

## NICO COMMENCES HIGH GRADE DELINEATION DRILLING PROGRAMME

Nico Resources Limited (ACN 649 817 425) (“Nico” or the “Company”) is pleased to advise of our maiden high grade production delineation drilling programme for the Central Musgraves Project has commenced.

### KEY HIGHLIGHTS

- A 10,000m Reverse Circulation (RC) Drilling programme, that includes drilling across 3 tenements, has commenced at the **Central Musgraves Projects (CMP)** in the Musgraves Province of W.A.
- This drill programme represents **Nico’s first-ever drill programme as well as the first drill programme at the Central Musgrave Project area since 2020.**
- The programme has been commissioned for several strategic reasons. The 2022 CMP exploration programme is designed to test the following:
  - **Wingellina high-grade nickel-cobalt delineation - 7,000m of RC drilling**
    - *Delineate of additional high-grade nickel & cobalt zones for production scheduling inputs into the bankable feasibility study which will further enhance the economics of the project.*
  - **Lewis Calcrete Resource delineation – 2,500m of RC drilling**
    - *To delineate the Lewis Calcrete resource to be utilised in the processing of the Wingellina nickel-cobalt ores as a pH modifier. This will significantly reduce the operating costs through minimising the requirement for lime.*
  - **Mann Fault Paleochannel – 500m of RC drilling**
    - *To confirm the volume of potential water resources close to the proposed processing facility which will be utilised during the construction and commissioning of operations.*

### Commenting on the update, Managing Director Rod Corps said:

*“Nico is excited to be back on the ground advancing the Wingellina project with the optimisation drilling of the high grade pits, delineating the water sources for construction and commissioning and drilling of the calcretes to define a resource anticipated to be sufficient for the life of the project. All of these programs will further enhance the economics and significantly improve revenue and reduce operating costs”.*

### Background:

#### *Wingellina high-grade nickel cobalt zones*

The world-class Wingellina nickel-cobalt project boasts a JORC 2012 compliant resource base of >200Mt of material grading 0.93% Ni & 0.07% Co and a probable Ore Reserve of 164.8Mt at 0.93% Ni & 0.07% Co for 1.56Mt of contained nickel and 123Kt of contained cobalt. The CMP project area also contains the Claudes Hill project area which contains an additional JORC resource of 33Mt at 0.81% Ni and 0.07% Co.

In 2017 Metals X undertook a review of the cobalt inventory of the Wingellina deposit with the aim of investigating higher- grade nickel cobalt domains that could be targeted as a high-grade start-up option. This work resulted in the definition of 15 potential high-grade nickel-cobalt open pits as potential starter pits (refer ASX:MLX announcement 17 October 2017).

Six of these pits were successfully infill-drilled during 2017-18 and a further drilling program was completed on two additional potential starter pits in 2019-2020, successfully confirming the high-grade nickel-cobalt domains. During the 2020/21 period exploration was suspended as a result of COVID 19 restrictions.



**Figure 1: Drilling commenced at the Wingellina high-grade nickel cobalt zones with Kennedy Drilling.**

#### *Lewis Calcrete Deposit*

The Lewis Calcrete deposit is located within WA, approximately 25km north-west of the Wingellina. The previous Phase 1 Feasibility Study undertaken by Metals X estimated that a total of ~800,000t/year of calcrete/limestone would be required over the life of the Wingellina project for acid neutralisation purposes. The use of calcrete displaces the requirement for lime which will significantly reduce the operating costs as a result of not purchasing nor transporting of lime to site.

Initial drill testing of the Lewis Calcrete deposit in 2014 comprised of 89 shallow reconnaissance 100 metre spaced RC holes along a 9km access track with 579 samples submitted for analysis. Test work confirmed good quality calcrete with CaO+MgO+LOI exceeding 70% within 68 of the holes drilled. The calcrete is calcium-rich, with MgO rarely exceeding 2%. The base of the calcrete profile was found to occur at a depth of about 6 metres below surface. Resource definition drilling commenced in late 2020 with the planned program being approximately 50% completed. The program was postponed due to COVID restrictions

#### *Local water sources*

Previous drilling by Metals X identified that there is reasonable volumes of water located in the Mann Fault which extends along the Northern boundary of the Wingellina deposit. Water drilling and flow testing conducted in 2015 determined that it was likely that there would be sufficient water available from the Mann fault as minimum to support the construction and commissioning of the process plant.

