

QUARTERLY REPORT DECEMBER 22

ASX ANNOUNCEMENT

31 January 2023



Key Highlights

ASX: NC1

Board

Rod Corps
Managing Director

Warren Hallam
Non-Executive Chairman

Brett Smith
Non-Executive Director

Issued Capital

91.00M shares on issue
37.8M unlisted options

Market Capitalisation

\$57.33 million

Enterprise Value

\$49.89 million

Cash at Bank (31-Dec-22)

\$7.43 million

Nico Resources Limited

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- Successful completion of the Pre-Feasibility Study (“PFS”) for the flagship Wingellina Nickel-Cobalt Project (“Wingellina” or the “Project”) located in Western Australia (“WA”).
 - Robust Project economics with Base Case post-tax NPV₈ of A\$3.34bn and Spot Case post-tax NPV₈of A\$6.54bn (refer Table 1).
 - Globally significant Tier 1 asset, characterised by:
 - ✓ Long life: initially 42 years based on current reserves.
 - ✓ Large scale: production of approximately 40,000tpa of contained nickel and 3,000tpa of contained cobalt.
 - ✓ Significant reserves: ore reserves of 168.4Mt at 0.93% Ni and 0.07% Co for 1.56Mt of nickel and 123Kt of cobalt.
 - ✓ Low cost: situated in the 1st - 2nd quartile on the global cost curve.
 - ✓ High operating margins: circa 50% to 60% EBITDA margin.
 - PFS completed with the assistance of leading international consultants and contributors including Worley, Coffey Mining, GHD and Wood Mackenzie amongst other reputable firms.
- Infill Reverse Circulation (“RC”) drilling program completed, consisting of 152 RC holes for 7,856m of drilling, which confirmed the continuity within the identified high-grade nickel and cobalt domains.
- Renewable energy analysis completed by leading Independent Power Provider (“IPP”), Zenith Energy, and incorporated into the PFS. Market leading 95.3% renewable energy from wind turbines, solar PV farm and battery storage.
- Wingellina included again in the annual Austrade Critical Minerals Prospectus (released in December 2022). The Australian Critical Minerals Prospectus showcases investment-ready critical minerals opportunities for international investors and partners.
- Strengthening of Nico’s management team with commencement during the quarter of Teck Lim as Chief Financial Officer, Francois Schmid as Study Manager – Processing and Matt Jones as Head of Geology.
- Participation in the Australian Critical Minerals Trade Delegation tour of Europe and the United Kingdom. The trade delegation was established to strengthen and pursue further opportunities for closer two-way trade and investment between the three regions.

Nico Resources Limited (“Nico” or the “Company”) is pleased to present a summary of activities for the quarter ended 31 December 2022.

Nico Resources Limited
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QUARTERLY ACTIVITIES

Project Development:

Successful completion of PFS and positive outcomes

The Company successfully delivered the robust PFS results on 22 December 2022. The positive PFS results continue to illustrate Wingellina as a world-class orebody and geological system that exists in its own class, boasting an initial reserves capable of producing circa 40,000t of nickel and 3,000t of cobalt for 42 years.

PFS Summary

- PFS confirms Wingellina to be a globally significant Tier 1 asset, characterised by its long life (initially 42 years based on current reserves), low cost (1st – 2nd quartile on global cost curve) and high operating margins (~50% to 60% EBITDA margin).
- Multi-generational Project with the potential to be one of Australia’s largest nickel-cobalt mines with production of approximately 40,000t pa of contained nickel and 3,000t pa of contained cobalt based on current ore reserves.

Table 1: Production Metrics

	Unit	LOM	First 10 years
Life of Mine / period	years	42 years (minimum)	10 years
Ore Reserve	million tonnes / %	168.4Mt at 0.93% Ni, 0.07% Co	38.6Mt at 1.15% Ni, 0.09% Co
Strip Ratio	waste:ore	1.10	0.40
Ni/ Co Recovery	%	92%/89%	92%/89%
Nickel production	tpa	35,129	40,501
Cobalt production	tpa	2,658	3,157
MHP production	dmt	106,612	122,915

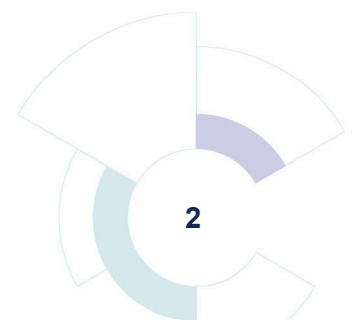
- Market leading 95.3% renewable energy (wind turbines, solar PV farm and battery storage) providing majority of the power requirements. Proposal received from leading IPP, Zenith Energy.

Table 2: Financial Metrics

	Base Case	Spot
Post-tax NPV₈	A\$3.34bn	A\$6.54bn
Post-tax IRR	18.02%	25.8%
Revenue (LOM)	\$61.70bn	A\$81.93bn
Free Cash Flow (LOM)	A\$21.37bn	A\$33.50bn
Payback period	4.9 years	3.5 years
Average EBITDA p.a.	A\$697m	A\$1,110m

Base Case: Wood Mackenzie & S&P Market Intelligence blended price forecast (real, 2022\$). Refer table 3 for further information.
 Spot: US\$30,000/t nickel price as at 9 December 2022.

