



ACN: 649 817 425

**Financial Report
for the Period Ended 30 June 2021**

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**NICO RESOURCES LIMITED
CORPORATE DIRECTORY**

Directors

Non-Executive Chairman

Mr Warren Hallam

Managing Director

Mr Roderick Corps

Non-Executive Director

Mr Brett Smith

Company Secretary

Ms Amanda Burgess

Registered and Principal Office

Level 11
216 St Georges Terrace
Perth Western Australia 6000

Telephone : +61 (8) 9481 0389

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Website www.nicoresources.com.au

Legal Advisors

Blackwall Legal LLP
Level 26, 140 St Georges Terrace
PERTH WA 6000

Auditors

Criterion Audit Pty Ltd
Suite 2, 642 Newcastle Street
Leederville WA 6007

Bankers

National Australia Bank Limited
Ground Floor, 100 St Georges Terrace
Perth Western Australia 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone 1300 787 272

The Directors present their report together with the financial statements of Nico Resources Limited (referred to hereafter as “the Company”) for the financial period from incorporation date 29 April 2021 to 30 June 2021.

Current Directors

The name and details of the Company’s Directors in office during the financial period and until the date of this report are as follows. Directors were in office for the entire period unless stated otherwise.

Mr Warren Hallam - Non-Executive Chairman (appointed 29 April 2021)
Mr Roderick Corps – Managing Director (appointed 29 April 2021)
Mr Brett Smith – Non-Executive Director (appointed 29 April 2021)

Mr Warren Hallam B. App Sci (Metallurgy), MSc Min. Econ, Grad.Dip (Fin) **Non-Executive Chairman**

Mr Hallam is a metallurgist, a mineral economist and holds a Graduate Diploma in Business. He has over 35 years of technical and commercial experience across numerous commodities and businesses within the resources industry including with top-tier mining companies Western Mining Corporation, Metals X Limited, Westgold Resources Limited and is currently Chairman of ASX listed Nelson Resources Limited Kingfisher Mining Limited and Essential Metals Limited. Mr Hallam was a member of the senior leadership team at Metals X (both as Executive Director and Managing Director) and played a critical role in the development of Metals X as a leading global tin producer and top-10 gold producer. Mr Hallam also held a range of senior operation, strategic and business development roles with diversified ASX-100 resource company Western Mining Corporation.

Current ASX Listed Directorships

Nelson Resources Limited
Kingfisher Mining Limited
Essential Metals Limited

Mr Roderick Corps **Managing Director**

Mr Corps Rod Corps has been involved in the finance industry for 30 years, having worked as a stockbroker for Porter Western Ltd (now Macquarie Group), and Morgan Stanley and JP Morgan in the United Kingdom. Mr Corps has been a director of Eternal Resources Ltd (taken over by Aziana Ltd - now Brainchip Holdings Ltd ASX:BRN) and Voyager Global Ltd - now Cycliq Group (ASX:CYQ). From 2013 to 2021 Rod was the corporate & investor relations manager for ASX listed Westgold Resources Ltd (ASX:WGXO). He is currently a non-executive director of Marketech Limited.

Current ASX Listed Directorships

Nil

MR Brett Smith B.Chem Eng, MBA, M Res Methodology **Non-Executive Director**

Brett Smith has participated in the development of a number of mining and mineral processing projects including coal, iron ore, base and precious metals. He has also managed engineering and construction companies in Australia and internationally. Brett has served on the boards of private mining and exploration companies and has over 32 years’ international experience in the engineering, construction and mineral processing businesses. Brett is an executive director of Metals X Limited, executive director and deputy chairman of Hong Kong listed company APAC Resources Limited, executive director of Hong Kong listed company Dragon Mining Limited and a non-executive director of ASX listed companies Prodigy Gold NL and Tanami Gold NL.

Current ASX Listed Directorships

Prodigy Gold NL
Tanami Gold NL
Metals X Limited
Elementos Limited

Company Secretary

Amanda Burgess B Econs. CPA

Ms Burgess is an accounting and company secretary professional with over 30 years' experience. She graduated from University of WA with a Bachelor of Economics degree and is a member of CPA Australia (CPA). Ms Burgess currently holds Company Secretary positions with various Australian companies.

Interests in the Shares of the Company

As at the date of this report, the interests of the Directors in the securities of Nico Resources Limited were:

Directors	Ordinary Shares held	Options held
Warren Hallam	750,000	3,000,000
Roderick Corps	750,000	3,000,000
Brett Smith	-	3,000,000

Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Principal Activities

The principal activity of the Company during the financial year was the acquisition and development of a portfolio of exploration properties.

Operating Results for the Period

The operating result of the Company for the reporting period was a loss of \$25,505.

Significant Changes in State of Affairs

Other than those disclosed in this annual report, no significant changes in the state of affairs of the Company occurred during the financial period.

Review of Operations

During the period the Company identified a significant asset to target for acquisition.

