performance rights are determined using the Black-Scholes option pricing model.

# Recoverability of deferred exploration and evaluation expenditure

The future recoverability of deferred exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

	Reviewed 31-Dec-20	Pro-forma after Offer	Pro-forma after Offer
NOTE 2. CASH AND CASH FOUNTAL ENTS	\$	min	max \$
NOTE 2. CASH AND CASH EQUIVALENTS  Cash and cash equivalents	471,924	4,665,942	6,543,321
<u>-</u>			-,,-
Reviewed balance of NickelX at 31 December 2020		471,924	471,924
Subsequent events: Required Expenditure incurred by NickelX in accordance with the Variation of Binding Term Sheet dated 23 December 2020		(250,000)	(250,000)
Pro-forma adjustments:		(250,000)	(250,000)
Proceeds from shares issued under this Prospectus Capital raising costs		5,000,000 (555,982)	7,000,000 (678,603)
	-	4,444,018	6,321,397
Pro-forma Balance	-	4,665,942	6,543,321
770 757714 2414175	=	7,003,742	0,543,321
	Reviewed	Pro-forma	Pro-forma
	31-Dec-20	after Offer	after Offer
NOTE 3. PREPAYMENTS	\$	min \$	max \$
Prepayments	•	•	-
=			
Reviewed balance of NickelX at 31 December 2020		-	-
Subsequent events:  Required Expenditure incurred by NickelX in accordance with the Variation of Binding Term Sheet dated 23 December 2020		250,000	250,000
dated 23 December 2020	-	250,000	250,000
Pro-forma adjustments:		(252, 222)	(250,000)
Required Expenditure capitalised by NickelX on IPO	-	(250,000)	(250,000)
		(230,000)	(230,000)
Pro-forma Balance	<u>-</u>	-	-
	Reviewed 31-Dec-20	Pro-forma after Offer	Pro-forma
	31-Dec-20	min	after Offer max
NOTE 4. DEFERRED EXPLORATION EXPENDITURE	\$	\$	\$
Deferred exploration expenditure	-	1,600,000	1,600,000
Reviewed balance of NickelX at 31 December 2020		-	-
Pro-forma adjustments:  Required Expenditure capitalised by NickelX on IPO Consideration transferred under the Agreement		250,000 1,250,000	250,000 1,250,000
Consideration transferred under the Binding Heads of Agreement		100,000	100,000
3. 7.g. comenc	-	1,600,000	1,600,000
Pro-forma Balance	<u>-</u>	1,600,000	1,600,000
	=		

	Reviewed 31-Dec-20	Pro-forma after Offer	Pro-forma after Offer
NOTE E TRADE AND OTHER RAYARIES		min	max
NOTE 5. TRADE AND OTHER PAYABLES	<b>&gt;</b>	Ş	Ş
Trade and other payables	57,994	72,994	72,994
Reviewed balance of NickelX at 31 December 2020		57,994	57,994
Pro-forma adjustments:			
Fair value liabilities assumed under the Binding Heads of Agreement		15,000	15,000
	_	15,000	15,000
Pro-forma Balance	_	72,994	72,994

NOTE 6. ISSUED CAPITAL Share capital		Reviewed 31-Dec-20 \$ 742,950	Pro-forma after Offer min \$ 6,702,331	Pro-forma after Offer max \$ 8,567,299
	Number of shares (min)	Number of Shares (max)	\$	\$
Reviewed balance of NickelX at 31 December 2020	26,850,004	26,850,004	742,950	742,950
Pro-forma adjustments:	26,850,004	26,850,004	742,950	742,950
Proceeds from shares issued under this Prospectus	25,000,000	35,000,000	5,000,000	7,000,000
6,250,000 vendor shares to be issued to VRX at \$0.20 per share	6,250,000	6,250,000	1,250,000	1,250,000
500,000 vendor shares to be issued to Zenith at \$0.20 per share	500,000	500,000	85,000	85,000
Capital raising costs		-	(375,619)	(510,651)
	31,750,000	41,750,000	5,959,381	7,824,349
Pro-forma Balance	58,600,004	68,600,004	6,702,331	8,567,299

	Reviewed 31-Dec-20	Pro-forma after Offer min	Pro-forma after Offer max
NOTE 7. RESERVES	\$	\$	\$
Reserves	-	1,230,223	1,230,223
Reviewed balance of NickelX at 31 December 2020		-	-
Subsequent events:		320,261	320,261
Issue of Board & Management Options exc. at \$0.25 Issue of Board & Management Options exc. at \$0.30		308,677	308,677
Issue of Board & Management Options exc. at \$0.40		289,476	289,476
Pro-forma adjustments:	_	918,414	918,414
Issue of Lead Manager Options		311,809	311,809
	_	311,809	311,809
Pro-forma Balance	_	1,230,223	1,230,223

Set out below are the key inputs and terms used in the valuation of Options:

