

NICKEL X
LIMITED

ABN 52 631 513 696
& Controlled Entities

Annual Financial Report

For the year ended 30 June 2023

NickelX Limited
Corporate directory
30 June 2023

Directors	Jonathan Downes – Non-Executive Chairman Matthew Gaucci – Managing Director and Chief Executive Officer Richard Monti – Non-Executive Director Oliver Kreuzer – Non-Executive Director
Company secretary	Steven Wood Sujana Karthik
Principal and Registered office	Level 3, the Read Buildings 16 Milligan Street, Perth WA 6000 Email: info@nickelxlimited.com
Share register	Automic Group Level 5, 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 St, Perth WA 6000
Solicitors	Steinepreis Paganin Level 4, the Read Buildings 16 Milligan Street PERTH, WA 6000
Bankers	Westpac Banking Corporation Level 13, 109 St Georges Terrace, Perth WA 6000
Stock exchange listing	Australian Securities Exchange Limited Level 40, Central Park 152-158 St Georges Terrace Perth WA 6000 ASX code: NKL
Website	http://www.nickelxlimited.com

General information

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

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

Registered office and principal place of business

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2023. The directors have the power to amend and reissue the financial statements.

Chairman's Letter to Shareholders

On behalf of the Directors of NickelX, I present the Annual report of the Company for the year ended 30 June 2023.

NickelX utilised its team of specialized nickel exploration experts, from the Board down, to expand and explore its growing portfolio of highly prospective nickel sulphide mineralisation properties. The challenging markets have not been generally supportive of nickel exploration, however the expanding essential role of nickel in the global electrification provided by batteries and commodity analyst coverage suggests that this is a cyclical downturn in interest. Global nickel stockpiles have fallen from ~240,000 in the London Metal Exchange Warehouse to ~37,000 at the time of writing. This is 15% of their level 5 years ago and the lack of a meaningful price response to these critically low levels is a function of overall concerns over global growth and the requirements for nickel in stainless steel. I strongly believe the negative case has been factored in to the current nickel price, with a strong upside rally likely in the event of any major stimulus or growth event.

NickelX commenced the reporting year with a concentrated nickel exploration programme being launched on the Cosmos South project. The work conducted included permitting and a drone magnetic (TMI) survey to assist in drilling targeting and was supported with a \$180,000 Exploration Incentive Scheme (EIS) grant. Following the survey, NickelX conducted the first phase of drilling and was successful in intercepting an extraordinary 153-meter-wide zone of sulphide mineralisation in a drill hole that was not unfortunately bearing nickel mineralisation. While this was a disappointing result, it ratified the geophysical targeting techniques employed by the team to target sulphide mineralisation.

The NickelX Board moved decisively to acquire the Dallwalinu Nickel-Copper-PGE project and commenced exploration firstly with an auger drilling programme and then followed up with a Moving Loop Electromagnetic Survey (MLEM) that identified two very strong and prospective conductive targets. A Fixed Loop Electromagnetic Survey (FLEM) was then conducted to better define the two conductive plates for drilling which are considered to provide a response consistent with massive sulphide mineralisation. NickelX is currently seeking the required permits to commence drilling these exciting conductors.

NickelX substantially expanded its portfolio later in the financial year by entering into an option agreement to acquire 100% of the Otov hard rock lithium project and also the Ransko nickel-copper-cobalt project, which are both located in the central European Czech Republic. These projects host proven mineralisation and have in fact both previously been operational mines. The review of these projects is ongoing.

The Board appreciates the support shown by its shareholders and is pleased that NickelX retains a healthy treasury that will enhance both future active exploration drilling as well as the ongoing targeting of further exploration and acquisition opportunities.

Yours sincerely,



Jonathan Downes

NickelX Limited
Directors' report
30 June 2023

The directors present their report, together with the consolidated financial statements of the Group comprising of the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of NickelX Limited (referred to hereafter as 'NickelX' or the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

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

Jonathan Downes

Matthew Gauci

Oliver Kreuzer

Kristin Butera - from the beginning of the financial year until his resignation on 24 November 2022.

Richard Monti - appointed 24 November 2022 and continues in office at the date of this report.

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of exploration activities at the consolidated entity's mining tenements.