The Company entered into a legally binding term sheet with Metals X Limited to acquire all of the shares in Metals Exploration Pty Ltd.

The consideration payable by the Company for the purchase will be \$5,000,000 to be satisfied by the issue to Metals X Limited of:

- 25,000,000 Nico Shares at a deemed issue price of \$0.20 per share to be distributed in specie to Metals X to eligible Metals X shareholders as a return of capital simultaneously with the listing of Nico on the ASX
- 25,000,000 options to subscribe to Nico shares exercisable at \$0.25 each, expiring 3 years after grant.
- Conditional upon shareholder approval from Metals X shareholders

Significant Events after Reporting date

Planning commenced for an initial public offering on the ASX in Q3 2021, with the proposed raise of \$10 million minimum to fund the acquisition of Metals Exploration Pty Ltd and future exploration.

The Company has issued further seed share capital of 1,650,000 shares at \$0.05 per share to the value of \$82,500 in July 2021.

Other than the above, the Company has no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Directors' Meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the Company for the time the director held office during the financial period are as follows:

Director	No. eligible to attend	No. attended
Warren Hallam	1	1
Rod Corps	1	1
Brett Smith	1	1

Indemnification of Officers

The Company currently has no insurance cover indemnifying officers against any liability arising out of their conduct whilst acting for the Company.

Indemnity and Insurance of Auditor

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

During the financial period, 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 for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company or any part of those proceedings.

Share Options

At the date of this report, Nico Resources Limited has issued 9,000,000 options with an exercise price of \$0.25 and expiring three years from the date of an Initial Public Offering of the Company's shares on ASX.

Environmental Regulation

The Directors are mindful of the regulatory regime in relation to the impact of the organisation's activities on the environment. There have been no known breaches of any environmental regulation by the Company during the financial period.

Future Developments

Further information, other than as disclosed this report, about likely developments in the operations of the Company and the expected results of those operations in future periods, has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

Non-Audit Services

During this financial period, no fees were paid to Criterion Audit Pty Ltd for non-audit services.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, Criterion Audit Pty Ltd to provide the Directors of the Company with an Independence Declaration in relation to the audit of this financial report. The Directors have received the Independence Declaration which has been included within this financial report.

Signed in accordance with a resolution of the directors:



Warren Hallam

Non-Executive Chairman

Dated this 27 day of October 2021

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Nico Resources Limited for the period ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 17th day of October 2021

**STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021**

	Note	30 June 2021 \$
Revenue	4	-
Administration expense		(1,000)
Corporate compliance expenses		(24,505)
		-
Profit/(loss) before income tax		(25,505)
Income tax expense		-
		-
Net profit/(loss) for the period		(25,505)
Other comprehensive income		-
		-
Total comprehensive income/(loss) for the period		(25,505)
		-

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 JUNE 2021**

	Notes	30 June 2021 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5	67,500
Trade and other receivables	6	2,552
TOTAL CURRENT ASSETS		<u>70,052</u>
TOTAL ASSETS		<u>70,052</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	7	28,055
TOTAL CURRENT LIABILITIES		<u>28,055</u>
TOTAL LIABILITIES		<u>28,055</u>
NET ASSETS		<u><u>41,997</u></u>
EQUITY		
Issued capital	8	67,502
Reserves		-
Accumulated losses		(25,505)
TOTAL EQUITY		<u><u>41,997</u></u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021**

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 29 April 2021	2	-	2
Loss for the period	-	(25,505)	(25,505)
Other comprehensive income	-	-	-
	-	(25,505)	(25,503)
Transactions with equity holders in their capacity as owners			
Issue of shares (net of costs)	67,500	-	67,500
Total transactions with equity holders in their capacity as owners	67,500	-	67,500
Balance at 30 June 2021	67,502	(25,505)	41,997

The accompanying notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021**

	Note	30 June 2021
		\$
Cash flows from operating activities		
Payments to suppliers and employees	14	-
Net cash flows from operating activities		<u>-</u>
Cash flows from investing activities		
Payments for project acquisition		-
Payments for exploration and evaluation expenditure		-
Net cash flows from investing activities		<u>-</u>
Cash flows from financing activities		
Proceeds from issue of shares in the Company (net of costs)		67,500
Net cash flows from financing activities		<u>67,500</u>
Net increase in cash and cash equivalents		67,500
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		<u>67,500</u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

1. CORPORATE INFORMATION

This financial report of Nico Resources Limited (“Company”) was authorised for issue in accordance with a resolution of the directors on 27 October 2021.

Nico Resources Limited is a public non-listed company, incorporated and domiciled in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets.

(b) Going Concern

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

The Company incurred a loss for the period of \$25,505 and net cash inflows of \$67,502.

As at 30 June 2021, the Company has a working capital surplus of \$41,995.

During the period, the Company issued 1,350,000 ordinary shares at \$0.05 per share, raising \$67,500.