- PFS completed by engineering firm, Worley Services Pty Ltd (“**Worley**”) with the capital cost estimates as per AACE Class 4 classification (-20% to +30%).

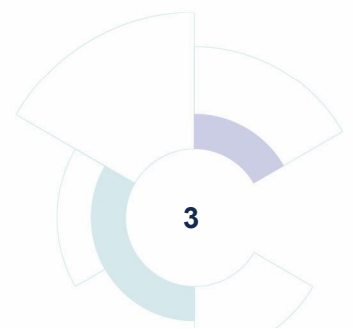


- Proven and mature High Pressure Acid Leach (“**HPAL**”) processing facility proposed to produce an average of 180,000tpa of Mixed Hydroxide Precipitate (“**MHP**”) to feed the growing battery market.
- Based on the positive PFS results, the Company will move to a Definitive Feasibility Study (“**DFS**”) in 2023.
- Capex of A\$2.39bn plus contingency of A\$0.52bn, results in a total capital cost of A\$2.90bn (US\$1.95bn).
 - Capital costs include all on-site and relevant off-site infrastructure.

Key approvals in place.

- A land access and development agreement signed with the Ngaanyatjarra Traditional Owners.
- Environmental Protection Agency (“**EPA**”) approval (application for extension in progress).
- Secured Life of Mine (LOM) water & calcrete resources.
- ~1,250 construction jobs with ~300 jobs in steady state operations, providing significant public benefits across WA, Northern Territory (“**NT**”) and South Australia (“**SA**”).
- Additional upside not included in PFS includes the likely definition of further high grade resources, potential production of Scandium, High Purity Alumina (HPA), Nickel & Cobalt Sulphates and Precursor Cathode Active Material (pCAM).
- The Wingellina Project forms part of Nico’s larger, 100%-owned Central Musgrave Project which spans across WA and SA adjoining the Surveyor Generals Corner (the triple junction between WA, NT and SA).
- Preliminary Life Cycle Analysis indicates 17.8kg of CO₂ eq. per kg of nickel in MHP when considering 95.3% renewable energy development case.
- Renewable power solution to be provided on a Build Own Operate (“**BOO**”) model.
 - Leading IPP, Zenith Energy has submitted a BOO proposal incorporating a solar PV farm, battery energy storage system (“**BESS**”) and wind turbines.
 - De-risks project with reduced exposure to the external energy market.
 - Commences pathway to net zero scope 1 emissions well before 2050.

Figure 1 provides a planned site overview of the proposed operations complete with process plant, waste dumps, tailings dams and associated infrastructure required for the mining operation. The image also shows the layout of the orebody and exclusions zones surrounding it. The PFS results have now delivered the company a strong platform to continue the process and non-process infrastructure development studies to support construction of an operation.



