



NICKEL X
LIMITED

ABN 52 631 513 696

& Controlled Entities

Interim Financial Report

For the year ended 31 December 2021

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NickelX Limited Corporate Directory

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 3, 191 St Georges Terrace Perth WA 6000 Phone: 1300 288 664
Auditor	BDO Audit (WA) Pty Ltd Level 9 Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
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 period. 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. 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 15 March 2022. The directors have the power to amend and reissue the financial statements.

DIRECTORS' REPORT

The directors present their half-yearly report on the consolidated entity consisting of NickelX Limited ("NickelX" or "the Company") and the entities it controlled at the end of, or during, the period 1 July 2021 to 31 December 2021 ("the Group").

Directors

The persons who were Directors of NickelX Limited during the interim reporting period and up to the date of this report are:

Mr Matthew Gauci	Managing Director (appointed on 7 February 2021)
Mr Jonathan Downes	Non-Executive Chairman (appointed on 8 February 2021)
Mr Kristin Butera	Non-Executive Director (appointed on 7 February 2021)
Mr Oliver Kreuzer	Non-Executive Director (appointed on 7 February 2021)

Review of Operations

The loss for the consolidated entity after providing for income tax amounted to \$2,242,198 (31 December 2020: \$143,554).

NickelX's principal activities during the period were focused on progressing the Biranup Nickel and Gold project, located in the Albany Fraser Orogen, WA.

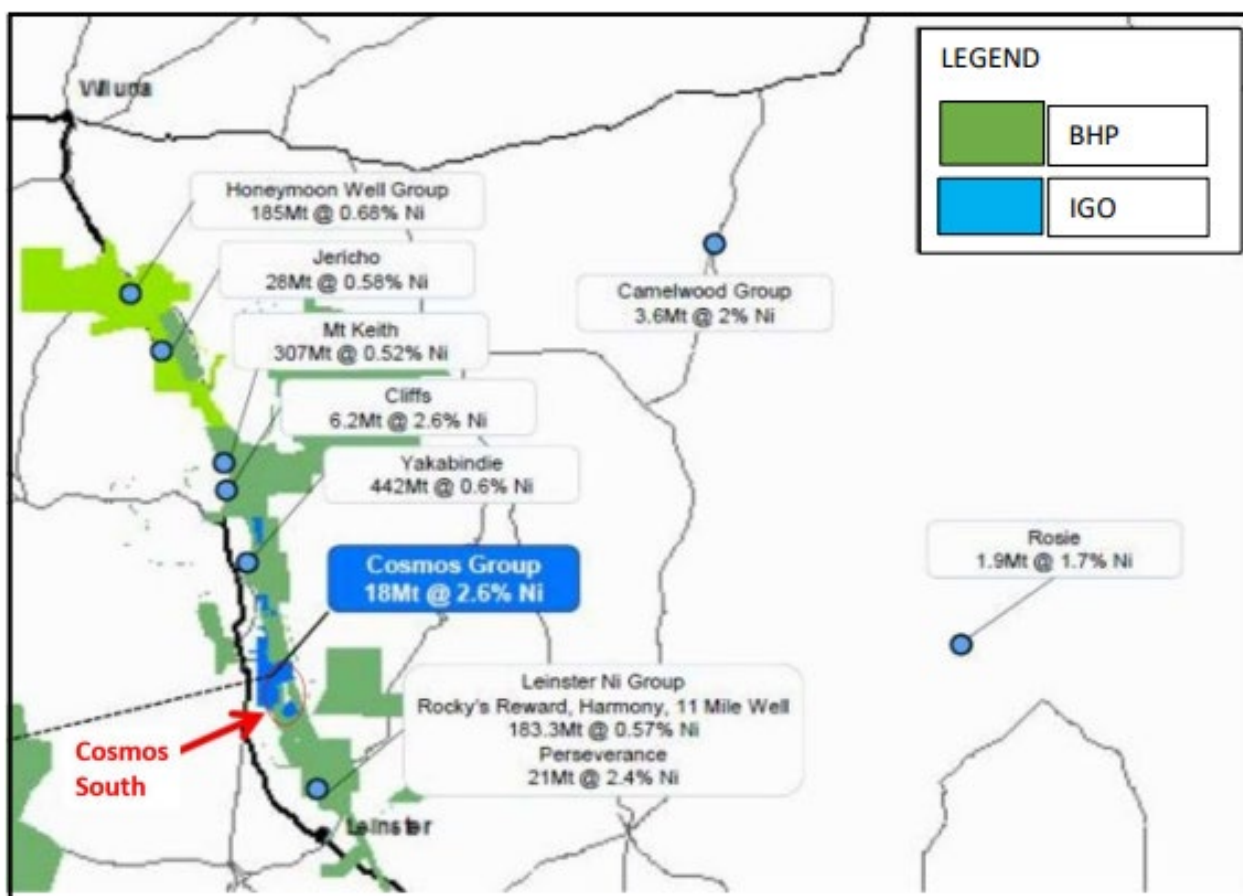
Drilling successfully encountered massive sulphides at the Fire Dragon Nickel target and disseminated sulphides at the Silver Dragon Nickel target. Subsequent receipt of assays did not meet the Company's criteria of potentially economic nickel-copper mineralisation and concurrently the Company agreed to acquire the Cosmos South project, consistent with its publicly articulated objective and business model and which otherwise represents an opportunity to enhance shareholder value.

