

NICKEL X
LIMITED

ABN 52 631 513 696
& Controlled Entities

Annual Financial Report

For the year ended 30 June 2021

NickelX Limited
Corporate directory
30 June 2021

Directors	Jonathan Downes – Non-Executive Chairman Matthew Gauci – Managing Director and Chief Executive Officer Kris Butera – Non-Executive Director Oliver Kreuzer – Non-Executive Director
Company secretary	Steven Wood
Principal and Registered office	Level 3, the Read Buildings 16 Milligan Street, Perth WA 6000 Email: info@nickelxlimited.com
Share register	Automic Group Level 2, 267 St Georges Terrace Perth WA 6000 Phone: 1300 288 664
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street, Subiaco WA 6008
Solicitors	Steinepreis Paganin Level 4, 16 Milligan Street PERTH, WA 6000
Bankers	Westpac Banking Corporation Level 13, 109 St Georges Terrace, Perth WA 6000
Stock exchange listing	Australian Securities Exchange Limited Level 40, Central Park 152-158 St Georges Terrace Perth WA 6000 ASX code: NKL
Website	http://www.nickelxlimited.com

General information

The financial statements cover NickelX Limited as a consolidated entity consisting of NickelX Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is NickelX Limited's functional and presentation currency.

NickelX Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office and principal place of business

Level 3, the Read Buildings
16 Milligan Street
Perth WA 6000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2021. The directors have the power to amend and reissue the financial statements.

Chairman's Letter to Shareholders

On behalf of the Directors of NickelX, I am pleased to present to stakeholders the Company's inaugural Annual Report for the year ended 30 June 2021.

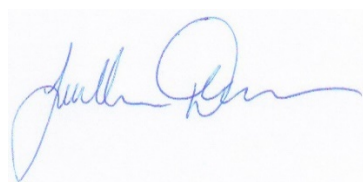
This reporting period has been a formative and exciting one, albeit very briefly with respect to the Company's life as a listed entity. NickelX attracted strong shareholder support by investors who recognised the potential of our Albany Fraser Orogen tenement package to host economic nickel, copper and gold mineralisation. NickelX was heavily subscribed and raised \$7 million through its prospectus issue. Since trading commenced on 7 May this year, NickelX launched into action by commencing exploration activities through the appointment of CSA Global to lead the exploration management as well as Southern Geoscience to manage the geophysical component of our activities. Wireline Services Group were also quickly engaged to conduct MLEM geophysical targeting work.

The geophysical work identified new and expanded known conductors within a month of listing and diamond drilling commenced as soon as possible afterwards. This was a pleasing achievement in such a tight labour/drill rig market as mineral exploration across Australia became highly competitive. The maiden exploration drilling programme is ongoing and first keenly awaited results will be used to better define the targets within the 400 km² package of tenure.

Aside from participating in the booming battery sector, where nickel demand for electric vehicles is set to soar, NickelX also has very exciting gold prospects within its ground holding, with the nearby, and on strike multimillion ounce Tropicana gold mine as a neighbour. Several gold prospects have already been defined and some encouraging historic drill results warrant investigation in due course.

The Albany Fraser Orogen hosts two of Australia's more recent major economic discoveries, and there remains so much untested potential. As fellow shareholders in our new company, we are excited about the future prospects look forward to the sensible, focused and successful exploration.

Yours sincerely,



Jonathan Downes

NickelX Limited
Directors' report
30 June 2021

The directors present their report, together with the consolidated financial statements of the Group comprising of the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of NickelX Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were directors of NickelX Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Jonathan Downes (appointed 8 February 2021)
Matthew Gauci (appointed Managing Director on 1 January 2021)
Kristin Butera
Oliver Kreuzer

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of exploration activities at the consolidated entity's mining tenements predominately situated in the Albany Fraser Orogen.

Dividends

No dividends have been paid or declared since the start of the financial period and the Directors do not recommend the payment of a dividend in respect of the financial period.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,051,473 (30 June 2020: \$64,815).

The Company acquired the Biranup Project and the Ponton Project and listed on the ASX during the period. The Biranup Project is comprised of six granted exploration licenses (EL's) covering a total area of ~400km² and is located in the north-eastern Albany Fraser Orogen (AFO). Previous work at Biranup identified 20+ EM conductors that are considered highly prospective for magmatic nickel-copper mineralisation. The Fire Dragon Nickel-Copper target has been the subject of a SPECTREM AEM survey, ground MLEM surveys yet very limited drilling, which intersected narrow zones of semi-massive to massive sulphides (including pentlandite and chalcopyrite).

Nickel X has completed MLEM surveys over 4 high priority targets at Biranup which have defined robust conductivity anomalies at FD1, FD2 and FD4. The FD1 Target highlighted a strong basement conductor with a strike length of 800m. DDH1 are mobilising to complete a phase 1 diamond drilling program for 1,212m and a phase 2 diamond and RC drilling program at Fire Dragon (Nickel-Copper), Silver Dragon (Nickel-Copper) and Black Dragon (Gold) for 5,000m.

The AFO is still considered an emerging mineral belt where nickel-copper discoveries such as Silver Knight (Creasy Group), Mawson (Legend Mining Limited) and (IGO Limited) continue to be made after only 10 years since the discovery of the significant Nova-Bollinger deposit. Total mineral endowment of the AFO is approximately 0.3Mt contained nickel-copper, whereas more mature belts, such as the Thompson Belt in Canada, have been explored for more than 40 years with total mineral endowment of 2.7Mt contained nickel.

The consolidated entity continued to undertake exploration and evaluation activities on its tenements located in the Albany Fraser Range in Western Australia.

Significant changes in the state of affairs

The Company acquired the Biranup Project and the Ponton Project and listed on the ASX.

On the 6 May 2021 the Company completed its IPO to raise \$7 million.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the point noted above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity intends to continue its exploration activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

Environmental regulation

The operations of the Group are subject to environmental regulations under the law of the Commonwealth and the State of Western Australia. The Group holds various environmental licenses issued under these laws, to regulate its mining and exploration activities in Australia. These licenses include conditions and regulations in relation to specifying limits on discharges into the air, surface water and groundwater, rehabilitation of areas disturbed during the course of mining and exploration activities and the storage of hazardous substances.

All environmental performance obligations are monitored by the Board of Directors and subjected from time to time to Government agency audits and site inspections. There have been no material breaches of the Group's licenses and all exploration activities have been undertaken in compliance with the relevant environmental regulations.