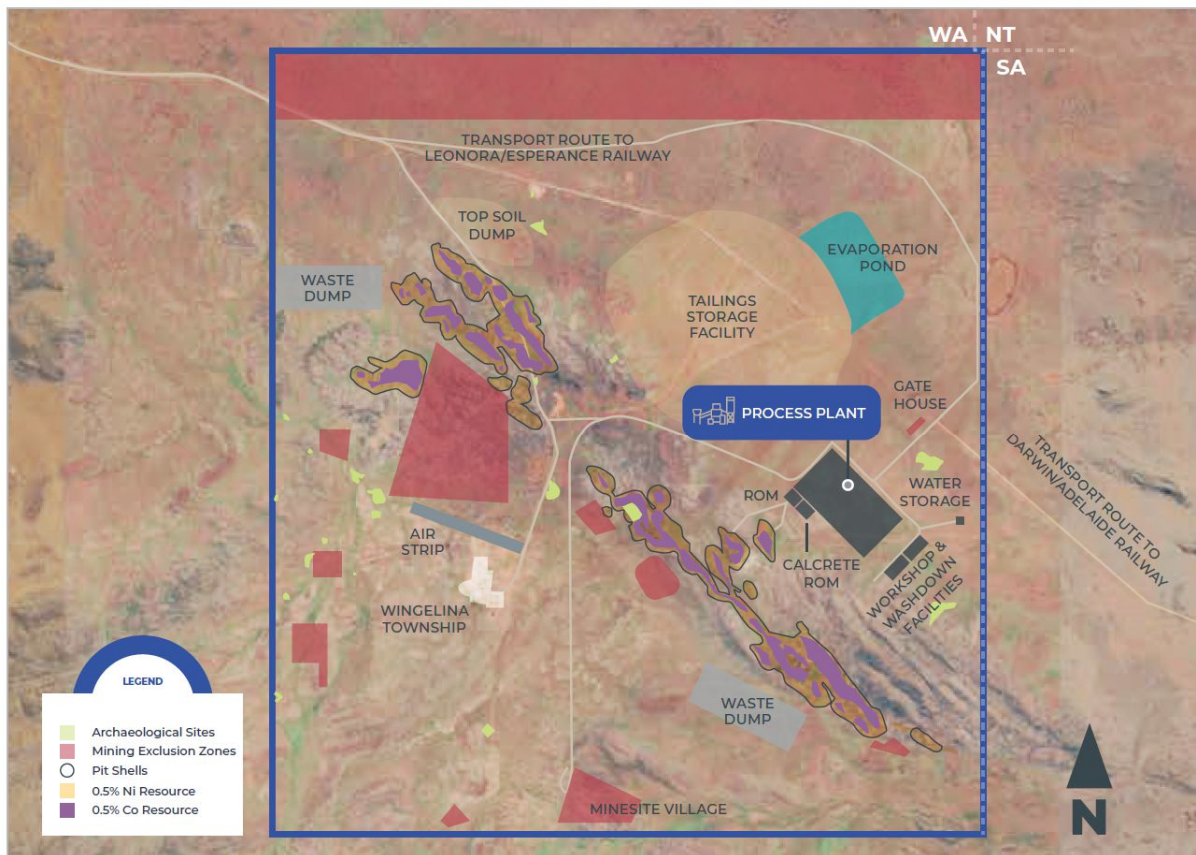


Figure 1: Wingellina Site layout

Table 3: Wingellina Mineral Resource & Reserve statement

Classification	Tonnes	Ni %	Ni (kt Ni)	Co %	Co (kt Co)	Fe2O3 %	Fe2O3 (kt Fe)
Wingellina - 0.5% Ni cut-off grade							
Measured	37,600,000	0.98	368	0.075	28	45.94	17,260
Indicated	130,900,000	0.91	1,193	0.072	94.6	45.55	59,611
Inferred	14,100,000	0.87	122	0.065	9.1	41.25	5,832.1
Total	182,600,000	0.92	1,684	0.07	131.7	45.30	82,701

Classification	Tonnes	Ni %	Ni (kt Ni)	Co %	Co (kt Co)
Claude Hills 2010 - 0.5% Ni cut-off grade					
Measured					
Indicated					
Inferred	33,000,000	0.81	267.3	0.07	23.1
Total	33,000,000	0.81	267.3	0.07	23.1

Classification	Tonnes	Ni %	Ni (kt Ni)	Co %	Co (kt Co)
Central Musgraves Project - 0.5% Ni cut-off grade					
Total	215,600,000	0.91	1,954	0.07	154

1. Mineral Resources are reported inclusive of Mineral Resources modified to produce the Ore Reserve. Figures have been rounded to the appropriate number of significant figures. The 2016 MLX MRE was reported in accordance with the current 2012 edition of the JORC Code. The 2008 Wingellina MRE and 2010 Claude Hills MRE were reported in accordance with the 2004 edition of the JORC Code. Source: Metals X (2017)

Project	Project Ore Reserve category	Ore Mt	Nickel Grade (% Ni)	Nickel (kt Ni)	Cobalt Grade (% Co)	Cobalt (kt Co)
	Proved	-	-	-	-	-
Wingellina	Probable	168.4	0.93%	1,561	0.07%	122.6
	Total	168.4	0.93%	1,561	0.07%	122.6

1. The Ore Reserve is based on the Wingellina Mineral Resource estimate as of 30 June 2016 with applied modifying factors, at a cut-off grade of 0.5% Ni.

2. Tonnes are reported as million tonnes (Mt) and rounded to nearest 100,000; nickel tonnes are reported as thousand tonnes (kt) and rounded to the nearest 1,000 tonnes; cobalt tonnes are reported as thousand tonnes (kt) and rounded to the nearest 100 tonnes; rounding may result in some slight apparent discrepancies in totals. Source: Metals X (2016).

A total of 165Mt at 0.93% Ni and 0.07% Co of process plant feed will be mined over the LOM using conventional open pit mining methods. The mine plan incorporates a three year commissioning ramp-up, with steady state production of 4.34Mtpa of mill feed. The proposed metallurgical process incorporates well-tested technology using de-risked HPAL producing MHP. Probable Ore Reserves were declared for the Project and stated in the Proven/Probable Ore Reserves above.

Exploration & Geology

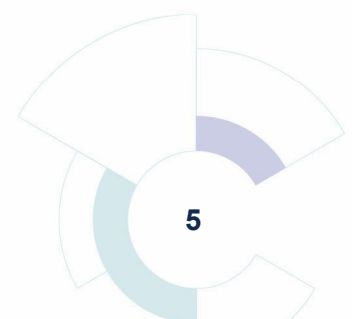
Wingellina 2022 Drill Program update

During September and October 2022, Nico completed its maiden drill campaign under the name of Nico Resources at the Central Musgraves Project (CMP). All drilling was completed ahead of time and on budget, with 10,000m of Reverse Circulation (RC) drilling planned and 10,155m executed. The drilling had three areas of focus – completion of infill drilling of Wingellina high-grade pit areas (E69/535), calcrete resource delineation at the Lewis Calcrete Deposit (E69/3065) and water resource investigation within the Mann Fault paleochannel (L69/27) proximal to proposed plant infrastructure.

The drill program was delivered safely and under budget. We are pleased with the results of the program and the potential value they present to the Wingellina Project moving forward.

Wingellina High-Grade Infill RC

During 2017, technical studies identified 15 shallow, high-grade nickel-cobalt domains as possible starter pits within the Wingellina Resource model that have the potential to be mined and processed in the early years of operations. It was assessed that the identified high-grade domains could be mined using low-cost open-cut methods during the first 7-10 years of operations to accelerate the payback on any project CAPEX. Figure 2 below highlights the 15 high-grade areas within the global resource targeted for confirmatory drilling.