## 2022 EXPLORATION RC DRILLING PROGRAMMES:

### Programme 1: High-Grade Co/Ni delineation - RC Drilling 7,000m

#### CMP-WA-Ng Lands Wingellina (E69/535)

The planned 2022 RC drill programme involves drilling 167 RC holes for approximately 7,000 metres of drilling planned on 177 x 100m spaced infill drill holes. The objective of the 2022 programme is the delineation of a further 8 high-grade Ni-Co pits within the broader Ni-Co deposit to compliment the previous defined high grade pits delineated from 2017-2020 which was interrupted by Covid. All drillholes are located within 5km of the company's exploration base camp. Downhole depths will vary from 12 metres to 102 metres and average about 41 metres.

The definition of these high grade pits will provide inputs of the production scheduling into the bankable feasibility study which will result in the processing of much higher grade material within the first 10 years which will enhance the cashflows and further improve the economics.

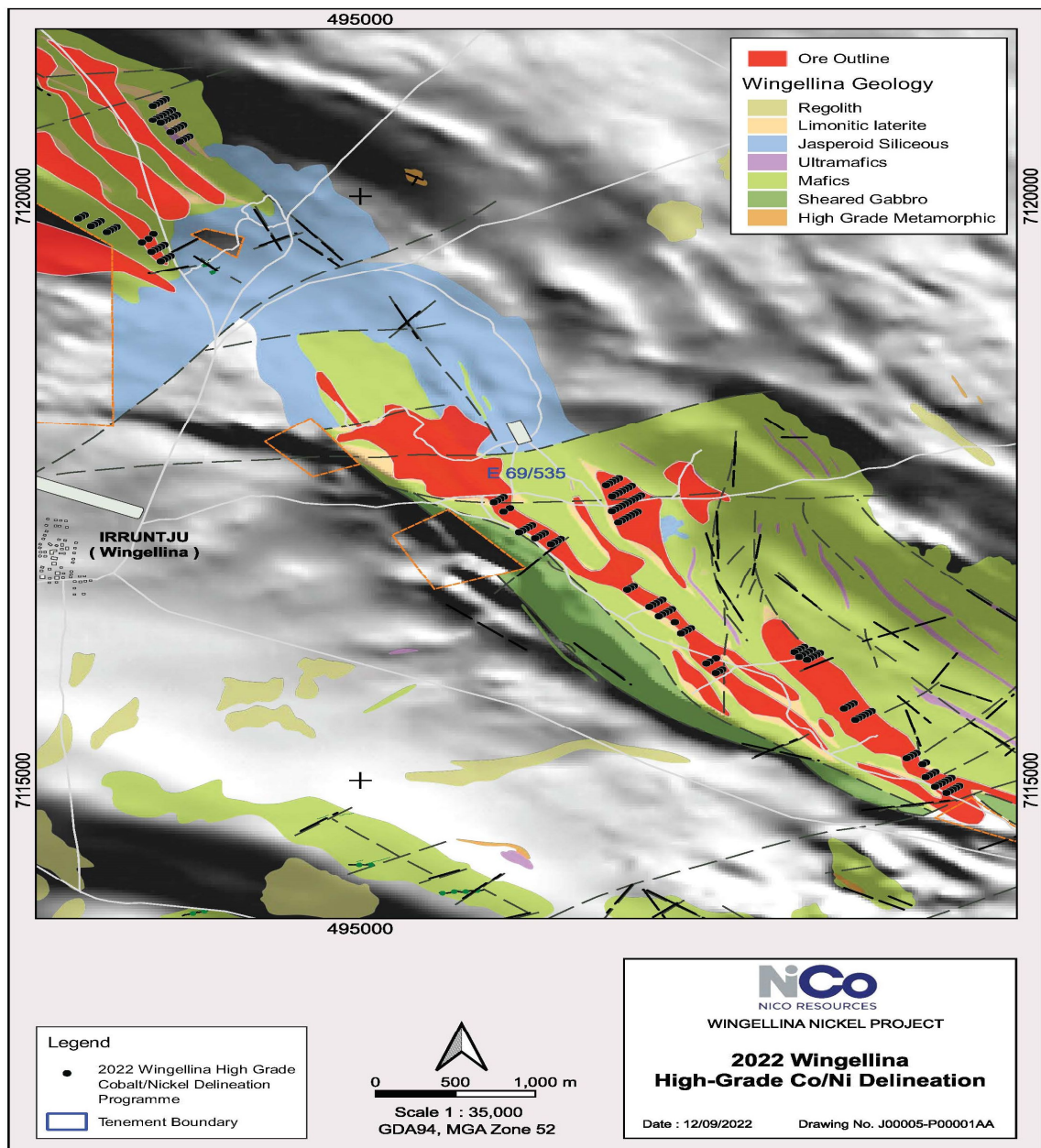


Figure 2: Location Map for Wingellina High grade Co/Ni delineation drill program



## Programme 2: Calcrete Resource delineation – RC Drilling 2,700m

### Lewis Calcrete Deposit (E69/3065)

The drill programme at the Lewis Calcrete Deposit comprises of 336 shallow vertical holes for a total of 2,700m of RC drilling. The programme hole depths are mainly of 6m, with each 15th hole to be drilled to 18m depth for environmental sampling and monitoring purposes. The drill holes are spaced 100m apart on drill lines.

The proposed programme has the objective of completing the drill-out of the accessible outcrop areas. The initial preliminary resource estimate is anticipated to meet the project demand requirements estimated to be approximately 800,000tpa. The calcrete will substitute the requirement for lime as a pH modifier in the processing of plant. As lime is required to be purchased and transported to site, the calcrete will significantly reduce the operating costs of processing as can substitute a large amount of the lime requirements.

The results of this program are expected to be able to define a calcrete resource and will enable the project to quantify and ascertain the continuity of the best quality calcrete within the deposit for HPAL process requirements. Additional calcrete deposits also occur elsewhere and on the tenement that may also be utilised as a source for haul road construction materials for the project.