Information on directors

Name:	Jonathan Downes
Title:	Non-Executive Chairman
Appointment date:	8 February 2021
Qualifications:	BSc Geol, MAIG
Experience and expertise:	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.
Other current directorships:	Founding director of Hibernia Gold (later renamed Moly Mines Ltd), Siberia Mining Corporation Ltd, Kaiser Reef Limited and Wolf Minerals Limited. Non-executive director of Kingwest Resources Limited, Galena Mining Limited and Corazon Mining Limited; and an Executive director of Kaiser Reef Limited.
Former directorships (last 3 years):	None
Interests in shares:	100,000 ordinary shares (indirect)
Interests in options:	1,950,000 Options in the following tranches: • 650,000 unlisted options with an exercise price of \$0.25; • 650,000 unlisted options with an exercise price of \$0.30; and • 650,000 unlisted options with an exercise price of \$0.40. Each Option will have a 5-year expiry and will vest immediately.
Contractual rights to shares:	None

NickelX Limited
Directors' report
30 June 2021

Name:	Matthew Gauci
Title:	Managing Director and Chief Executive Officer
Appointment date:	7 February 2019 then later on Appointed as Managing Director and CEO on 1 January 2021
Qualifications:	BSc, MBA
Experience and expertise:	Mr Gauci is an experienced 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 and bulk commodities. Mr Gauci has a BSc. and an MBA from the University of Western Australia.
Other current directorships:	Non-Executive for 92 Energy Limited – ASX: 92E (since February 2020)
Former directorships (last 3 years):	Metalicity Limited (ASX Listed)
Interests in shares:	1,700,001 ordinary shares (indirect)
Interests in options:	3,000,000 Options in the following tranches: • 1,000,000 unlisted options with an exercise price of \$0.25; • 1,000,000 unlisted options with an exercise price of \$0.30; and • 1,000,000 unlisted options with an exercise price of \$0.40. Each Option will have a 5-year expiry and will vest immediately.
Contractual rights to shares:	None
Name:	Oliver Kreuzer
Title:	Non-Executive Director
Appointment date:	7 February 2019
Qualifications:	Dipl-Geol (University of Freiburg), PhD Economic Geology (James Cook University),
Experience and expertise:	Dr Kreuzer, a registered professional geoscientist (AIF RPGeo) with 20+ experience, is a world recognised project generator and explorer having been involved in the generation and exploration of significant uranium, gold, base and battery metals projects globally
Other current directorships:	Non-Executive Director & Founder, 92 Energy Limited -ASX: 92E (since February 2020)
Former directorships (last 3 years):	Non-Executive Director and Founder, Cygnus Gold Ltd – ASX: CY5 (2015-2020)
Interests in shares:	1,000,001 ordinary shares
Interests in options:	900,000 Options in the following tranches: • 300,000 unlisted options with an exercise price of \$0.25; • 300,000 unlisted options with an exercise price of \$0.30; and • 300,000 unlisted options with an exercise price of \$0.40. Each Option will have a 5-year expiry and will vest immediately.
Contractual rights to shares:	None

NickelX Limited
Directors' report
30 June 2021

Name:	Kristin Butera
Title:	Non-Executive Director
Appointment date:	7 February 2019
Qualifications:	BSc. Economic Geology, University of Melbourne, BSc (Hons). Metalliferous Economic Geology, James Cook University PhD, James Cook University
Experience and expertise:	Dr Butera is an experienced exploration geologist with 20+ years' experience and successful ore finder who has held senior executive positions for a number of public and private resource companies. He is currently the Executive Chairman of Plutonic Limited and is a board member for NickelX Limited, Australis Mineral Management and Savannah Gold Mines.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	296,296 ordinary shares (indirect)
Interests in options:	600,000 Options in the following tranches: • 200,000 unlisted options with an exercise price of \$0.25; • 200,000 unlisted options with an exercise price of \$0.30; and • 200,000 unlisted options with an exercise price of \$0.40. Each Option will have a 5-year expiry and will vest immediately.
Contractual rights to shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Steven Wood (B.Com, CA) has held the role of Company Secretary since 14 May 2019. Mr Wood is a Chartered Accountant and a Director of Grange Consulting Group Pty Ltd, which provides a unique range of corporate & financial services to listed and unlisted companies. Mr Wood has extensive experience private and seed capital raisings as well as successful ASX listings, whilst also providing company secretarial and financial management services to both ASX and unlisted public and private companies.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
Jonathan Downes	1	1
Matthew Gauci	2	2
Oliver Kreuzer	2	2
Kristin Butera	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the Group during the year included:

- Jonathan Downes - Non-Executive Chairman
- Matthew Gauci - Managing Director and Chief Executive Officer
- Oliver Kreuzer - Non-Executive Director
- Kristin Butera - Non-Executive Director

And the following person(s):

- Steven Wood – Chief Financial Officer and Company Secretary

NickelX Limited
Directors' report
30 June 2021

	Short-term benefits	Post-employment benefits	Share-based payments	
	Cash salary and fees \$	Super- annuation \$	Equity-settled options \$	Total \$
2021				
Non-Executive Directors:				
Jonathan Downes (Chairman)	31,250	-	265,200	296,450
Oliver Kreuzer	16,667	-	122,400	139,067
Kristin Butera	16,667	-	81,600	98,267
Executive Directors:				
Matthew Gauci	104,167	-	408,000	512,167
Other Key Management Personnel:				
Steven Wood	98,635	-	40,800	139,435
Grand Total	267,385	-	918,000	1,185,385

No KMP received any remuneration in the prior year.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
Non-Executive Directors:						
Jonathan Downes (Chairman)	100%	-	-	-	-	-
Oliver Kreuzer	100%	-	-	-	-	-
Kristin Butera	100%	-	-	-	-	-
Executive Directors:						
Matthew Gauci	100%	-	-	-	-	-
Other Key Management Personnel:						
Steven Wood	100%	-	-	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Matthew Gauci
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	Appointed as Non-Executive Director on 7 February 2019 and appointment as Managing Director and Chief Executive Officer commenced on 1 January 2021
Term of agreement:	3 years
Details:	Base salary for the year ending 30 June 2021 of \$250,000 per annum plus superannuation, to be reviewed on 1 July of each year following the Commencement Date or in accordance with its policies and procedures, whichever is the later. Non-cash benefits include 3,000,000 Options unlisted options exercisable into fully paid ordinary shares with a 5-year expiry from NKL's official quotation on ASX. Options are broken down per the following tranches: • 1,000,000 unlisted options with an exercise price of \$0.25; • 1,000,000 unlisted options with an exercise price of \$0.30; and • 1,000,000 unlisted options with an exercise price of \$0.40.