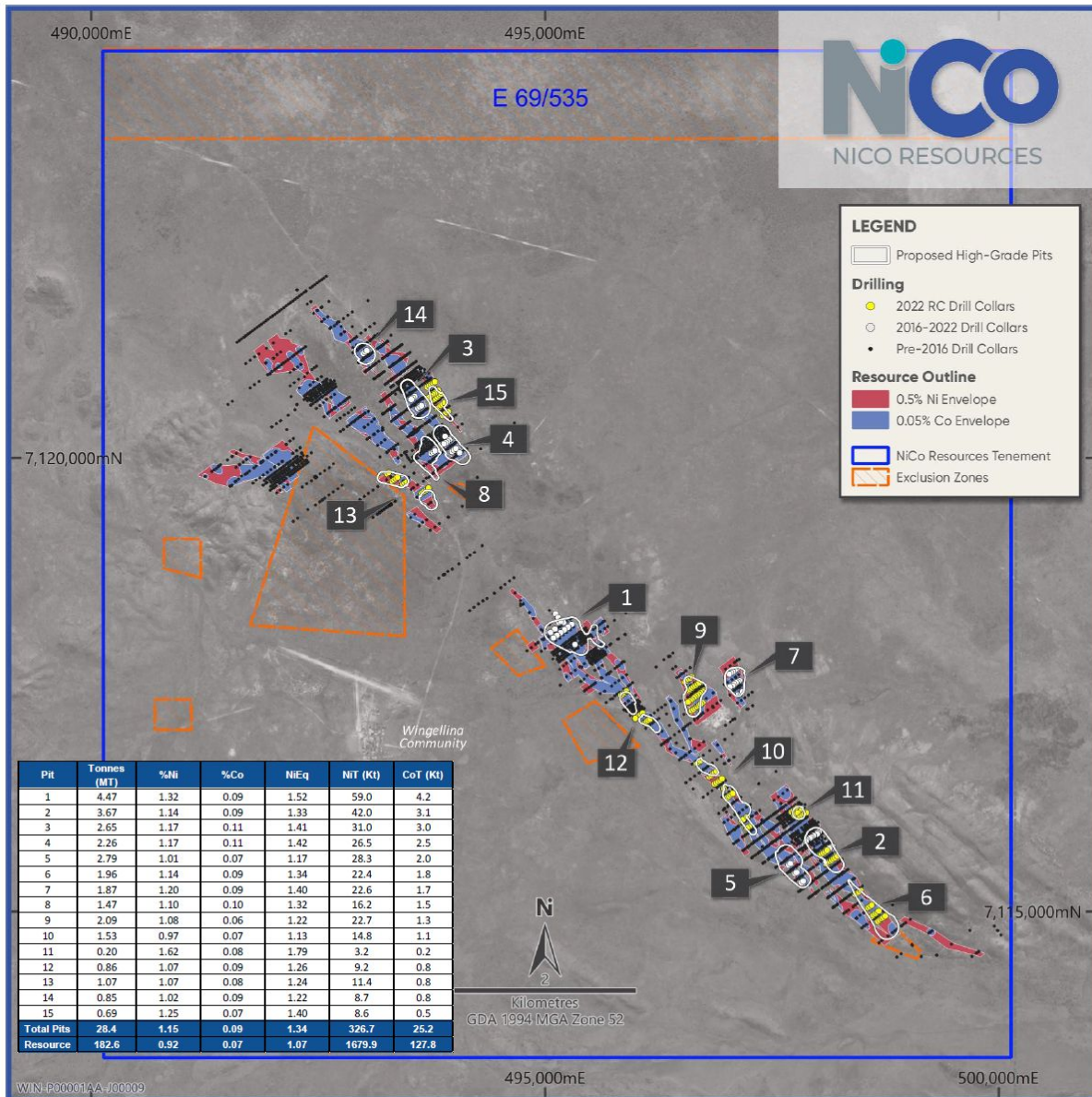
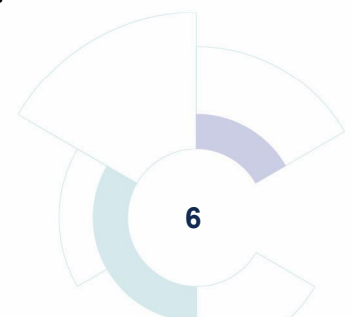


Figure 2: Wingellina 2022 RC Drill hole Collar locations with proposed high-grade starter pits

Assumptions for nickel equivalent results are derived from the JORC Table 1 presented in the 2022 PFS announcement (See Nico Announcement 22/12/22). The assumptions and recoveries are as follows:
 Prices (in USD) \$20,000/t Ni, \$45,000/t Co. Recovery assumptions: 92% Ni, 89% Co $NI_{Eq} = Ni\% + ((Co\% * (89\%Co\ recovery / 92\%Ni\ recovery)) * (\$45,000/t\ Co / \$20,000/t\ Ni))$.

In 2017, infill RC drilling programs to better understand the volume and variability of these high-grade pits were undertaken to confirm and to delineate 7 of the 15 high grade nickel-cobalt domains. Completion of the works was scheduled for 2020 but disrupted by the onset of COVID-19. The 2022 RC program was undertaken to infill drill the remaining 8 high-grade pits and complete the outstanding drilling from the targets first identified in the 2017 technical studies.