NickelX also signed an Exclusive Dealing Agreement with MG Resources Pty Ltd (MG Resources) to acquire the highly prospective Cosmos South Nickel Project, located 10km south of the world-class high-grade Cosmos Nickel operations (Western Areas) and 20km North of the world-class large-scale Leinster Nickel operations (Nickel West - BHP), within the prolific Wiluna Greenstone Belt (WGB), WA.

Cosmos South M36/580 is located within the highly endowed nickel rich region of the WGB. The belt hosts world class nickel deposits of the Leinster Nickel Operations, Mt Keith, Yakabindie, Honeymoon Well and Cosmos (Figure 1).

Contingent upon shareholder approval for the acquisition, NickelX plans to conduct a detailed drone airborne magnetic survey over the entire tenement. This survey will help to better delineate the magnetic strata interpreted to represent continuations of the ultramafic komatiite lithologies that host nickel mineralisation to the north and south of M36/580. This information will be critical for drill hole planning, targeting the most prospective parts of the interpreted conductor/ultramafic package. Refer to ASX announcements on 20 January 2022, 25 November 2021 and the Notice of Meeting lodged with ASX on 9 February 2022 for further details on the Cosmos South acquisition.

Figure 1. Cosmos South project location within the Wiluna Greenstone Belt



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.

Significant changes in the state of affairs

NickelX signed an Exclusive Dealing Agreement with MG Resources Pty Ltd (MG Resources) to acquire the highly prospective Cosmos South Nickel Project.

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

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Tony Donaghy who is a Registered Professional Geoscientist (P.Geo) with the association of Professional Geoscientists of Ontario (PGO), a Recognised Professional Organisation (RPO). Mr Donaghy is an employee of CSA Global, an ERM Company, and is contracted as Exploration Management Consultant to NickelX Limited. Mr Donaghy has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Donaghy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results information included in this report and that all material assumptions and parameters underpinning Exploration Results, as reported in the market announcements dated 20 January 2022 and 25 November 2021 continue to apply and have not materially changed.

DIRECTORS' REPORT

Matters Subsequent to Reporting Date

DATE	DETAILS
20-Jan-22	NickelX Defines High-Priority Nickel Targets at Cosmos South
27-Jan-22	Appendix 5B Quarterly Cash Flow Report
27-Jan-22	Quarterly Activities Report

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporation Act 2001 is included within this financial report.