Dividends

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

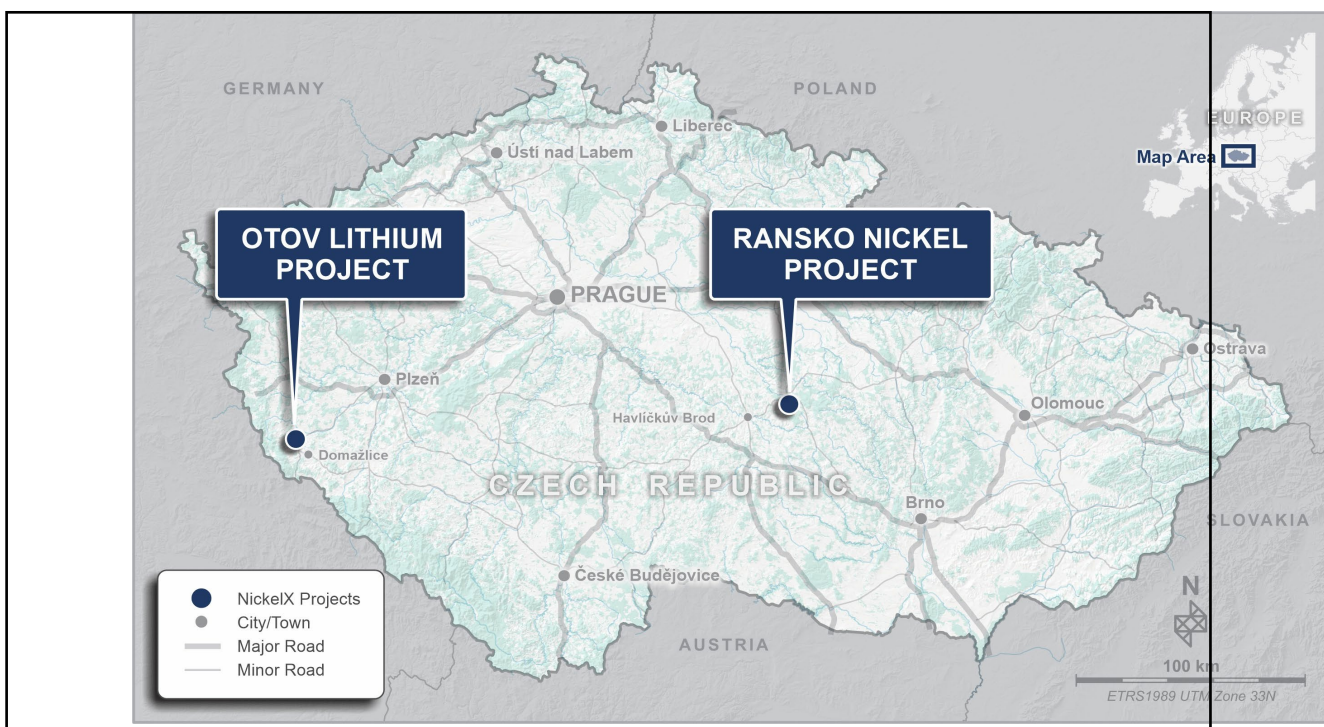
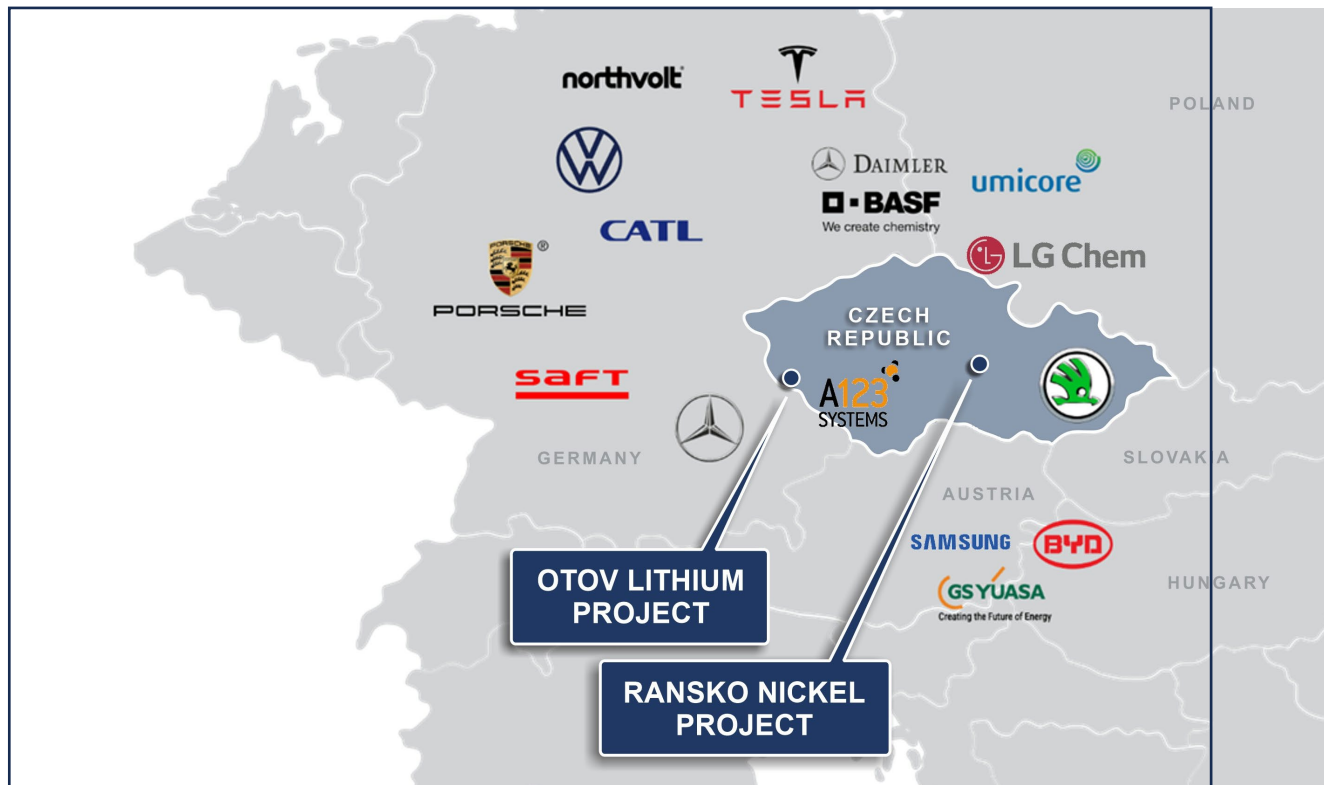
Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,776,343 (30 June 2022: \$3,049,109).