The conclusion of this work rounds out these programs. The 2022 program comprised 152 RC holes for 7,856m of drilling. Results confirm the continuity within the identified high-grade nickel and cobalt domains and provide key inputs into future production scheduling. In particular, it is anticipated sufficient higher grade tonnage will be available for the initial 10 years further improving the project economics.



Assay highlights from this drilling include;

WPRC0758: 74m @ 1.26% Ni and 0.09% Co (1.46% Ni_{eq}) from surface

WPRC0759: 86m @ 1.25% Ni and 0.10% Co (1.47% Ni_{eq}) from surface

WPRC0760: 90m @ 1.50% Ni and 0.12% Co (1.77% Ni_{eq}) from surface

WPRC0761: 70m @ 1.45% Ni and 0.12% Co (1.71% Ni_{eq}) from 2m

WPRC0766: 26m @ 1.81% Ni and 0.16% Co (2.16% Ni_{eq}) from 2m incl. 8m @ 3.73% Ni from 18m

WPRC0798: 72m @ 1.30% Ni and 0.11% Co (1.54% Ni_{eq}) from surface

WPRC0799: 64m @ 1.39% Ni and 0.07% Co (1.55% Ni_{eq}) from 2m

WPRC0801: 12m @ 1.93% Ni and 0.04% Co (2.02% Ni_{eq}) from 26m incl. 4m @ 3.58% Ni from 32m

WPRC0813: 92m @ 1.18% Ni and 0.10% Co (1.39% Ni_{eq}) from surface

WPRC0822: 56m @ 1.47% Ni and 0.11% Co (1.70% Ni_{eq}) from 4m

WPRC0880: 50m @ 1.68% Ni and 0.08% Co (1.85% Ni_{eq}) from surface incl. 10m @ 2.29% Ni from 30m

Results are reported with a weighted average grade of $\geq 0.5\%$ Ni with a maximum internal dilution of 6m. Higher-grade intercepts use a cut-off grade of $\geq 2.0\%$ Ni

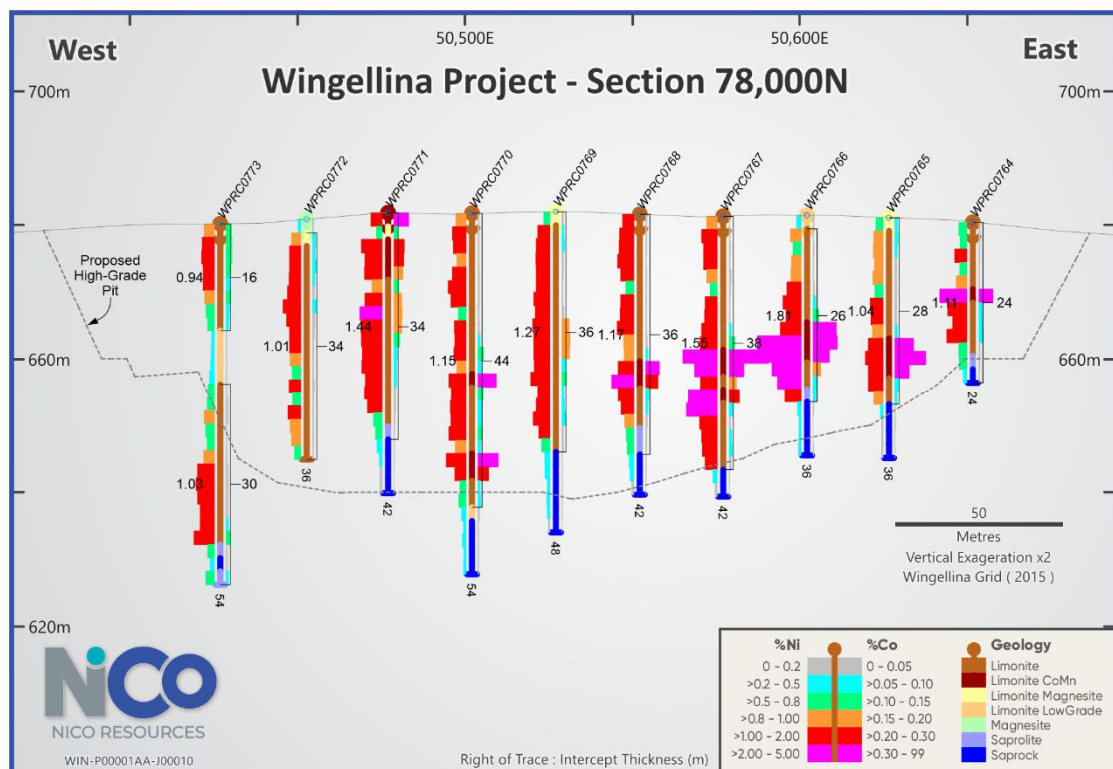


Figure 3: Drill cross section 78000mN (Wingellina 2015 local grid) showing grade continuity between drillholes. Refer to appendix for additional cross sections.