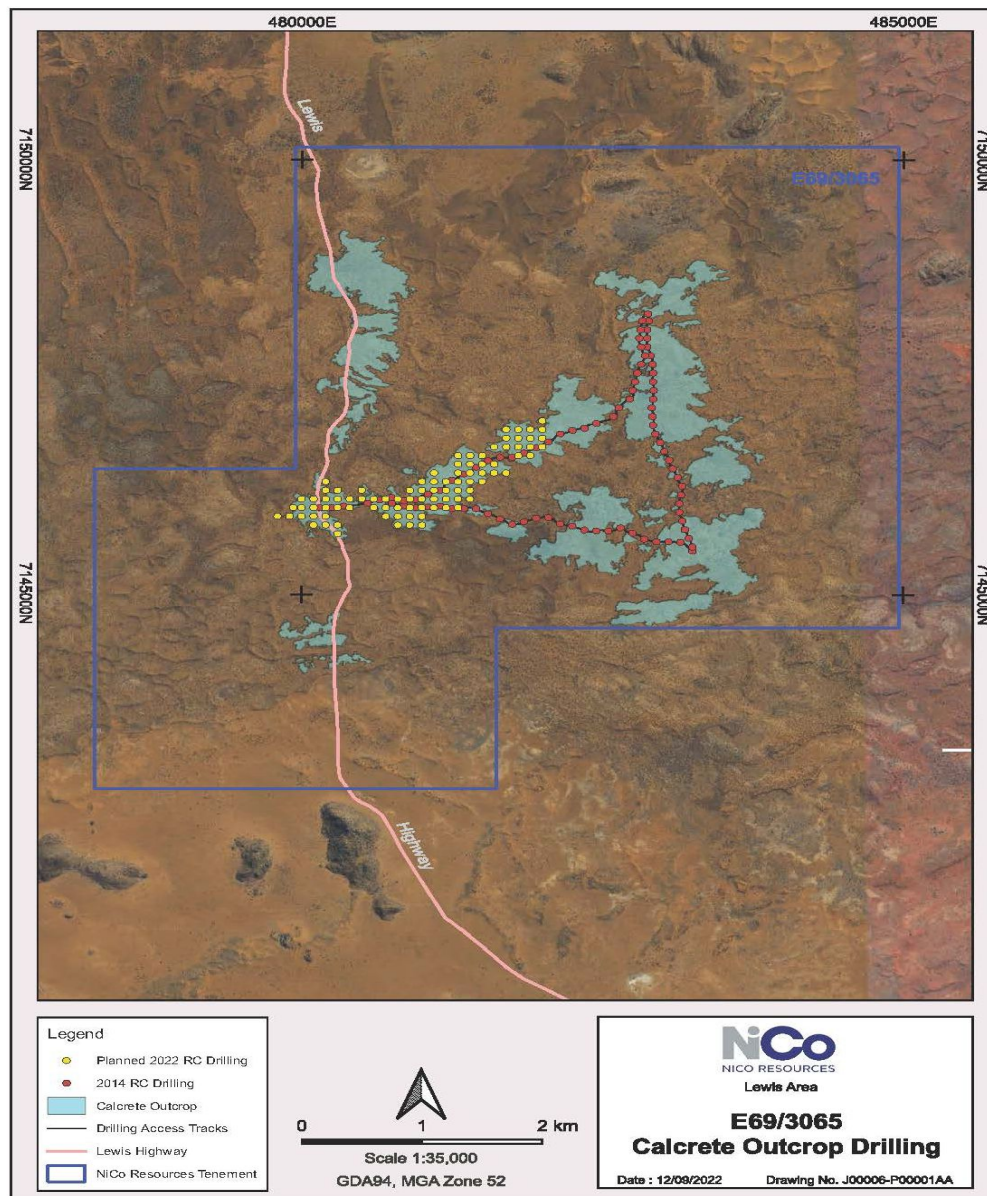


Figure 3: Location map of Calcrete resource delineation drill programme

### Programme 3: Mann Fault Paleo valley water delineation – RC Drilling 300m

#### Mann Fault Water (L69/27):

Two 190mm diameter holes have been planned to be drilled vertically by RC to a depth of up to 150m to be used as water monitoring bores when future water production mud-rotary bore drilling and pump testing takes place at each of the sites. The drilling purpose is to assess for the presence of significant quantities of water by airlifting while providing information regarding vertical profile lithological variations of the palaeo valley being assessed.

The target consists of clay and gravel-filled palaeo valley in a significant east-west trending regional structure that is coincident with the Mann Fault. It is located about 10km north of Wingellina and starts from about 40km to the west of Wingellina within the WA border. This has the potential to supply the operations through the construction and commissioning phases at a significantly reduced capital cost to the early development of the Officer basin.