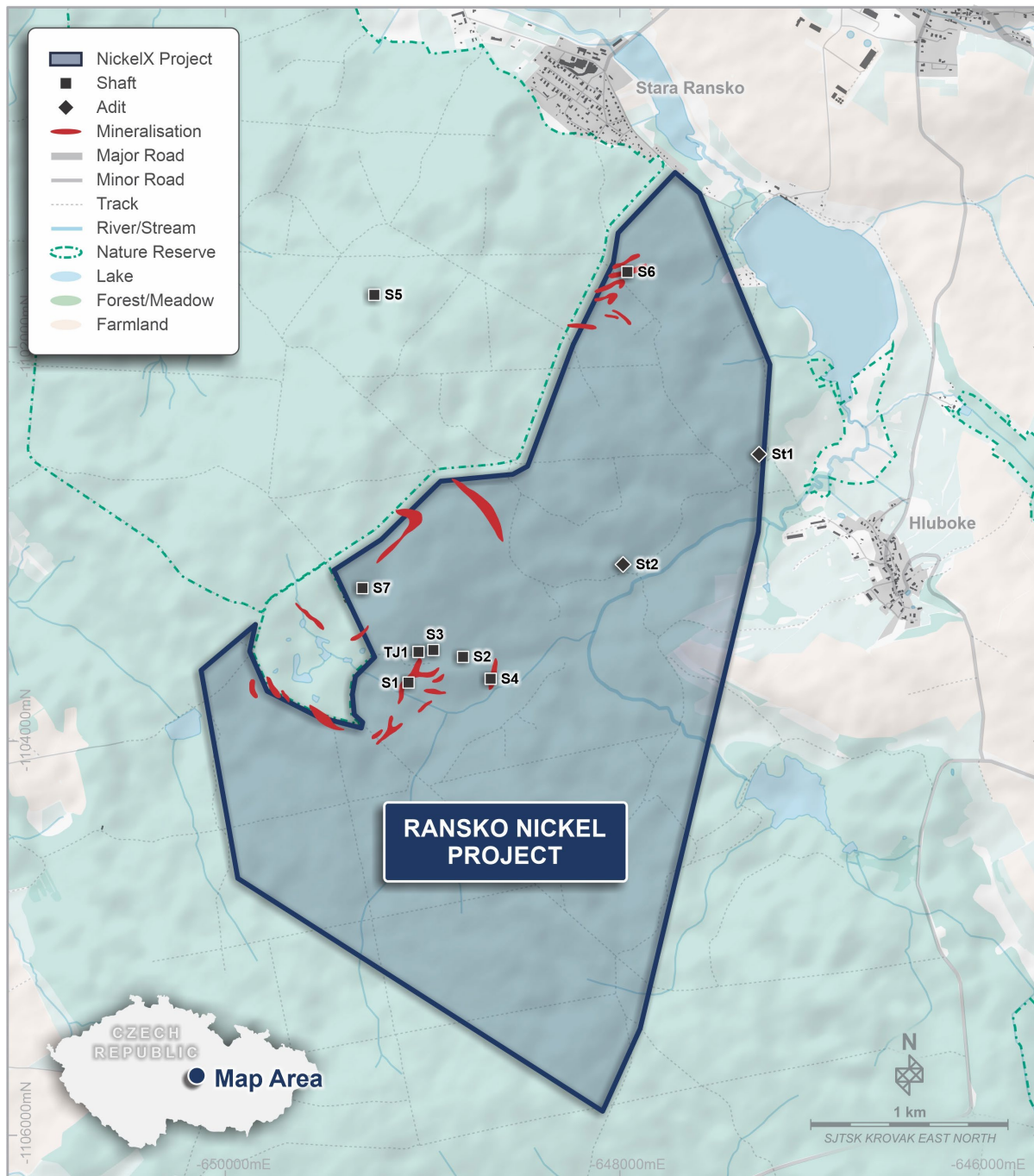
Review of Operations

European Critical Minerals Project Option Agreement

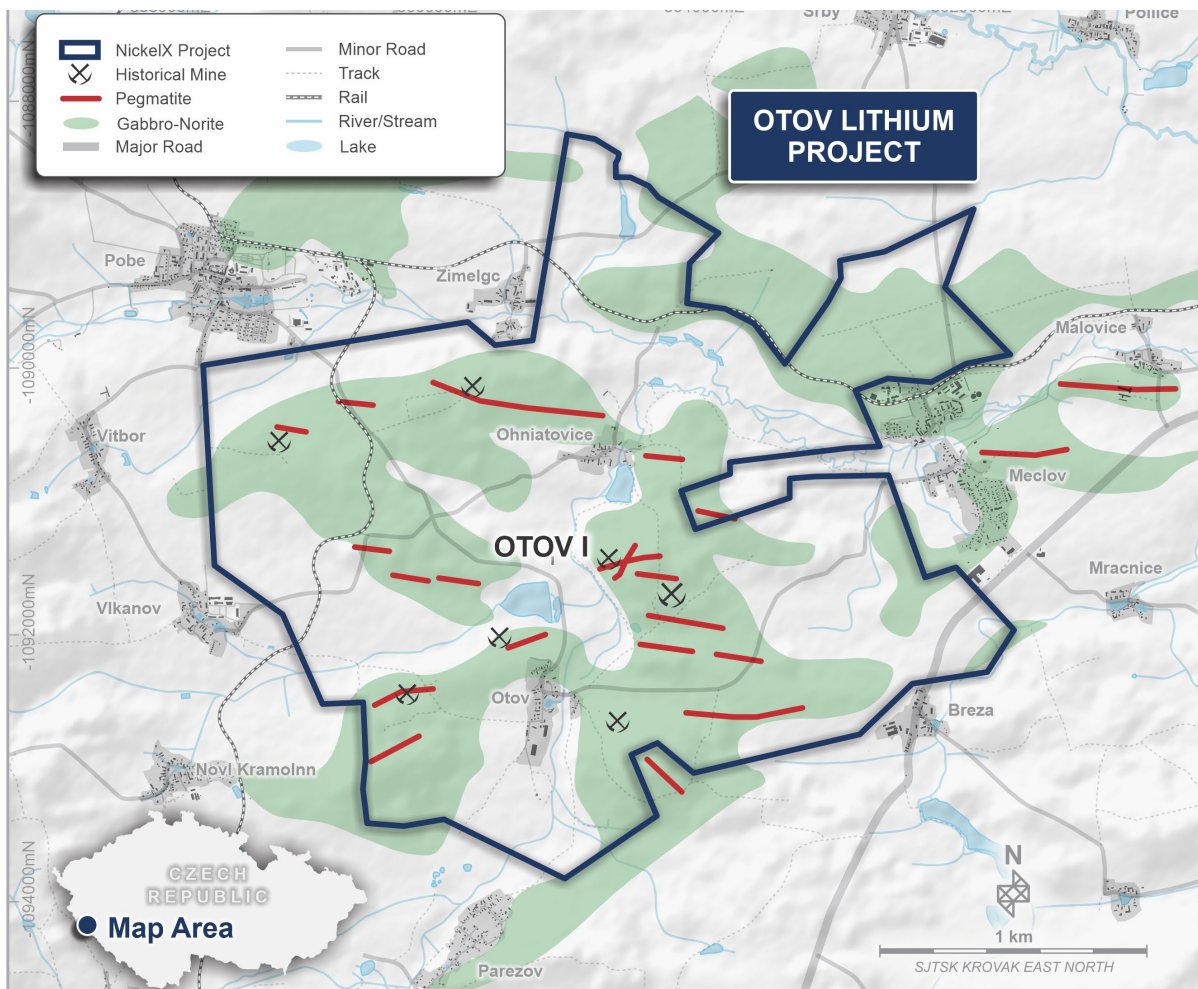
Post the reporting period the Company executed an exclusive option to acquire 100% of the Ransko Nickel Project and the Otov Lithium Project in Central Europe, within proximity to where 27 lithium battery “Gigafactories” are planned for 2030, supported by the EU Critical Raw Materials (CRM) Act (**CRM Act**),



The Rankso Permit covers 6.93km² and hosts significant Ni-Cu-Co high priority targets defined by historic mapping, sampling, geophysics, limited vertically oriented drilling and exploration shafts and adits. No modern exploration techniques and resource modelling have been undertaken since the mid-1960's. The project contains a rich historical dataset from 7 known sulphide high priority targets with indications of multiple magma pulses and sulphide events, where remobilisation and enrichment is related to local faults and intrusions.