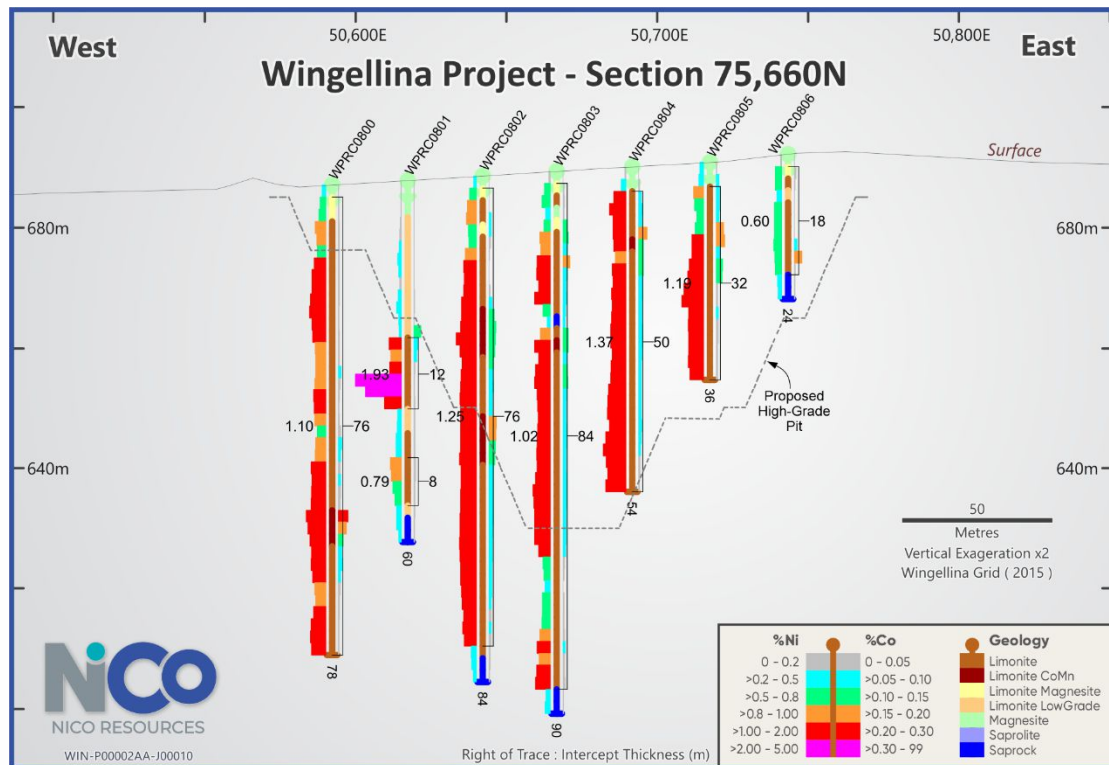


Figure 4: Drill cross section 75660mN (Wingellina 2015 local grid) showing high grade mineralisation extending well below 2016 proposed high-grade pit design. Refer to appendix for additional cross sections.

Cross-sections 78000mN & 75,660mN (Figure 3 & 4), provides an example of the grade continuity within the high-grade nickel and cobalt domains at Wingellina. A comparison between the high grade pit target and nickel/cobalt assay results demonstrates a strong correlation between the perceived resource grade and the reconciled confirmatory drilling results. These results provide Nico with confidence the 15 high grade pits initially targeted in 2017 will provide material uplift in higher grade mining tonnages for the first decade or more of the project.

Lewis Calcrete Delineation RC

317 RC holes for 2,155m of drilling was completed at the Lewis Calcrete Prospect in 2022. The program followed-up 2014 and 2019 programs initiated by Metals X during their tenure with the project. Nico anticipates that this drilling, in addition to existing drilling, will provide sufficient data to delineate life of mine (LOM) calcrete resources for the Wingellina project. A LOM calcrete resource would result in a sufficient reduction of operation cost by alleviating the importation requirement of “slacked lime” for the project. The program has also delivered over 10 tonnes of material for demonstration scale test work required for the definitive feasibility study.

Mann Fault Water Investigation

2 holes for 144m of RC drilling were completed to investigate water resource delineation at the Mann fault. Drilling confirmed the presence of a water resource proximal to the proposed plant infrastructure site.

Business & Corporate Development

Austrade Engagement

Nico was invited to participate in the recent Australian Critical Minerals Trade Delegation tour of Europe and the United Kingdom as one of 8 development companies in early October. The delegation was attended by key Australian dignitaries such as the Australian Ambassadors to France and Germany as well as a host of European market participants including major automakers such as Mercedes, Stellantis and Jaguar Land Rover. The trade delegation was established to strengthen and pursue further opportunities for closer two-way trade and investment between the three regions. Nico was able to participate in key business meetings to begin developing alternative supply chains for the sourcing, procuring and refining of key critical minerals including nickel and cobalt. The company will continue to develop and grow the business relations developed from the mission as it begins the process of executing on its strategic partnership strategy for project development.



Figure 5: Group photo of Australian critical minerals development company participants, including Nico, during a presentation at Australia House in London

Nico's Wingellina Project has maintained its standing in the Austrade 2022 Critical Minerals Prospectus (<https://www.globalaustralia.gov.au/industries/critical-minerals/prospectus-2022>) Austrade has remained a supportive partner in connecting Nico with potential investors seeking opportunities to secure long-term supplies of Nickel, Cobalt and Manganese.