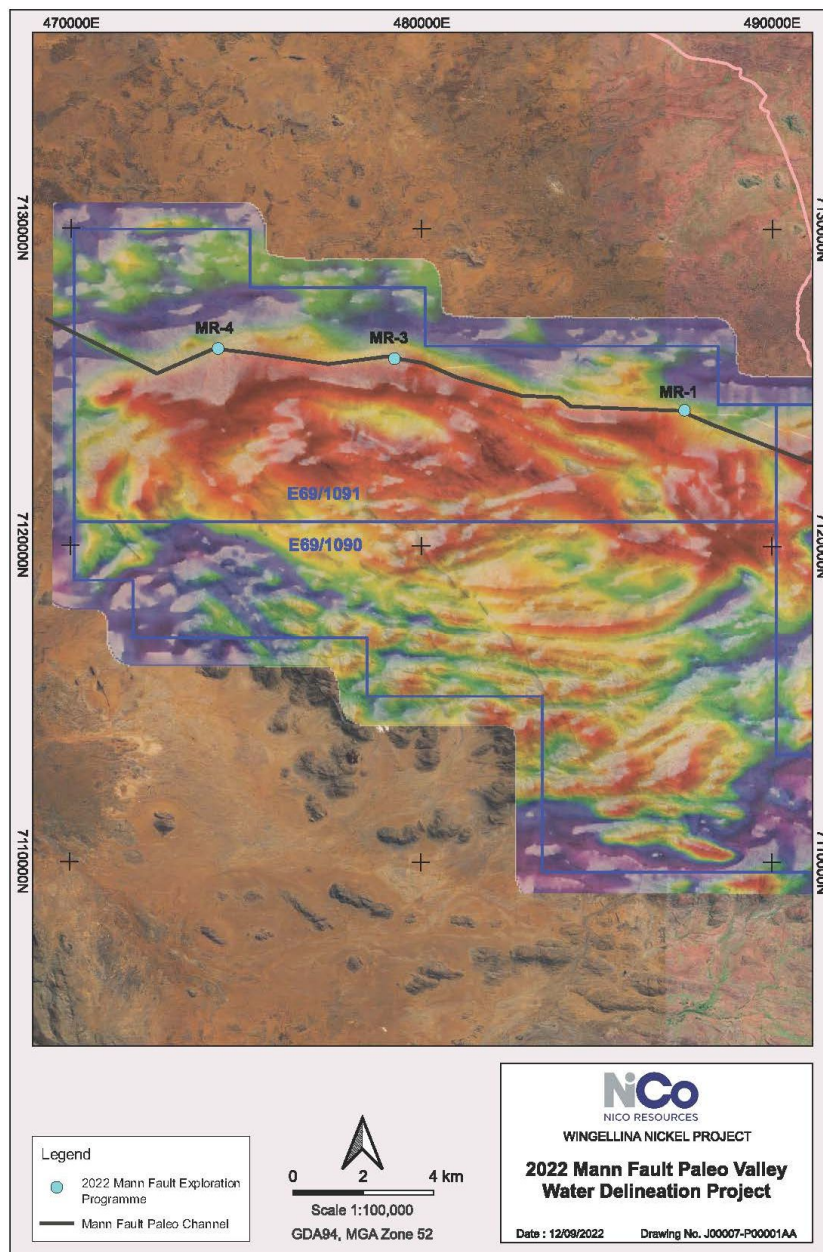


Figure 4: Location Map for Man Fault Paleo valley water delineation program

### Summary and Next Steps:

- Drill contractor Kenedy Drilling arrived on site over the weekend (10<sup>th</sup> of September). Drilling has commenced at Wingellina (see Figure 1) and is currently ongoing.
- The drill programme is expected to take 10-12 weeks to complete.
- Drill samples will be dispatched to Alice Springs for pre-processing and then onto Perth for analysis with Intertek Minerals.
- Assay results will be released in batches as results become available to the Company.

***This announcement has been authorised for release by the Board.***

## CONTACTS

For more information, please visit our website [www.nicoresources.com.au](http://www.nicoresources.com.au) or contact:

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## **Competent Person Statement**

The information in this report that relates to Exploration Targets or Exploration Results is based on information compiled by Mr Jake (Jacob) Russell from Metals X Limited (Metals X), who was previously an employee of Metals X, and a "Competent Person" who is a Member of Australian Institute of Geoscientists (AIG). Mr Russell has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to Qualify as a "Competent Person" as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Russell consents to the inclusion in this announcement of the matters based on his information and in the form and context in which it appears.

## **ABOUT NICO REOSURCES LIMITED**

**NICO Resources Limited** is an Australian company focusing on Australian Nickel projects.

Nico owns a 100% legal and beneficial interest in nickel assets consisting of the Wingellina (WA) and Claude Hills (SA) nickel projects.