The Otov Permit covers 18.1km² and hosts significant Li (Spodumene) mineralisation defined by mapping and sampling of underground workings from limited historical feldspar mining at the Otov1 pegmatite. The Otov1 Lithium-Caesium-Tantalum (LCT) pegmatite appears to be vertically zoned as spodumene increases with depth (current depth from historical feldspar mining is c. 50m). Spodumene crystals are reported to measure up to 70cm in length. The Otov1 pegmatite deposit is one of 17 mapped pegmatites in the permit area which have not been the subject of modern exploration techniques.



Due diligence over the Option includes evaluation of the geochemical, geophysical, geological and drill hole data sets. Additionally, 2 of NickelX directors completed field trips involving evaluation of project infrastructure and access, government relations, community relations and potential contractors.

The Dalwallinu Nickel Project, West Yilgarn, WA.

The Dalwallinu Nickel Project (E70/5398) covers 86km² of the underexplored Barra Barra Greenstone belt in the emerging West Yilgarn, which is host to a number of recent Nickel-Copper-PGE discoveries including the world class Julimar Nickel-Copper-PGE discovery.



Figure 1: Location of Dalwallinu Nickel Project in The West Yilgarn, 150km NE of Julimar and 208km NE of Perth.

Historical geochemical and geophysical work programs, evaluated by the Company identified approximately 12 priority Nickel-Copper-PGE targets over a strike length of 6km. Further review and modelling of the historical geochemical datasets confirmed priority target assays, represent some of the highest West Yilgarn PGE assays (73.7ppb Pt & Pd) as well as significant and coincident anomalous values for nickel and copper (up to 466ppm Ni and 843ppm Cu).

The Company completed a close spaced (50mX50m) drone Magnetic Survey over the project area which highlighted the Barra Barra Greenstone Belt intrusive to represent a folded tabular body either a dyke or sill. Following this work a close spaced Moving Loop Electromagnetic (MLEM) Survey and Fixed Loop Electromagnetic (FLEM) Survey over the project area was completed over the 4 high priority Ni-Cu-PGE targets on 200m x 200m loops with 100m station spacings and lines oriented east-west. The DEM2 high priority geophysical target represents some of the strongest FLEM responses in the West Yilgarn over 65 x 65 m with high conductance (16,850 S) sub-vertical plate at a very shallow depth of approximately 30 m from surface.