**NickelX Limited
Directors' report
30 June 2021**

Name:	Jonathan Downes
Title:	Non-Executive Director and Chairman
Agreement commenced:	8 February 2021
Term of agreement:	No set term and the agreement will continue until the Chairman/Director is no longer re-elected
Details:	Base salary for the year ending 30 June 2021 of \$75,000 per annum plus superannuation. In addition, a fee of up to \$10,000 per annum plus superannuation for service on each separately constituted and operating outside of the full Board sub-committee of the Board.
Name:	Oliver Kreuzer
Title:	Non-Executive Director
Agreement commenced:	7 February 2019
Term of agreement:	No set term and the agreement will continue until the Director is no longer re-elected
Details:	Base salary for the year ending 30 June 2021 of \$40,000 plus superannuation. In addition, a fee of up to \$10,000 per annum plus superannuation for service on each separately constituted and operating outside of the full Board sub-committee of the Board.
Name:	Kristin Butera
Title:	Non-Executive Director
Agreement commenced:	7 February 2019
Term of agreement:	No set term and the agreement will continue until the Director is no longer re-elected
Details:	Base salary for the year ending 30 June 2021 of \$40,000 plus superannuation. In addition, a fee of up to \$10,000 per annum plus superannuation for service on each separately constituted and operating outside of the full Board sub-committee of the Board.
Name:	Steven Wood
Title:	Company Secretary and Chief Financial Officer
Agreement commenced:	7 February 2019
Term of agreement:	No set term and the agreement will continue until the contract is terminated
Details:	Mr Wood engaged via agreement between Grange Consulting Group Pty Ltd and the Company. Grange's fee for the year ending 30 June 2021 of \$4,000 per month from February 2020 up to IPO and then \$10,000 per month from IPO onwards. 60-day termination notice by either party

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Options

The following Options were granted to Directors and Executive during the period:

	Tranche 1 Options	Tranche 2 Options	Tranche 3 Options
Grant Date	6-May-21	6-May-21	6-May-21
No of Options	2,250,000	2,250,000	2,250,000
Underlying share price	\$0.20	\$0.20	\$0.20
Exercise price	\$0.25	\$0.30	\$0.40
Expected volatility	100%	100%	100%
Expiry date (years)	5	5	5
Expected dividends	Nil	Nil	Nil
Risk free rate	0.775%	0.775%	0.775%
Value per option (rounded)	\$0.142	\$0.137	\$0.129

The options granted to key management personnel during the year vest immediately and therefore, total expense recognised during the period is \$918,000. The purpose of the issue of the Options is to align the interests of the option holders with those of Shareholders, and to motivate and reward the performance of the option holders.

2021	Balance at the start of the year	Granted during the reporting period	Exercised during the reporting period	Any other changes during the reporting period	Balance at the end of the year	Vested at end of reporting period	Vested and un- exercisable at end of reporting period
Name							
Directors							
Jonathan Downes	-	1,950,000	-	-	1,950,000	1,950,000	-
Oliver Kreuzer	-	900,000	-	-	900,000	900,000	-
Matthew Gauci	-	3,000,000	-	-	3,000,000	3,000,000	-
Kris Butera	-	600,000	-	-	600,000	600,000	-
Director Total	-	6,450,000	-	-	6,450,000	6,450,000	-
Steven Wood	-	300,000	-	-	300,000	300,000	-
KMP Total	-	6,750,000	-	-	6,750,000	6,750,000	-

Director	Number of options	Tranche 1 (\$)	Tranche 2 (\$)	Tranche 3 (\$)	Total Share-Based Payment Expense for the year (\$)
Jonathan Downes	1,950,000	92,300	89,050	83,850	265,200
Oliver Kreuzer	900,000	42,600	41,100	38,700	122,400
Matthew Gauci	3,000,000	142,000	137,000	129,000	408,000
Kris Butera	600,000	28,400	27,400	25,800	81,600
TOTAL	6,450,000	305,300	294,550	277,350	877,200

Other key management personnel	No of options	Tranche 1	Tranche 2	Tranche 3	Total Share-Based Payment Expense for the year (\$)
Steven Wood	300,000	14,200	13,700	12,900	40,800
TOTAL	300,000	14,200	13,700	12,900	40,800

For details of options granted and exercised during the period refer to Note 29 of the Financial Statements. There were no alterations to the terms and conditions of options granted as remuneration since their grant. The Company's remuneration policy prohibits Directors and executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements. To ensure compliance with this policy Directors and executives are required to disclose all dealings in company securities, whether vested or not.

Shareholdings

The numbers of shares in the Group held during the period by each director of NickelX Limited and other key management personnel of the Group, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

2021 Name	Balance at the start of the year	Capital Raising shares subscribed for	Exercised of options/performance rights	Balance at resignation date	Balance at the end of the year
Directors					
Jonathan Downes ¹	-	100,000	-	-	100,000
Oliver Kreuzer	1,000,001	-	-	-	1,000,001
Matthew Gauci	1,500,001	200,000	-	-	1,700,001
Kris Butera	1,000,001	-	-	-	1,000,001
Director Total	3,500,003	300,000	-	-	3,800,003
Steven Wood	-	-	-	-	-
KMP Total	3,500,003	300,000	-	-	3,800,003

¹ Mr Downes balance at the start of year is at his appointment date 8 February 2021.

Additional information

The earnings of the consolidated entity for the three years to 30 June 2021 are summarised below:

	2021 \$'000	2020 \$'000
Sales revenue	nil	nil
EBITDA	(2,023,279)	(64,815)
EBIT	(2,045,763)	(64,815)
Loss after income tax	(2,051,473)	(64,815)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020
Share price at financial year end (\$)	\$0.175	n/a
Total dividends declared (cents per share)	nil	nil
Basic earnings per share (cents per share)	(6.61)	(0.33)

Other transactions with Key Management Personal

Grange Consulting

Mr Steven Wood, a Director of Grange Consulting and an entity related to him is shareholder of Grange Consulting.