The Company has issued a further seed share capital raise of 1,650,000 shares at \$0.05 per share to the value of \$82,500 on 27 July 2021.

Planning commenced for an initial public offering on the ASX in Q3 2021, with the proposed minimum raise of \$10 million to fund the acquisition and exploration of Metals Exploration Pty Ltd and has received in principle advice from ASX that the Company is suitable for listing on ASX.

Based on the cashflow forecasts prepared and other factors referred to above the directors are satisfied the Company can continue to pay its debts as and when they fall due for at least the next twelve months.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

(c) New and Amended Accounting Policies Adopted by the Company

The Company 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.

(d) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision makers – being the Board of Directors.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 "Operating Segments" are combined and disclosed in a separate category called "other".

(e) Exploration and Evaluation Assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

(f) 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.

(g) Trade and Other Payables

Liability for trade creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

(h) Trade and other receivables

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

The Company 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 based on days overdue.

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

(i) Contributed Equity

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.

(j) Revenue Recognition

The Company recognises revenue as follows:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

(k) Income Tax

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

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income taxes relating to items recognised directly in equity are recognised in equity.

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

(l) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

(m) Investments and other financial assets (continued)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(n) Impairment of Assets

At the end of each reporting period, the directors assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Accounting Standard.

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

(o) Goods and Services Tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(p) Employee Benefits

Provision is made for the Company’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company’s obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Company’s obligations for employees’ annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. In the opinion of the directors, there are no critical accounting estimates or judgments in this financial report. 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 period are discussed below.

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

3. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the phase of operation within the mining industry. The Board considers that it has only operated in one segment, being mineral exploration in Australia.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

4. REVENUES AND EXPENSES

	30 June 2021
	\$
(a) Revenue	
Other revenue	-
	<hr/>

5. CASH AND CASH EQUIVALENTS

	30 June 2021
	\$
Cash at bank and on hand	67,500
	<hr/>

Cash at bank and in hand earns interest at floating rates based on daily at call bank deposit and savings rates.

6. TRADE AND OTHER RECEIVABLES

	30 June 2021
	\$
GST Receivable	2,550
	<hr/>
	2,550
	<hr/>

7. TRADE AND OTHER PAYABLES

	30 June 2021
	\$
Trade and other payables	28,055
	<hr/>
	28,055
	<hr/>

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 day terms.

8. CONTRIBUTED EQUITY

	30 June 2021
Ordinary shares	
Issued and fully paid	1,350,002
	<hr/>
Movement in ordinary shares on issue	No.
On incorporation 29 April 2021	2
Issue of seed shares in June 2021	1,350,000
At 30 June 2021	1,350,002
	<hr/>
	\$
	67,500
	<hr/>
	67,502
	<hr/>

Share Options

As at 30 June 2021 no options had been issued. Subsequent to the period end 9,000,000 options were issued, exercisable at \$0.25c and expiring three years from the date of issue being 29 July 2021.

**STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021**

9. RELATED PARTY DISCLOSURES

Amounts Payable to Related Parties

There were no related party payables at the reporting date.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables and cash which arise directly from its operations.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk Exposures and Responses

Interest rate risk

The Company generates income from interest on surplus funds. At reporting date, the Company had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	30 June 2021 \$
Financial Assets	
Cash and cash equivalents	67,500
Net exposure	67,500

Interest rate sensitivity analysis

The Company has no material interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks. The Company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the reporting date. The Company considers the credit standing of counterparties when making deposits to manage the credit risk.

Liquidity risk

The responsibility with liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Company's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

12. EVENTS AFTER REPORTING DATE

Planning commenced for an initial public offering on the ASX in Q3 2021, with the proposed raise of \$10 million minimum to fund the acquisition of Metals Exploration Pty Ltd and future exploration.

The Company has issued further seed share capital of 1,650,000 shares at \$0.05 per share to the value of \$82,500 in July 2021.

Other than the above, the Company has no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

13. CASHFLOW INFORMATION

	30 June 2021 \$
Reconciliation from the net loss after tax to the net cash flows from operations	
Net profit/(loss) for the period	(25,505)
<i>Non-cash</i>	
Share based payment reserve	-
 <i>Changes in assets and liabilities:</i>	
Trade and other receivables	2,550
Trade and other payables	(28,055)
<i>Net cash from operating activities</i>	(25,505)

DIRECTORS DECLARATION

in accordance with a resolution of the directors of Nico Resources Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the period ended on that date.
 - (ii) complying with Australian Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board and *Corporations Regulations 2001*.
 - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors:



Warren Hallam
Non-Executive Chairman

Dated this 27 day of October 2021

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

Independent Auditor's Report

To the Members of Nico Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Nico Resources Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of Nico Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the period then ended; 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

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 Company 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 Company 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.

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Criterion Audit

CRITERION AUDIT PTY LTD

Watts

CHRIS WATTS CA

Director

DATED at PERTH this 27th day of October 2021