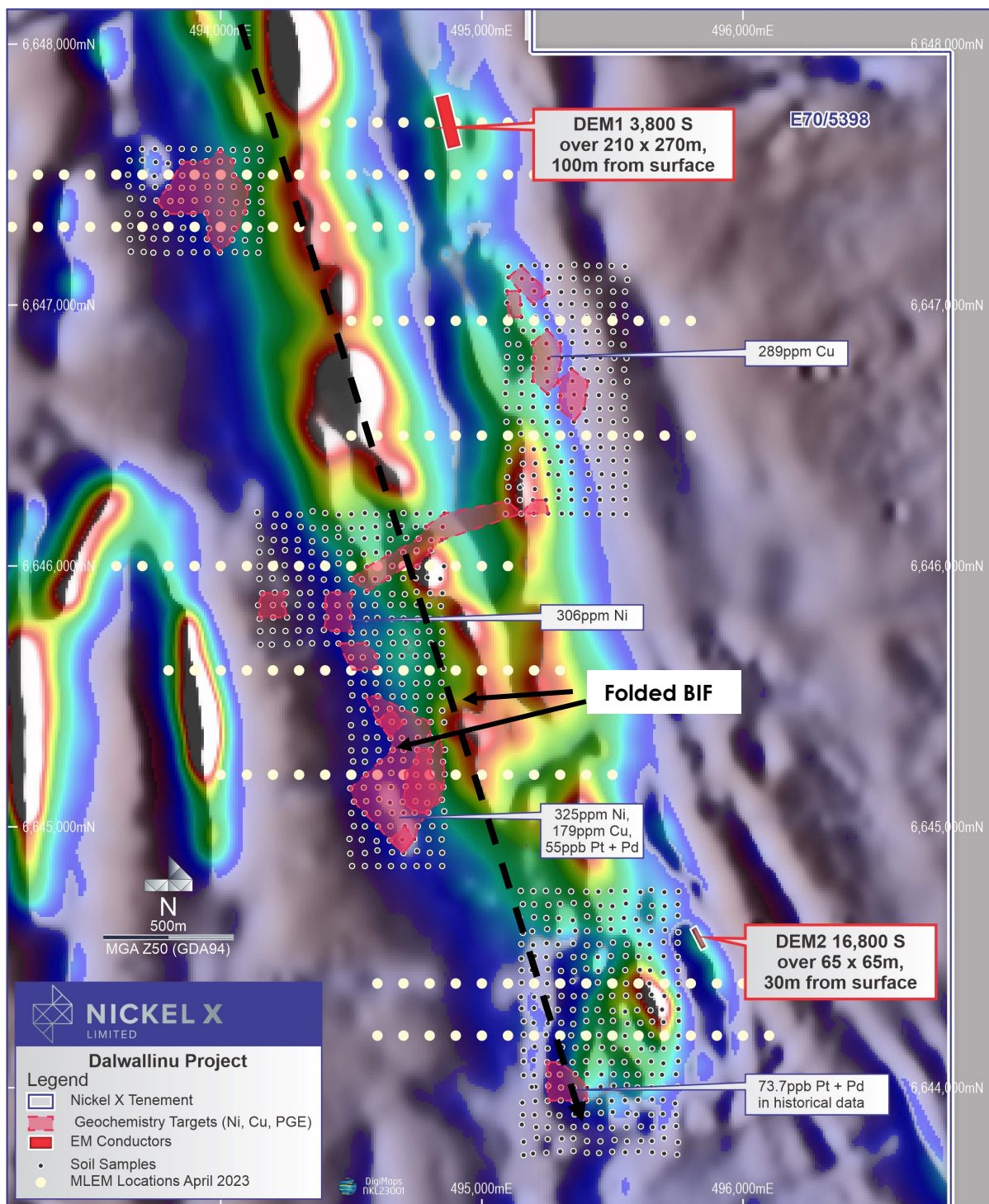


Figure 2: High priority targets defined by infill auger geochemical and geophysical work programs over a 12 km strike, with indicative values within recent infill soil data.

Access and Exploration Agreements were signed with four relevant Dalwallinu landowners for exploration drilling and development activities. Program of Works (POW) for a planned maiden 2,500m Reverse Circulation (RC) and Diamond (DDH) campaign was lodged with the Department of Mines, Industry Regulation and Safety (DMIRS).



Figure 3: View across the Dalwallinu Nickel Project

The Cosmos South Nickel Project

The Cosmos South Nickel Project is located 10km South of the Cosmos Nickel operations, (IGO Limited) and 20km North of the Leinster Nickel Operations (BHP Nickel West), located in the world class nickel producing Wiluna Greenstone Belt.

During the period the Company completed Moving Loop Electromagnetic (MLEM) Surveys and Fixed Loop Electromagnetic (FLEM) Surveys, and combined with closed spaced Magnetic Surveys, defined the high priority CS1 Target, a bedrock conductor interpreted to be a shallow (depth to top 80m) estimated to comprise a strike length of 565m and depth extent of 850m with a time constant of 700ms and modelled conductance of 11,300 Siemens.

Following regulatory approval and heritage clearance, the company completed a maiden diamond drilling program. Diamond drill hole NKLCSDD001 encountered multiple horizons of stringer, vein, semi-massive and massive breccia sulphide up to 5m core width between downhole depths from 314 to 487m (Figure 3). The first hole was completed at 492.5m in mafic volcanic sediments.

The sulphides encountered comprised pyrrhotite-marcasite/pyrite and lesser chalcopyrite as breccia matrix surrounding lithic fragments contained within quartz veins and broad zones of massive sulphide and quartz-breccia hosted within ultramafic and mafic volcanics and volcanogenic sediments. Portable XRF did not detect nickel in the sulphide assemblages.

The Company continues to evaluate the gold potential given the host geology and sulphide composition and sulphide-quartz breccia matrix habit encountered are similar to descriptions of the nearby Bellevue Gold Mine host geology and mineralisation.

Significant changes in the state of affairs

The Company executed a Sale Agreement and Joint Venture to acquire 80% interest in the Dalwallinu Nickel Project.

The Company executed an option agreement to acquire 100% interest in Ransko Nickel- Copper- Cobalt Project and The Otov Hard Rock Lithium Project subsequent to the financial year end.

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

Matters subsequent to the end of the financial year

Date	Details
4 July 2023	<p>Advanced Nickel and Lithium Project Acquisition Option</p> <p>The Company announced it has executed an exclusive option agreement to acquire the Ransko Nickel- Copper-Cobalt project and the Otov Hard Rock Lithium Project in Central Europe. As part of its initial review of the Projects, the Company has completed a first pass field visit to Ransko and Otov. The site visit has assisted the Company evaluate access to both Projects, develop field and remote sensing survey strategies, , conduct drill hole inspections, assess local infrastructure and engage with local stakeholders. The Company is currently completing a second pass field visit by NickelX Director, Dr Oliver Kreuzer. Should the Company take the option to acquire the Projects, the Company will be working with ADL, a European based exploration consultancy with in-country representation and strong regulatory, industry and community networks.</p> <p>Refer ASX announcement dated 4 July 2023 for further detail on the key terms.</p>

Other than the point noted above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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

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

Material Risks and Uncertainties

The Group considers the following to be the key material business risks:

Additional requirements for capital

The Company's capital requirements depend on numerous factors. The Company may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Exploration and operating

The Projects are early-stage exploration, and mineral exploration and development are high-risk undertakings.