Environmental & Social Governance

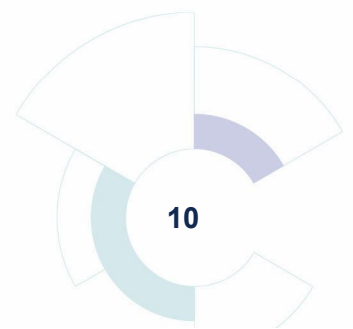
2022 EPA PER Extension Application

Nico lodged its application for an extension of term for Ministerial Statement 1034 with the EPA which was originally granted for the project in 2016. The company has already received dialogue back from the EPA indicating that the extension of term is currently under assessment. Nico, in conjunction with Stantec (the project's primary environmental consultants) remains in contact with the EPA regarding the application. Both organisations see no issues with addressing the EPA's requests for information and eagerly await the final feedback from the organisation.

PLANNED ACTIVITIES AND EXPLORATION FOR QUARTER ENDING 31 MARCH 2023

During the March 23 quarter Nico will focus on the following activities:

- Tender process to commence an initial piloting campaign to confirm the robust project flowsheet design. The company has obtained proposals from three market leading laboratories both here in Australia and abroad;
- Progress strategic partner process;
- Progress engagement with government agencies and commercial banks;
- Scope and definition documentation to tender the DFS;
- Tender process to commence for the DFS and solicit responses from the market for an EPC contractor for execution of the Project, and
- Continue advancing ancillary permits outstanding for the Project development.



CORPORATE AND FINANCIAL

Nico closed the quarter with cash and working capital of \$7,435,826.

MAJOR SHAREHOLDERS

The current major shareholders of the Company are:

- Metals X Limited 17.25%
- Blackstone Minerals Limited 15.11%
- Mr Rod Corps 11.27%

Related party payments for the quarter, are as outlined in the attached Appendix 5B at section 6.1, total \$81,951 and includes amounts paid to directors including director's fees and statutory superannuation.

Exploration and Evaluation expenditure during the quarter was \$1,292,516.

CAPITAL STRUCTURE AS AT 31 DECEMBER 2022

Description	Number
Fully paid ordinary shares	91,000,002
Unlisted options exercisable at \$0.25 on or before 3 November 2024	25,000,000
Unlisted options exercisable at \$0.25 on or before 29 July 2024	9,000,000
Unlisted options exercisable at \$0.30 on or before 17 January 2025	800,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2022 on or before 22 Mar 2025	1,000,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2023 on or before 22 Mar 2025	1,000,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2024 on or before 22 Mar 2025	1,000,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2024 on or before 6 Oct 2025	400,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2024 on or before 6 Oct 2025	400,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2024 on or before 6 Oct 2025	400,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2024 on or before 6 Nov 2025	300,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2024 on or before 6 Nov 2025	300,000
Unlisted options priced at 5-day VWAP prior to vesting on 22 March 2024 on or before 6 Nov 2025	300,000

RESTRICTED SECURITIES TO BE RELEASED FROM ESCROW

Pursuant to ASX Listing Rule 3.10A, the following shares were released from ASX escrow:

Security Description	Release Date	Number
Ordinary fully paid	10 Nov 2022	375,000
Ordinary fully paid	18 Jan 2023	15,000,000

KEY COMPANY APPOINTMENTS

The Company welcomed the commencement of its Chief Financial Officer, Teck Lim, to the organisation. Teck has already been instrumental in assisting with the completion of the PFS as well as assisting with the ongoing strategic partner and finance process. Teck has extensive experience in mining project finance for mega resource infrastructure projects as previously announced.

Other appointments in the quarter include:

Francois Schmid - Study Manager (Processing). Francois comes with a wealth of experience in High Pressure Acid Leach processing, most notably from his time at Ambatovy and Ravensthorpe. Francois was instrumental in the recent ramp up of both operations and brings a wealth of knowledge to the company in the field of process engineering.

Matt Jones – Head of Geology. Matt has 20 years experience spanning greenfields exploration, resource estimation and development and open pit grade control and mining. He has worked across junior explorers, major miners (including BHP) and as a consultant in the resource estimation space. Around 8 years of this was focussed on Ni Laterites, being involved in a significant Western Australian project from exploration, through feasibility and into production.

USE OF FUNDS¹

Nico provides the following disclosures required by ASX Listing Rule 5.3.4 regarding a comparison of its actual expenditure to date since listing on 19 January 2022 against the 'use of funds' statement in its prospectus dated 23 November 2021.

Expenditure	Funds allocated under Prospectus	Actual to 31 December 2022	Variance
Exploration Expenses	\$4,023,000	\$2,071,906	(\$1,951,094)
Studies and Reviews	\$622,000	\$230,083	(\$391,917)
Directors Fees	\$800,000	\$447,784	(\$352,216)
Working Capital	\$1,396,000	\$1,125,939	(\$270,061)
Costs of offer	\$1,063,000	\$1,148,764	\$85,764
Future acquisition costs	\$1,350,000	-	(1,350,000)
Total	\$9,254,000	\$5,024,475	(\$4,229,525)

1. The Use of Funds table is a statement of current intentions, investors should note that the allocation of funds set out in the table may change depending on a number of factors including the results of exploration, outcome of development activities, regulatory developments and market and general economic conditions.

CHANGE OF AUDITOR

KPMG have been appointed as the Company's Auditors. This appointment follows the resignation of Criterion Audit Pty Ltd and ASIC's consent for the same, together with shareholder approval obtained at the AGM in November 2022.

The Board's decision to change auditors was made following a consultation process choosing KPMG based on their global reputation and experience. The change in auditor to an international 'Big 4' accounting firm was made to align with expectations of potential strategic partners, project financiers and government agencies as Nico progresses the development and funding of the world-class Wingellina-Cobalt project in Western Australia.