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



Mr. Matt Gauci
Managing Director

Perth, Western Australia, 15 March 2022

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

As lead auditor for the review of NickelX Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 15 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 \$	31 December 2020 \$
Revenue from continuing operations			
Other income	3	262	46
Administration expense		(37,195)	(8,991)
Professional fees		(215,928)	(22,103)
Public company expenses		(160,966)	(79,807)
Marketing expense		(13,227)	-
Finance costs		(782)	-
Employee benefit expenses		(290,049)	-
Exploration expense		(1,503,400)	-
Depreciation and amortisation expense		(20,276)	-
Other expense		(637)	-
Loss before income tax expense		(2,242,198)	(143,554)
Income tax expense		-	-
Loss after income tax for the period		(2,242,198)	(143,554)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		-	-
Total comprehensive loss for the period		(2,242,198)	(143,554)
Total comprehensive loss is attributable to:			
Owners of NickelX Limited		(2,242,198)	(143,554)
		(2,242,198)	(143,554)
Loss per share from continuing operations attributable to the ordinary equity holders of NickelX Resources Limited:			
Basic and diluted loss per share	14	(3.27)	(0.63)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31 December 2021 \$	30 June 2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	4,231,593	5,972,476
Trade and other receivables		173,447	126,590
Prepayments		60,173	83,835
Total current assets		4,465,213	6,182,901
Non-current assets			
Exploration and evaluation expense	5	1,460,321	1,435,321
Right of use assets	6	67,865	26,484
Total non-current assets		1,528,186	1,461,805
TOTAL ASSETS		5,993,399	7,644,706
LIABILITIES			
Current liabilities			
Trade and other payables	7	690,241	177,127
Provisions	8	20,669	7,516
Lease liability	6	46,012	28,983
Total current liabilities		756,922	213,626
Non-current liabilities			
Provisions	8	2,596	1,284
Lease liabilities	6	22,785	-
Total non-current liabilities		25,381	1,284
TOTAL LIABILITIES		782,303	214,910
NET ASSETS		5,211,096	7,429,796
EQUITY			
Issued capital	9	8,262,463	8,238,963
Reserves		1,425,469	1,425,469
Accumulated losses		(4,476,836)	(2,234,637)
TOTAL EQUITY		5,211,096	7,429,796

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Issued Capital \$	Option and Performance Rights Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2020	169,350	-	(183,163)	(13,813)
Total comprehensive loss for the period				
Loss for the period ended 31 December 2020	-	-	(143,554)	(143,554)
Total comprehensive loss for the period	-	-	(153,554)	(143,554)
Transactions with owners, recorded directly in equity				
Issue of shares, net of costs	573,600	-	-	573,600
Share based payments	-	-	-	-
Balance at 31 December 2020	742,950	-	(326,717)	416,233

	Issued Capital \$	Option and Performance Rights Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2021	8,238,963	1,425,469	(2,234,636)	7,429,796
Total comprehensive loss for the period				
Loss for the period ended 31 December 2021	-	-	(2,242,200)	(2,242,200)
Total comprehensive loss for the period	-	-	(2,242,200)	(2,242,200)
Transactions with owners, recorded directly in equity				
Issue of shares, net of costs	23,500	-	-	23,500
Share based payments	-	-	-	-
Balance at 31 December 2021	8,262,463	1,425,469	(4,476,836)	5,211,096

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities		
Payments to suppliers and employees	(767,167)	(111,854)
Payments for exploration activities	(953,158)	-
Interest paid	(80)	-
Interest received	262	47
Net cash outflow from operating activities	(1,720,143)	(111,807)
Cash flows from investing activities		
Exploration and evaluation expenditure	(1,500)	-
Related party loans	-	(1,103)
Net cash outflow from investing activities	(1,500)	(1,103)
Cash flows from financing activities		
Proceeds from share issue	-	600,000
Share issue costs	-	(26,400)
Lease payment(s)	(19,240)	-
Net cash inflow/(outflow) from financing activities	(19,240)	573,600
Net increase/(decrease) in cash and cash equivalents	(1,740,883)	460,690
Cash and cash equivalents at beginning of the financial period	5,972,476	11,233
Cash and cash equivalents at end of the period	4,231,593	471,924

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2021 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by NickelX Resources Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Historical cost convention

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

Critical accounting estimates

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

New and amended standards adopted by the entity

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Statement of Compliance

The interim financial statements were authorised for issue on 15 March 2022.