A summary of the total fees paid to Grange Consulting and Grange Capital Partners for the year ended 30 June 2021 and 30 June 2020 is as follows:

	Consolidated 2021 \$	2020 \$
Company secretarial and financial management services	98,635	14,459
	<u>98,635</u>	<u>14,459</u>

Other transactions with Director and key management personnel

During the financial year, funds were received in relation to the seed capital raising. Further as part of the IPO placement completed in April 2021, unlisted options were issued. The following securities were issued to key management personnel:

KEY MANAGEMENT PERSONNEL	CLASS OF SECURITIES	RECIPIENT	NUMBER OF SECURITIES	TOTAL FAIR VALUE (\$)
MATT GAUCI	Series 1 shares at 10c per share	Matthew Gauci	200,000	\$20,000
	Unlisted Options		3,000,000	\$408,088
JONATHAN DOWNES	Unlisted Options	Kiandra Nominees Pty Ltd	1,950,000	\$265,257
KRISTIN BUTERA	Unlisted Options	Insurgent Metals Pty Ltd	600,000	\$81,618
OLIVER KREUZER	Unlisted Options	Oliver Kreuzer	900,000	\$122,426
STEVEN WOOD	Unlisted Options	Nardie Group Pty Ltd	300,000	\$40,809

End of audited remuneration report

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

NickelX Limited
Directors' report
30 June 2021

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Options

Unlisted equity securities

Expiry Date	Exercise Price	Number of Options	Number of option Holders
6 May 2026	\$0.25	2,250,000	5
6 May 2026	\$0.30	2,250,000	5
6 May 2026	\$0.40	2,250,000	5
6 May 2025	\$0.25	2,400,000	2
18 June 2025	\$0.25	2,000,000	2
	Total	11,150,000	19

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

NickelX Limited
Directors' report
30 June 2021

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

	Consolidated	
	2021	2020
	\$	\$
<i>Other services – BDO Corporate Finance (WA) Pty Ltd</i>		
Non-audit services – Independent Limited Assurance Report	20,319	-
<i>Other services – BDO Tax (WA) Pty Ltd</i>		
Preparation of the tax return	5,000	-
	<u>25,319</u>	<u>-</u>

Officers of the company who are former partners of BDO Audit (WA) Pty Ltd

There are no officers of the company who are former partners of BDO Audit (WA) Pty Ltd.

Auditor's independence declaration

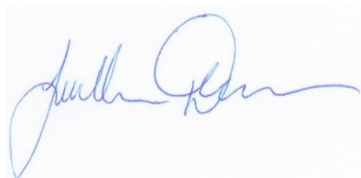
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Jonathan Downes
Non-Executive Chairman

29 September 2021
Perth

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF NICKELX LIMITED

As lead auditor of NickelX Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of NickelX Limited and the entity it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2021

NickelX Limited**Contents****30 June 2021**

Consolidated statement of profit or loss and other comprehensive income	17
Consolidated statement of financial position	18
Consolidated statement of changes in equity	19
Consolidated statement of cash flows	20
Notes to the financial statements	21
Directors' declaration	43
Independent auditor's report to the members of NickelX Limited	44
Shareholder information	48

NickelX Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue and other income			
Other income		-	25,113
Interest income	5	229	22
Expenses			
Administration		(35,255)	(28,816)
Professional fees	6(a)	(152,862)	(34,200)
Public Company Expenses	6(b)	(211,504)	(22,365)
Marketing		(594)	-
Finance costs		(1,940)	-
Share based payment expense	29	(1,113,748)	-
Employee benefit expenses	6(c)	(267,385)	-
Exploration expense		(241,932)	(3,568)
Depreciation and amortisation expense		(26,484)	-
Impairment expense		-	(1,000)
Profit (loss) before income tax expense		(2,051,473)	(64,815)
Income tax expense	7	-	-
Profit (loss) after income tax expense for the year		<u>(2,051,473)</u>	<u>(64,815)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of NickelX Limited		<u>(2,051,473)</u>	<u>(64,815)</u>
Loss per share for the year attributable to the owners of the group			
Basic and diluted loss per share (cents per share)	28	<u>(6.61)</u>	<u>(0.33)</u>

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

NickelX Limited
Consolidated statement of financial position
As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	8	5,972,476	11,233
Trade and other receivables	9	126,591	1,200
Prepayments		83,835	-
Total current assets		<u>6,182,901</u>	<u>12,433</u>
Non-current assets			
Right-of-use assets	10	26,484	-
Exploration and evaluation	11	1,435,321	-
Total non-current assets		<u>1,461,805</u>	<u>-</u>
Total assets		<u>7,644,706</u>	<u>12,433</u>
Liabilities			
Current liabilities			
Trade and other payables	12	177,127	26,247
Lease liabilities	13	28,983	-
Provisions	14	7,516	-
Total current liabilities		<u>213,626</u>	<u>26,247</u>
Non-current liabilities			
Provisions	14	1,284	-
Total non-current liabilities		<u>1,284</u>	<u>-</u>
Total liabilities		<u>214,910</u>	<u>26,247</u>
Net assets		<u>7,429,796</u>	<u>(13,813)</u>
Equity			
Issued capital	15	8,238,963	169,350
Reserves	16	1,425,469	-
Accumulated losses	17	(2,234,636)	(183,163)
Total equity		<u>7,429,796</u>	<u>(13,813)</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

NickelX Limited
Consolidated statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital \$	Share based payments and Options Reserves \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2019	143,350	-	(118,349)	25,001
Loss after income tax expense for the year	-	-	(64,815)	(64,815)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(64,815)	(64,815)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 15)	25,000	-	-	25,000
Share based payment (note 29)	1,000	-	-	1,000
Total transactions with owners in their capacity as owners	26,000	-	-	26,000
Balance at 30 June 2020	169,350	-	(183,163)	(13,813)

Consolidated	Issued capital \$	Share based payments and Options Reserves \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2020	169,350	-	(183,163)	(13,813)
Loss after income tax expense for the year	-	-	(2,051,473)	(2,051,473)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,051,473)	(2,051,473)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 15)	8,069,613	-	-	8,069,613
Share-based payments (note 29)	-	1,425,469	-	1,425,469
Total transactions with owners in their capacity as owners	8,069,613	1,425,469	-	9,495,082
Balance at 30 June 2021	8,238,963	1,425,469	(2,234,636)	7,429,796