This announcement has been authorised for release by the Board.

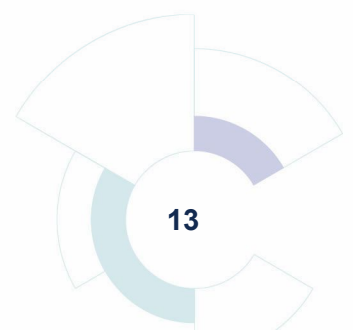
CONTACTS

For more information, please visit our website www.nicoresources.com.au or email

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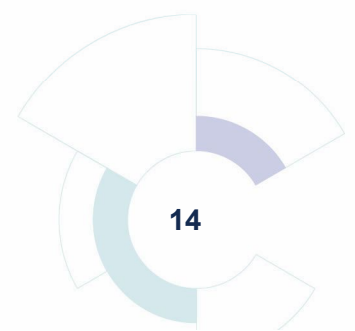
Rod Corps
Managing Director

Amanda Burgess
Company Secretary



SUMMARY OF MINING TENEMENTS

Tenement	Status	Project	Location	Ownership
E69/535	LIVE	Wingellina	WA	100
E69/3065	LIVE	Wingellina	WA	100
L69/12	LIVE	Wingellina	WA	100
L69/19	LIVE	Wingellina	WA	100
L69/27	LIVE	Wingellina	WA	100
EL5860	LIVE	Claude Hills	SA	100
EL6240	LIVE	Mt Davis	SA	100



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 1,469km² 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.

COMPETENT PERSON'S STATEMENT

Exploration

The information in the report to which this statement is attached relates to Exploration Targets or Exploration Results is based on information compiled by Mr. M Jones, who is full time Employee of the company and also a Member of The Australian Institute of Mining and Metallurgy, with 20 years' experience in the mining industry. Mr. Jones has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

Resources

The information in this report that relates to mineral resources, exploration targets or exploration results is based on information compiled by Mr Jake (Jacob) Russell, who was previously an employee of Metals X, and a "Competent Person" who is a Member of the 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.

Ore Reserves

The information in this report that relates to ore reserves is based on information compiled by Mr Michael Poepjes, who was a previous employee of Metals X in 2016, a member of the AusIMM at the time and a "Competent Person". Mr Poepjes 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 Poepjes consents to the inclusion in this announcement of the matters based on his information and in the form and context in which it appears.

PFS CAUTIONARY STATEMENT

The production target and forecast financial information derived from the production target referred to is based on 100% of the material from probable ore reserves. This includes all material modelled for the current mining schedule for Wingellina. There has been no modifying factors applied to the estimation as all of the material included in the study resides in the probable ore reserve category. The material assumptions used in the estimation of the production target and associated forecast financial information are set out in Table 2: Ore Reserve estimation for the Wingellina Project of the "Nico Resources Limited Technical Assessment Report of the Central Musgraves Nickel-Cobalt Project" prepared by CSA Global Mining Industry Consultants as part of the "Nico Resources Replacement Prospectus Initial Public Offer" dated 23 November as at 2021. The mineral resource and ore reserve estimates underpinning the production target were prepared by Competent Persons in accordance with the JORC Code 2012.

FORWARD-LOOKING STATEMENTS:

This announcement contains certain forward-looking statements. Forward-looking statements are statements that are not historical and consist primarily of projections — statements regarding future plans, expectations and developments. Words such as “expects”, “intends”, “plans”, “may”, “could”, “potential”, “should”, “anticipates”, “likely”, and “believes” and words of similar import tend to identify forward-looking statements. All statements other than those of historical facts included in this announcement are forward-looking statements, including, without limitation, statements regarding plans, strategies and objectives, anticipated production and expected costs and projections and estimates of ore reserves and mineral resources. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, exploration, development and operational risks. No independent third party has reviewed the reasonableness of any such statements or assumptions. None of the Company, their related bodies corporate and their respective officers, directors, employees, or advisers represent or warrant that such forward statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any forward statement contained in this release. The Company does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. Recipients should form their own views as to these matters and any assumptions on which any of the forward statements are based and not place undue reliance on such statements.

PREVIOUS DISCLOSURE

The information in this quarterly activities report is based on the Nico Resources Limited Prospectus and Pre-feasibility study, which are available from the Nico Resources Limited website www.nicoresources.com.au and the ASX website 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Nico Resources Limited

ABN

80 649 817 425

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development		
(c) production		
(d) staff costs	(268)	(504)
(e) administration and corporate costs	(327)	(578)
1.3 Dividends received (see note 3)		
1.4 Interest received	23	27
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	43	47
1.9 Net cash from / (used in) operating activities	(529)	(1,008)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(9)	(9)
(d) exploration & evaluation	(1,293)	(1,774)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1,302)	(1,783)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	-	-
	Funds received in the prior quarter for capital allotted in the current quarter		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,266	10,226
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(538)	(1,017)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,293)	(1,774)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,435	7,435

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	767	218
5.2	Call deposits	6,668	9,048
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,435	9,266

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	81,951
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(538)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,293)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,830)
8.4 Cash and cash equivalents at quarter end (item 4.6)	7,435
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	7,435
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by: **The Board of Nico Resources Limited**

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.