	Board ar	Lead Manager		
	Tranche 1	Tranche 2	Tranche 3	Options
Number of Instruments	2,250,000	2,250,000	2,250,000	2,400,000
Subscript. price per inst. (\$)	n/a	n/a	n/a	0.000021
Underlying share price (\$)	0.20	0.20	0.20	0.20
Exercise share price (\$)	0.25	0.30	0.40	0.25
Expected volatility	100%	100%	100%	100%
Life of the options (years)	5.00	5.00	5.00	4.00
Expected dividends	-	-	-	-
Risk free rate	0.775%	0.775%	0.775%	0.455%
Value per instrument (\$)	0.142	0.137	0.129	0.130
Value per tranche (\$)	320,261	308,677	289,476	311,809

	Reviewed 31-Dec-20	Pro-forma after Offer min	Pro-forma after Offer max
NOTE 8, ACCUMULATED LOSSES	s	s	s S
Accumulated losses	(326,717)	(1,737,303)	(1,724,892)
Reviewed balance of NickelX at 31 December 2020		(326,717)	(326,717)
Subsequent events:			
Issue of Board & Management Options exc. at \$0.25		(320,261)	(320,261)
Issue of Board & Management Options exc. at \$0.30		(308,677)	(308,677)
Issue of Board & Management Options exc. at \$0.40		(289,476)	(289,476)
		(918,414)	(918,414)
Pro-forma adjustments:			
Issue of Lead Manager Options		(311,809)	(311,809)
Costs of the offer not directly attributable to the		(400.242)	(447.050)
capital raising		(180,363)	(167,952)
		(492,172)	(479,761)
		(1,737,303)	(1,724,892)

NOTE 9. ASSET ACQUISTION - VRX				
	Number of shares (min)	Number of shares (max)	\$	\$
Purchase consideration	6,250,000	6,250,000	1,250,000	1,250,000
Net identifiable assets				
Deferred exploration expenditure			1,250,000	1,250,000
Total		-	1,250,000	1,250,000

Subject to and conditional on the satisfaction of the conditions precedent to the Agreement, the Company will issue 6,250,000 fully paid ordinary shares to VRX in the capital of the Company at a deemed issue price of \$0.20 per Share at settlement.

The acquisition of 100% of the legal and beneficial interests in Ventnor is not deemed to be a business combination as they fall outside the scope of AASB 3 Business Combinations. Consistent with industry practice for asset acquisitions where-by projects are not yet at a stage where there is certainty on production occurring, no accounting treatment or value has been applied to the Milestone payments

NOTE 10. ASSET ACQUISTION - Zenith				
	Number of shares (min)	Number of shares (max)	\$	\$
Purchase consideration	500,000	500,000	85,000	85,000
Net identifiable assets				
Deferred exploration expenditure			100,000	100,000
Trade and other payables			(15,000)	(15,000)
Total		-	85,000	85,000

Subject to and conditional on the satisfaction of the conditions precedent to the Binding Heads of Agreement, the Company will issue Zenith, shares in the Company to the value of \$100,000 (500,000 Shares) at a deemed offer price equal to the offer price under the capital raising (\$0.20 per Share).

The acquisition of 100% of the legal and beneficial interests in Black Dragon has not deemed to be a business combination as they fall outside the scope of AASB 3 Business Combinations. Total reimbursement costs of \$15,000 in connection with the development of the tenement have been treated as liabilities on acquisition. Consistent with industry practice for asset acquisitions where-by the projects are not yet at a stage where there is certainty on production occurring, no accounting treatment or value has been applied to the Royalty potential future payments.

# NOTE. 11: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

#### NOTE.12: COMMITMENTS AND CONTINGENCIES

Subject to and conditional upon the satisfaction of the conditions precedent to the Agreement, consideration payable by the Company to VRX includes \$200,000 cash settlement at the delineation of a JORC compliant inferred Resource of no less than 7.5Mt at a grade of 2% nickel and 0.5% copper on the land comprising the tenements ('Milestone Payment 1'), \$200,000 cash settlement at the completion of a preliminary feasibility study with respect to the project demonstrating an ability to operate the project as a commercially viable enterprise ('Milestone Payment 2'), and \$500,000 cash settlement at the first commercial extraction of any minerals, mineral products, ore or concentrates, in whatever form, from the project ('Milestone Payment 3').

Subject to and conditional upon the satisfaction of the conditions precedent to the Binding Heads of Agreement, the Company with effect on and from Settlement, grant Zenith a royalty of 1.5% of the net smelter returns on all minerals, mineral products and concentrates, produced and sold from the Assets ('Royalty'). In accordance with Australian Accounting Standards, whereby the projects are not yet at a stage where there is certainty on production occurring, no accounting treatment or value has been applied to the Royalty potential future payments.

At the date of the report no other material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

#### **APPENDIX 5**

#### **FINANCIAL SERVICES GUIDE**

#### 15 March 2020

**BDO Corporate Finance (WA) Pty Ltd** ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by NickelX Limited ('NickelX' or 'the Company') to provide an Independent Limited Assurance Report ('ILAR' 'our Report/s') for inclusion in the Prospectus.

#### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

#### Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

#### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

#### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

#### Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$15,000 (exclusive of GST).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report. BDO Audit is the independent auditor of NickelX, for which normal professional fees are received.

#### Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from NickelX for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

#### Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

#### Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco, Perth WA 6008.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

#### Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA'). AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below:

Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001 Toll free: 1300 931 678

Vebsite: www.afca.org.au

#### Contact details

You may contact us using the details set out on page 1 of our Report.

# **APPLICATION FORM**

4978-03/2584312\_7