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

NickelX Limited
Consolidated statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 \$	Consolidated 2020 \$
Cash flows related to operating activities			
Payments for exploration activities		(241,932)	-
Payments to suppliers and employees		(717,145)	(68,015)
Interest received		229	22
Interest paid		(676)	-
Net cash used in operating activities	27	(959,524)	(67,993)
Cash flows from investing activities			
Proceeds from sale of assets		-	25,113
Payments for exploration and evaluation		(85,321)	-
Loans provided to third parties		-	(700)
Net cash (used in)/from investing activities		(85,321)	24,413
Cash flows from financing activities			
Proceeds from issue of shares		7,581,250	25,000
Payment for cost of equity issues		(549,916)	-
Repayment of lease liabilities		(25,248)	-
Net cash provided by financing activities		7,006,086	25,000
Net increase/(decrease) in cash and cash equivalents		5,961,243	(18,579)
Cash and cash equivalents at the beginning of the financial year		11,233	29,812
Cash and cash equivalents at the end of the financial year	8	5,972,476	11,233

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Basis of preparation

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

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment, financial assets at fair value through other comprehensive income and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NickelX Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. NickelX Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The consolidated entity recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

NickelX Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

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

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

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

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

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

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

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

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

Exploration and evaluation assets

Exploration and evaluation expenditure is expensed to the profit and loss as incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current, and when existence of a commercially viable mineral reserve has been established and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

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

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

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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

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

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

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

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

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of NickelX Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Coronavirus (COVID-19) pandemic

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

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 31 for further information.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Asset acquisition not constituting a Business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

In determining when an acquisition is determined to be an asset acquisition and not a business, significant judgement is required to assess whether the assets acquired constitute a business in accordance with AASB 3. Under AASB 3 a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and consists of inputs and processes, which when applied to those inputs has the ability to create outputs.

Management determined that the acquisition of tenements was an asset acquisition.

Fair value of asset acquisition

During the financial year, 6,250,000 ordinary shares each were issued to VRX Silica Ltd as consideration for the acquisition of 100% of Ventnor Gold Pty Ltd. 500,000 ordinary shares were issued to Black Dragon Pty Ltd for Ponton Project. The fair value of consideration was by reference to the most recent IPO placement completed by NKL in accordance with AASB 2. The fair value of the shares granted by NKL was determined to be \$1,250,000 and \$100,000 respectively.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Note 4. Asset Acquisition

a. Ventnor acquisition

On 19 June 2020, NickelX has entered into a binding term sheet (Ventnor Acquisition Agreement) with VRX Silica Ltd (VRX), where VRX agreed to sell, 100% of the issued capital of Ventnor Gold Pty Ltd (Ventnor), a wholly owned subsidiary of VRX. Ventnor holds the Tenements comprising the Biranup Project. The Biranup Tenements acquired are as follows:

Tenement ID
E38/3191
E38/3294
E39/1828
E39/2000
E39/2001
E39/2003

Pursuant to the Term Sheet, NKL agreed to pay the following as consideration for the Biranup Tenements:

- (a) to issue VRX 6,250,000 Shares at a deemed issue price of \$0.20 per Share on settlement of the Ventnor Acquisition (Settlement). The fair value of the shares issued to VRX was by reference to recent Initial Public Offering ('IPO') at 20c per share. Shares were issued upon completion of IPO. Refer note 16;
- (b) to pay to the VRX milestone payments, comprising:
 - 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;
 - ii. **(Milestone Payment 2):** \$200,000 cash 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
 - 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.

b. Ponton acquisition

The Company has entered into a binding Heads of Agreement (Ponton Acquisition Agreement) with Black Dragon Energy (Aus) Pty Ltd (Black Dragon) on 23 June 2020, a wholly owned subsidiary of Zenith Minerals Limited (ASX:ZNC). NKL agreed to acquire, and Black Dragon agrees to sell, 100% of its right, title and interest in E28/2779, which comprises the Ponton Project.

Pursuant to the Agreement, NKL agreed to pay the following as consideration for the Ponton Project:

- (a) to pay Black Dragon \$15,000 in cash as a reimbursement for costs incurred in connection with the development of Ponton Project. This amount was settled during the financial year and was recognised as capitalised acquisition cost;
- (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). Shares were issued upon completion of IPO. Refer note 16; and
- (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.

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Note 5. Revenue and Other Income

	Consolidated	
	2021	2020
	\$	\$
Interest revenue	229	22
Other ¹	-	25,113
	<u>229</u>	<u>-</u>

¹ In 2019 the Company acquired a Singaporean entity, Prospect Cobalt Pte Ltd. This transaction was accounted for as an asset acquisition. During the financial year ended 30 June 2020, the Company resolved to liquidate the entity and its subsidiary and dispose of any assets held resulting in the above proceeds from sale being received in October 2019.

Note 6. Expenses Items

	Consolidated	
	2021	2020
	\$	\$
<i>6(a) Professional Fees</i>		
Accounting fees	21,509	-
Consulting and advisory fees	61,022	-
Legal fees	70,331	34,200
Total professional fees	<u>152,862</u>	<u>34,200</u>
<i>6(b) Public company expenses</i>		
Audit fees	56,432	-
Compliance expenses	95,662	22,365
Share register fees	13,310	-
Conference expenses	1,100	-
Investor relation expenses	45,000	-
Total Public company expenses	<u>211,504</u>	<u>22,365</u>
<i>6(c) Employee and director benefits costs</i>		
Director fees	168,751	-
Employee wages and other employment costs	98,634	-
Total Employee and director benefits costs	<u>267,385</u>	<u>-</u>

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Note 7. Income tax expense

	Consolidated 2021 \$	2020 \$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Under/ (over) provision in prior years	-	-
Total income tax expense from continuing operations	-	-
Deferred income tax expense/ (revenue) included in income tax expense comprises:		
Decrease/ (increase) in deferred tax assets	-	-
(Decrease)/ increase in deferred tax liabilities	-	-
Deferred tax - origination and reversal of temporary differences	-	-
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit/(Loss) Before Income Tax	(2,051,473)	(64,815)
Tax at the statutory tax rate of 30%	(615,442)	(19,445)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments	334,125	-
Other	6,036	-
Tax losses and temporary differences not recognised	275,281	19,445
Income tax expense	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%
(c) Unrecognised deferred tax assets		
<i>Unrecognised deferred tax asset balance comprises:</i>		
Tax losses	337,109	-
Provisions & Accruals	12,325	-
ROU Lease Liability	8,695	-
Capital & Business related costs	236,562	-
	594,691	-
Offset against deferred tax liability / not recognised	(24,615)	-
Net deferred tax assets unrecognised	570,076	-
Unrecognised deferred tax liability balance comprises:		
Exploration expenditure	16,669	-
ROU Asset	7,945	-
	24,615	-
Offset against deferred tax assets / not recognised	(24,615)	-