There can be no assurance that future exploration of the Claims, or any other mineral claims that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, flooding, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, labour disputes and shortages, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title claims, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company being able to maintain title to the Claims comprising the Projects and obtaining all required approvals for their contemplated activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Projects, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the Claims.

No Known Mineral Reserves or Mineral Resources

There are no known bodies of commercial minerals on the Company's Claims.

There can be no assurance that the Company will be successful in its search for mineral resources and mineral reserves or in its more advanced programs.

Title to Properties

The acquisition of title to mineral properties is a very detailed and time-consuming process. The Company's Claims may be affected by undetected defects in title, such as the reduction in size of the Claims and other third-party claims affecting the Company's interests. Mineral claims sometimes contain claims or transfer histories that examiners cannot verify.

A successful claim that the Company does not have title to any one of its mineral properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property, or the Company might be required to compensate other persons. Also, in any such case, the investigation and resolution of title issues would divert management's time from ongoing exploration and development programs. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to its properties will not be challenged or impaired.

Maintenance of the Company's interests in its Claims is subject to ongoing compliance with the terms governing its Claims.

The Claims do not grant a right to enter upon or use the surface of the mineral properties. Additional amounts may have to be paid to surface rights owners in connection with any development of mining activity.

Exploration permits

The Company's field activities, and exploration and drilling program on its Projects, will require licenses and permits from various governmental and non-governmental authorities. The Company has obtained, or will obtain, all necessary licenses and permits required to carry on with activities which it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations on its Projects.

The required licenses and permits may not be received until after the required start date to commence the Canadian exploration and drilling season, in which case the Company will only be able to carry out non-field activities in this season.

Renewal of Claims

The Claims are subject to periodic renewal. The renewal of the term of the Claims is subject to compliance with applicable mining legislation and regulations and the discretion of the relevant mining authority.

Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the Claims. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Environmental

The operations and proposed activities of the Company are subject to Provincial laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs.

Events, such as unpredictable rainfall, overly heavy snowfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

In undertaking exploration activities, the Company intends to comply with all environmental laws.

Mine development

Possible future development of mining operations at the Projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production on one of the Projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of the Projects.

The risks associated with the development of a mine will be considered in full should the Projects reach that stage and will be managed with ongoing consideration of stakeholder interests.

Regulatory Compliance

The Company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource license consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker

safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

While the Company believes that it is in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned development projects.

Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities.

Information on directors

Name:	Jonathan Downes
Title:	Non-Executive Chairman
Appointment date:	8 February 2021
Qualifications:	BSc Geol, MAIG
Experience and expertise:	Mr Downes has more than 25 years' experience in the mining industry and has worked in various geological and corporate capacities. Mr Downes has experience with nickel, gold and base metals and has also been intimately involved with numerous private and public capital raisings.
Other current directorships:	Non-executive director of Kingwest Resources Limited, Cazaly Resources Limited and an Managing Director of Kaiser Reef Limited.
Former directorships (last 3 years):	None
Interests in shares:	166,666 ordinary shares (indirect)
Interests in options:	1,950,000 Unlisted Options in the following tranches: <ul style="list-style-type: none">• 650,000 unlisted options with an exercise price of \$0.25;• 650,000 unlisted options with an exercise price of \$0.30; and• 650,000 unlisted options with an exercise price of \$0.40. Each Option has a 5-year expiry and vested immediately upon grant. 33,333 NKLO Listed Options with an exercise price of \$0.15 with an expiry of 2 years from date of grant
Contractual rights to shares:	None