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

(b) Use of estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Recoverability of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

2. Segment Information

Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

The Group operates within one segment which is mineral exploration within Australia. The Group is domiciled in Australia.

3. Other Income

	31 December 2021 \$	31 December 2020 \$
Interest received	262	46
Total Other Income	262	46

4. Cash and Cash Equivalents

	31 December 2021 \$	30 June 2021 \$
Cash at bank and in hand	4,231,593	5,972,476
Total Cash and Cash Equivalents	4,231,593	5,972,476

5. Exploration & Evaluation Expenditure

	31 December 2021 \$	30 June 2021 \$
Opening Balance	1,435,321	-
Exploration expenditure relating to acquisition	-	1,435,321
Expenditure capitalised during the period	25,000	-
Total Exploration & Evaluation Expenditure	1,460,321	1,435,321

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

6. Right of Use Assets and Lease Liabilities

	31 December 2021 \$	30 June 2021 \$
Right of use assets		
Right of use assets - building	114,625	52,968
Accumulated amortisation of right of use assets	(46,760)	(26,484)
Total Right of Use Assets	67,865	26,484
Lease Liabilities		
Current	46,013	28,983
Non-current	22,785	-
Total Lease Liabilities	68,798	28,983

7. Trade and Other Payables

	31 December 2021 \$	30 June 2021 \$
Current:		
Trade payables ⁽¹⁾	611,645	104,889
Accruals & other payables	78,596	72,238
Total Trade and Other Payables	690,241	177,127

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

8. Provisions

	31 December 2021 \$	30 June 2021 \$
Current:		
Provision for annual leave	20,669	7,516
Total current provisions	20,669	7,516
Non - Current:		
Provision for LSL leave	2,596	1,284
Total non - current provisions	2,596	1,284
Total Provisions	23,264	8,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

9. Issued Capital

(a) Issued and fully paid

	31 December 2021		30 June 2021	
	\$	No.	\$	No.
Ordinary shares	8,262,463	68,768,613	8,238,963	68,600,004
	8,262,463	68,768,613	8,238,963	68,600,004

(b) Movement reconciliation

Ordinary Shares	No. of Shares	\$
Opening Balance at 1 July 2021	68,600,004	8,238,963
October 21 - Issue shares for the option fees paid to MG Resources	168,609	23,500
Closing Balance at 31 December 2021	68,768,613	8,262,463

10. Related Party Transactions

There were no material changes to the Group's related party transactions to those disclosed in the 30 June 2021 Annual Report.

11. Dividends

No dividends have been paid or declared since the start of the financial period, and none are recommended.

12. Commitments

The Company entered into a new lease agreement for an office building during the period ended 31 December 2021. The lease was accounted for in accordance with AASB 16 Leases and disclosed in Note 6.

There are no other new commitments, other than the commitments that existed as at 30 June 2021 that the Group has entered into during the period under review.

13. Contingent Assets and Liabilities

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

14. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	31 December 2021	31 December 2020
	\$	\$
Basic and diluted loss per share		
Basic and diluted loss per share from continuing operations	(3.27)	(0.63)
Loss		
Loss used in the calculation of basic and diluted earnings per share is as follows:		
Loss for the period from continuing operations	(2,242,198)	(143,554)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	68,659,892	22,752,736

15. Events Subsequent to Reporting Date

DATE	DETAILS
20-Jan-22	NICKELX DEFINES HIGH-PRIORITY NICKEL TARGETS AT COSMOS SOUTH
27-Jan-22	QUARTERLY ACTIVITIES REPORT

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTOR'S DECLARATION

The directors of the Company declare that:

- (a) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
 - (ii) giving a true and fair view of the financial position as at 31 December 2021 and the performance for the half year ended 31 December 2021.
- (b) At the date of this statement there are reasonable grounds to believe that NickelX Resources Limited will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



Mr. Matt Gauci
Managing Director

Perth, 15 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of NickelX Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of NickelX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

The image shows a handwritten signature in black ink. The signature appears to be 'J Prue' written in a cursive style. Above the signature, the letters 'BDO' are written in a simple, blocky font.

Jarrad Prue

Director

Perth, 15 March 2022