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
Cash at bank	5,972,476	11,233
	<u>5,972,476</u>	<u>11,233</u>

Note 9. Current assets - trade and other receivables

	Consolidated	
	2021	2020
	\$	\$
GST receivables	124,288	-
Loan receivable	1,803	-
Other receivables	500	1,200
	<u>126,591</u>	<u>1,200</u>

Note 10. Non-current assets - right-of-use assets

	Consolidated	
	2021	2020
	\$	\$
Land and buildings - right-of-use	52,968	-
Less: Accumulated depreciation	<u>(26,484)</u>	<u>-</u>
	26,484	-

The consolidated entity leases land and buildings for its offices. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. Refer to Note 13 for Current liabilities - lease liabilities.

Note 11. Non-current assets - exploration and evaluation

	Consolidated	
	2021	2020
	\$	\$
Exploration and evaluation - at cost	<u>1,435,321</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration and evaluation \$	Total \$
Consolidated		
- Carrying amount at the beginning of the period	-	-
- Costs capitalised during the period, net of refunds	1,435,321	1,435,321
- Costs impaired during the period	-	-
	<u>1,435,321</u>	<u>1,435,321</u>
Carrying amount at the end of the period		

Note 12. Current liabilities - trade and other payables

	Consolidated 2021 \$	Consolidated 2020 \$
Trade payables ⁽¹⁾	104,889	11,602
Accruals & other payables	72,238	-
	<u>177,127</u>	<u>11,602</u>

¹ Current trade payables are non-interest bearing and are normally settled on 30-day terms

Refer to note 18 for further information on financial instruments.

Note 13. Current liabilities - lease liabilities

	Consolidated 2021 \$	Consolidated 2020 \$
Lease liability - current	28,983	-
Lease liability - non current	-	-
Total	<u>28,983</u>	<u>-</u>

Refer to note 18 for further information on financial instruments. Refer to Note 10 for Non-current assets - right-of-use assets.

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Note 14. Provisions

	Consolidated 2021 \$	2020 \$
Current:		
Provision for annual leave	7,516	-
Provision for LSL leave	-	-
Total current provisions	7,516	-
Non - Current:		
Provision for LSL leave	1,284	-
Total non - current provisions	1,284	-
 Total Provisions	 <u>8,799</u>	 <u>-</u>

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 15. Equity - issued capital

	2021 Shares	Consolidated 2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	68,600,004	20,850,004	8,238,963	169,350
<i>Movements in ordinary share capital</i>				

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	18,250,004		143,350
Shares issued to Prospect Resources Limited	30 August 2019	100,000	\$0.01	1,000
Issue of Promoter and Foundation Shares	13 November 2019	2,500,000	\$0.01	25,000
Share issue transaction costs, net of tax		-		-
Balance	30 June 2020	20,850,004		169,350
Issue of Placement shares	30 September 2020	200,000	\$0.10	20,000
Seed Placement shares Series 1	26 October 2020	1,800,000	\$0.10	180,000
Seed Placement shares Series 2	12 November 2020	4,000,000	\$0.10	400,000
IPO Placement shares	7 May 2021	35,000,000	\$0.20	7,000,000
Shares issued to Ventnor Gold	7 May 2021	6,250,000	\$0.20	1,250,000
Shares issued to Black Dragon	7 May 2021	500,000	\$0.20	100,000
Share issue transaction costs, net of tax		-	-	(880,987)
Balance	30 June 2021	<u>68,600,004</u>		<u>8,238,963</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Note 16. Equity - issued capital (continued)

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Note 16. Equity - reserves

	Consolidated	
	2021	2020
	\$	\$
Share Based Payments and Options Reserve	1,425,669	-
Total Reserves	<u>1,425,669</u>	<u>-</u>

Share Based Payments, Options and Performance Rights reserves

The reserve is used to record the value of equity benefits provided for the issue of equity instruments.

Note 17. Equity – Accumulated losses

	Consolidated	
	2021	2020
	\$	\$
Accumulated losses at the beginning of the financial year	(183,163)	(118,349)
Loss after income tax expense for the year	(2,051,473)	(64,815)
Accumulated losses at the end of the financial year	<u>(2,234,636)</u>	<u>(183,163)</u>

Note 18. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk at reporting period.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. As at 30 June 2021, there are \$nil trade receivables (2020: \$nil).

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2021	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	104,889	-	-	-	104,889
Other payables	-	66,014	-	-	-	66,014
<i>Interest-bearing - fixed rate</i>						
Lease liability	6.51%	28,983	-	-	-	28,983
Total non-derivatives		199,887	-	-	-	199,887

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Consolidated - 2020	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	11,247	-	-	-	11,247
Other payables	-	-	-	-	-	-
<i>Interest-bearing - fixed rate</i>						
Bank loans	-	-	-	-	-	-
Lease liability	-	-	-	-	-	-
Total non-derivatives		<u>11,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,247</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 19. Key management personnel disclosures

Compensation

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

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	267,385	-
Post-employment benefits	-	-
Long-term benefits	-	-
Share-based payments	918,000	-
	<u>1,185,385</u>	<u>-</u>

(b) Other Transactions with Key Management Personnel

Grange Consulting

Mr Steven Wood, the Company Secretary and CFO of the Company, is also a Director of Grange Consulting and an entity related to him is a shareholder of Grange Consulting.

A summary of the total fees paid to Grange Consulting and Grange Capital Partners for the year ended 30 June 2021 and 30 June 2020 is as follows:

	Consolidated	
	2021	2020
	\$	\$
Company secretarial, transaction and financial management services	98,635	14,459
	<u>98,635</u>	<u>14,459</u>

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2021	2020
	\$	\$
<i>Audit services – BDO Audit (WA) Pty Ltd</i>		
Audit or review of the financial statements	43,579	-
<i>Other services – BDO Tax (WA) Pty Ltd</i>		
Preparation of the tax return	5,000	-
<i>Other services – BDO Corporate Finance (WA) Pty Ltd</i>		
Non-audit services – Independent Limited Assurance Report	20,319	-
	<u>63,897</u>	<u>-</u>

Note 21. Contingent assets

There were no contingent assets as at 30 June 2021, or since that date and the date of this report.