### **Central Musgrave Project (CMP)**

The CMP comprising of three main exploration tenements - Wingellina (WA), Claude Hill (SA) and Mt Davies (SA) along with an Exploration Licence covering the Lewis calcrete resource and three Miscellaneous Licences covering the defined water resources.

The CMP consists of a package of tenements hosting nickel-cobalt-scandium lateritic Mineral Resources in excess of 200 million tonnes, containing 1.95 million tonnes of Nickel and 150 thousand tonnes of Cobalt along with a Probable Ore Reserve of 164.8 million tonnes containing 1.56 million tonnes of Nickel and 123,000 tonnes of cobalt.

The project tenure is approximately 1,469km<sup>2</sup> located within Western Australia and South Australia adjoining the Surveyor Generals Corner (the junction between Western Australia, the Northern Territory and South Australia).

Wingellina is one of the largest undeveloped nickel resources / reserves globally to underpin an independent Australian nickel producer.

The Wingellina deposit hosts a JORC (2012) defined Measured, Indicated and Inferred Resources of 182.6Mt at 0.92% Ni & 0.07% Co for 1.68Mt of contained nickel and 132Kt of contained cobalt, and hosts a JORC (2012) defined Probable Reserves of 168.4Mt at 0.93% Ni & 0.07% Co for 1.56Mt of contained nickel and 123Kt of contained cobalt).

The Claude Hills deposit located less than 20km from Wingellina hosts a JORC (2004) defined Inferred Resources of 33.3 Mt at 0.81% Ni and 0.07% Co for 270Kt of contained nickel and 23Kt of contained cobalt.

## **PREVIOUS DISCLOSURE**

The information in this announcement is based on the Nico Resources Limited Prospectus, which is available from the Nico Resources Limited website [www.nicoresources.com.au](http://www.nicoresources.com.au) and the ASX website [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus and that all material assumptions and technical parameters underpinning the Prospectus continue to apply and have not materially changed.