Note 22. Contingent liabilities

There were no commitments or contingent liabilities which would require disclosure at the end of the period, other than those listed below:

Binding Term Sheet with VRX Silica Ltd

The Company executed a binding term sheet on 19 June 2020 with VRX Silica Ltd ("VRX") where the Company agreed to acquire 100% of the issued capital of Ventnor Gold Pty Ltd ("Ventnor"). The acquisition was successfully completed during the year. Refer to note 4 for further details.

Other consideration payable include:

- \$200,000 cash at the delineation of a JORC compliant inferred Resources of no less than 7.5Mt at a grade of 2% nickel and 0.5% copper on the land comprising the tenements;
- \$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; and
- \$500,000 cash at the first commercial extraction of any minerals, mineral products, ore or concentrates, in whatever form, from the project.

Binding Heads of Agreement with Black Dragon Energy (Aus) Pty Ltd

The Company executed a binding heads of agreement on 23 June 2020 with Black Dragon Energy (Aus) Pty Ltd, a wholly owned subsidiary of Zenith Minerals Limited ("ZNC") where the Company agrees to acquire a 100% legal and beneficial interest in the Tenement, Mining Information Statutory Licences ("nickel prospectivity database" or "Assets"). The acquisition was successfully completed during the year. Refer to note 4 for further details.

Other consideration payable by the Company include:

- A royalty of 1.5% of the net smelter return on all minerals, mineral products and concentrates, produced and sold from the Assets.

Other than those noted above, there were no other contingent liabilities as at 30 June 2021, or since that date and the date of this report.

Note 24. Commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the relevant authorities. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report. The actual expenditures to date on tenements have exceeded the minimum expenditure requirements specified by the relevant authorities during the current tenement grant periods.

	2021	2020
	\$	\$
Not Longer than 12 months	282,573	-
Between 12 months and 5 years	279,780	-
Longer than 5 years	-	-
	562,353	-

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations. The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

Note 23. Related party transactions

Parent entity

NickelX Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 25.

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Other transactions with Director and key management personnel

During the financial year, funds were received in relation to the seed capital raising. Further as part of the IPO placement completed in April 2021, unlisted options were issued. The following securities were issued to key management personnel:

KEY MANAGEMENT PERSONNEL	CLASS OF SECURITIES	RECIPIENT	NUMBER OF SECURITIES	TOTAL FAIR VALUE (\$)
MATT GAUCI	Unlisted Options	Matthew Gauci	3,000,000	\$408,088
JONATHAN DOWNES	Unlisted Options	Kiandra Nominees Pty Ltd	1,950,000	\$265,257
KRISTIN BUTERA	Unlisted Options	Insurgent Metals Pty Ltd	600,000	\$81,618
OLIVER KREUZER	Unlisted Options	Oliver Kreuzer	900,000	\$122,426
STEVEN WOOD	Unlisted Options	Nardie Group Pty Ltd	300,000	\$40,809

NickelX Limited
Notes to the consolidate financial statements
For year ended 30 June 2021

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

	2021	2020
	\$	\$
Assets		
Current assets	6,182,901	12,433
Non-current assets	1,461,805	-
Total Assets	7,644,706	12,433
Liabilities		
Current liabilities	213,626	26,246
Non-current liabilities	1,284	-
Total Liabilities	214,910	26,246
Net Assets/(Deficiency)	7,429,796	(13,813)
Equity		
Issued Capital	8,238,963	169,350
Reserves	1,425,469	(183,163)
Accumulated losses	(2,234,636)	(11,247)
Total Equity	7,429,796	(13,813)
Profit/(Loss) for the year	(2,051,473)	(64,815)
Total comprehensive income	(2,051,473)	(64,815)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
Ventnor Gold Pty Ltd	Australia	100.00%	0.00%

Note 26. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than noted above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 27. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2021 \$	2020 \$
Loss after income tax expense for the year	(2,051,473)	(64,815)
Adjustments for:		
Depreciation and amortisation	26,484	-
Share-based payments	1,113,748	-
(Profit)/Loss on disposal of assets	-	(25,113)
AASB 16 adjustment	2,500	-
Impairment expense	-	1,000
Change in operating assets and liabilities:		
Increase / (Decrease) in Trade and Other Payables	149,645	20,935
(Increase)/ Decrease in Trade and Other Receivables	(125,391)	-
Increase/(decrease) in trade and other payables	(83,836)	-
Increase/(Decrease) in Provisions	8,799	-
Net cash outflows from operating activities	<u>(959,524)</u>	<u>(67,993)</u>

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2021

Note 28. Earnings per share

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax	(2,051,473)	(64,815)
	Cents	Cents
Basic and diluted loss per share	(6.61)	(0.33)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	31,017,264	19,858,223

Note 29. Share-based payments

Share based payments made during the period ended 30 June 2021 are summarised below.

Set out below are summaries of options granted:

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
6-May-21	6-May-26	\$0.25	-	2,250,000	-	-	2,250,000
6-May-21	6-May-26	\$0.30	-	2,250,000	-	-	2,250,000
6-May-21	6-May-26	\$0.40	-	2,250,000	-	-	2,250,000
6-May-21	6-May-25	\$0.25	-	2,400,000	-	-	2,400,000
14-June-21	18-June-25	\$0.25	-	2,000,000	-	-	2,000,000
			-	11,150,000	-	-	11,150,000

There were no options on issue as at 30 June 2020.

Note 29. Share-based payments (continued)

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

a. Options issued to Key Management Personnel

	Tranche 1 Options	Tranche 2 Options	Tranche 3 Options
Grant Date	6-May-21	6-May-21	6-May-21
No of Options	2,250,000	2,250,000	2,250,000
Underlying share price	\$0.20	\$0.20	\$0.20
Exercise price	\$0.25	\$0.30	\$0.40
Expected volatility	100%	100%	100%
Expiry date (years)	5	5	5
Expected dividends	Nil	Nil	Nil
Risk free rate	0.775%	0.775%	0.775%
Value per option (rounded)	\$0.142	\$0.137	\$0.129

The options granted to key management personnel during the year vest immediately and therefore, total expense recognised during the period is \$918,000.

b. Options issued to Consultant

During the year, unlisted options were issued to CPS Capital who was the Lead Manager on NKL's initial listing on the ASX. As part of the binding mandate, 2,400,000 options were to be issued upon NKL's successful listing.

In addition, a new mandate was signed and unlisted options were issued to CPS Capital. As part of the mandate, 2,000,000 options were issued for ongoing services.

Refer below for the inputs used to determine the fair value at grant date:

	IPO Options	Incentive Options
Grant Date	6-May-21	14-June-21
No of Options	2,400,000	2,000,000
Underlying share price	\$0.20	\$0.16
Exercise price	\$0.25	\$0.25
Expected volatility	100%	100%
Expiry date (years)	4	4
Expected dividends	Nil	Nil
Risk free rate	0.455%	0.375%
Value per option (rounded)	\$0.130	\$0.098

The options granted during the year to Consultant vest immediately and therefore, total expense recognised during the period is \$507,469.

NickelX Limited
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Jonathan Downes
Non-Executive Chairman

29 September 2021
Perth

INDEPENDENT AUDITOR'S REPORT

To the members of NickelX Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of NickelX Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for exploration and evaluation expenditure

Key audit matter	How the matter was addressed in our audit
The carrying value of the capitalised exploration and evaluation asset as at 30 June 2021 is disclosed in Note 11 of the financial report. As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; • Recognition and valuation of purchase consideration for tenement acquisitions; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Considering whether there are any other facts or circumstances existing to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 11 to the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 12 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of NickelX Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'J Prue', is written over a faint, light blue BDO logo.

Jarrad Prue

Partner

Perth, 29 September 2021

NickelX Limited
Shareholder information
30 June 2021

The shareholder information set out below was applicable as at 23 September 2021.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

		Ordinary shares	
	Total units	Number of holders	% of total shares issued
1 to 1,000	2,220	9	0.00
1,001 to 5,000	499,768	138	0.71
5,001 to 10,000	1,349,006	155	1.98
10,001 to 100,000	18,659,927	447	27.15
100,001 and over	48,089,083	114	70.15
TOTAL	68,600,004	863	100.00
Holding less than a marketable parcel	36,211	24	0.05

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
VRX Silica Limited	6,250,000	9.11
Sunset Capital Management Pty Ltd	5,210,050	7.59
Cheyne Michael Dunford	2,301,000	3.35
Matthew Gauci	1,700,001	2.48
Citicorp Nominees Pty Limited	1,062,904	1.55
Oliver Pierre Kreuzer	1,000,001	1.46
Insurgent Metals Pty Ltd	1,000,001	1.46
Didier Bamwanya Mbaya	1,000,000	1.46
Cityscape Asset Pty Ltd	1,000,000	1.46
Cityscape Asset Pty Ltd	1,000,000	1.46
Pager Partners Corporate Advisory Pty Ltd	1,000,000	1.46
Cs Third Nominees Pty Limited	877,700	1.28
RNR Blok Holdings Pty Ltd	846,284	1.23
BNP Paribas Nominees Pty Ltd	841,378	1.23
Corey Jonothan Muller	711,939	1.04
Sotis Superannuation Pty Ltd	550,000	0.80
Joel Ross Symons	514,169	0.75
Malahide Management Pty Ltd	500,000	0.73
Zenith Minerals Limited	500,000	0.73
Malahide Management Pty Ltd	500,000	0.73
Total Top 20	28,365,427	41.35
Other Holders	40,234,577	58.65
	68,600,004	100.00

NickelX Limited
Shareholder information
30 June 2021

Unquoted equity securities

Expiry Date	Exercise Price	Number of Options
6 May 2026	\$0.25	2,250,000
6 May 2026	\$0.30	2,250,000
6 May 2026	\$0.40	2,250,000
6 May 2025	\$0.25	2,400,000
18 June 2025	\$0.25	2,000,000
	Total	11,150,000

The names of the security holders with more than 20% of an unlisted class of security as at the date of this report are listed below:

Holder	ULO \$0.25 6 May 2026	ULO \$0.30 6 May 2026	ULO \$0.40 6 May 2026	ULO \$0.25 6 May 2025	ULO \$0.25 18 June 2025
Celtic Capital Pty Ltd	-	-	-	1,680,000	1,400,000
CPS Capital No 4 Pty Ltd	-	-	-	720,000	600,000
Matthew George Gauci	1,000,000	1,000,000	1,000,000	-	-
Kiandra Nominees Pty Ltd	650,000	650,000	650,000	-	-
Total number of holders	5	5	5	2	2
Total holdings over 20%	1,650,000	1,650,000	1,650,000	2,400,000	2,000,000
Other holders	600,000	600,000	600,000	-	-
Total	2,250,000	2,250,000	2,250,000	2,400,000	2,000,000

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
VRX Silica Limited	6,250,000	9.11
Mr Jason Peterson	7,498,250	10.93

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Buy-Back

There was no on-market buy back during the period

Use of funds

Since the time of listing on ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner which is consistent with its business objectives.

Tenements

Description	Tenement number	Interest owned %
Biranup	E39/2001	100.00
Biranup	E38/3294	100.00
Biranup	E39/1828	100.00
Ponton	E28/2779	100.00
Biranup	E38/3191	100.00
Biranup	E39/2000	100.00
Biranup	E39/2003	100.00

Restricted Securities

The Company confirms the following restricted securities are on issue as at the date of this report:

Shares	Number
Escrowed Shares for 24 months from the date of official quotation	6,500,004
Escrowed Shares for 12 months from the date of official quotation	6,750,000
Escrowed Shares for 12 months from 26 October 2020	350,000
Escrowed Shares for 12 months from 12 November 2020	1,500,000
Escrowed Shares for 12 months from 20 December 2020	250,000
Total	15,100,004

Options	Number
Tranche 1 Unlisted options (\$0.25, 5-year expiry from date of issue)	2,250,000
Tranche 2 Unlisted options (\$0.30, 5-year expiry from date of issue)	2,250,000
Tranche 3 Unlisted options (\$0.40, 5-year expiry from date of issue)	2,250,000
Unlisted options (\$0.25, 4-year expiry from date of issue)	2,400,000
Total	9,150,000

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of NickelX Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that the Company is compliant with many of those guidelines which are of importance to the commercial operation of the Company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company.

Details of NickelX's current corporate governance practices is set out in the Company's corporate governance statement which can be viewed on the Company website at <https://nickelxlimited.com/corporate/corporate-governance/>