**NickelX Limited
Directors' report
30 June 2023**

Name:	Matthew Gauci
Title:	Managing Director and Chief Executive Officer
Appointment date:	7 February 2019 Subsequently appointed as Managing Director and CEO on 1 January 2021
Qualifications:	BSc, MBA
Experience and expertise:	Mr Gauci is an experienced mining executive with more than 20 years' experience in strategic management and corporate finance in the mining industry having successfully financed and managed private and public mining exploration companies operating in Australia, Africa and South America. Mr Gauci has managed teams in the exploration, development and feasibility of a number of mining exploration projects in precious metals, base metals and bulk commodities. Mr Gauci has a BSc. and an MBA from the University of Western Australia.
Other current directorships:	Non-Executive Director for 92 Energy Limited – ASX: 92E (since February 2020)
Former directorships (last 3 years):	Nil
Interests in shares:	1,766,667 ordinary shares (indirect)
Interests in options:	3,000,000 Options in the following tranches: <ul style="list-style-type: none">• 1,000,000 unlisted options with an exercise price of \$0.25;• 1,000,000 unlisted options with an exercise price of \$0.30; and• 1,000,000 unlisted options with an exercise price of \$0.40. Each Option has a 5-year expiry and vested immediately upon grant. 33,333 NKLO Listed Options with an exercise price of \$0.15 with an expiry of 2 years from date of grant
Contractual rights to shares:	None
Name:	Oliver Kreuzer
Title:	Non-Executive Director
Appointment date:	7 February 2019
Qualifications:	Dipl-Geol (University of Freiburg), PhD Economic Geology (James Cook University),
Experience and expertise:	Dr Kreuzer, a registered professional geoscientist (AIF RPGeo) with 20+ experience, is a world recognised project generator and explorer having been involved in the generation and exploration of significant uranium, gold, base and battery metals projects globally
Other current directorships:	Non-Executive Director, 92 Energy Limited - ASX: 92E (since February 2020), Executive Director Normandy Gold Limited (Unlisted, August 2021)
Former directorships (last 3 years):	Nil
Interests in shares:	1,066,667 ordinary shares
Interests in options:	900,000 Options in the following tranches: <ul style="list-style-type: none">• 300,000 unlisted options with an exercise price of \$0.25;• 300,000 unlisted options with an exercise price of \$0.30; and• 300,000 unlisted options with an exercise price of \$0.40. Each Option has a 5-year expiry and vested immediately upon grant. 33,333 NKLO Listed Options with an exercise price of \$0.15 with an expiry of 2 years from date of grant
Contractual rights to shares:	None

**NickelX Limited
Directors' report
30 June 2023**

Name: Kristin Butera
Title: Non-Executive Director
Appointment date: 7 February 2019
Resignation date: 24 November 2022
Qualifications: BSc. Economic Geology, University of Melbourne, BSc (Hons). Metalliferous Economic Geology, James Cook University
PhD, James Cook University
Experience and expertise: Dr Butera is an experienced exploration geologist with 20+ years' experience and successful ore finder who has held senior executive positions for a number of public and private resource companies. He is currently the Executive Chairman of Plutonic Limited and is a board member for NickelX Limited, Australis Mineral Management and Savannah Gold Mines.
Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 1,000,001, ordinary shares (indirect) (as at date of resignation)
Interests in options: 600,000 Options in the following tranches:

- 200,000 unlisted options with an exercise price of \$0.25;
- 200,000 unlisted options with an exercise price of \$0.30; and
- 200,000 unlisted options with an exercise price of \$0.40.

Each Option has a 5-year expiry and vested immediately upon grant.
Contractual rights to shares: None

Name: Richard Monti
Title: Non-Executive Director
Appointment date: 24 November 2022
Qualifications: Bsc (Hons), Grad Dip Applied Finance and Investment
Experience and expertise: Thirty six year career in the international mineral resource industry resulting in broad knowledge and strategic planning capabilities. First-hand working knowledge of all aspects of the industry from acquisition and project generation through exploration, resource definition, feasibility, construction, operations, finance, product marketing and project divestment. Sixty-three director-years of experience on the Boards of sixteen ASX and TSX listed companies covering exploration and mining activities. Directorships include seven as Chairman and sitting on numerous sub-committees. Proven experience and understanding of equity capital markets and debt funding and strong relationships with broking and banking houses in Australia and Canada
Other current directorships: Alto Metals Ltd, Caravel Minerals Ltd, Boab Metals Ltd
Former directorships (last 3 years): Zinc of Ireland NL, Black Dragon Gold Ltd
Interests in shares: 333,334 ordinary shares (indirect)
Interests in options: 1,950,000 Unlisted Options in the following tranches:

- 650,000 unlisted options with an exercise price of \$0.25;
- 650,000 unlisted options with an exercise price of \$0.30; and
- 650,000 unlisted options with an exercise price of \$0.40.

Each Option has a 3-year expiry and vested immediately upon grant.
166,667 Listed Options with an exercise price of \$0.15 with an expiry of 2 years from date of grant
Contractual rights to shares: None

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

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

NickelX Limited
Directors' report
30 June 2023

Company secretary

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

Sujana Karthik was appointed to the role of Joint Company Secretary on 17 November 2022 Ms Karthik is a Certified Public Account and a Corporate Advisor at Grange Consulting where she specialises in corporate financial management, financial reporting services, tax and risk compliance management.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
Jonathan Downes	4	4
Matthew Gauci	4	4
Oliver Kreuzer	4	4
Kristin Butera	1	4
Richard Monti	3	4

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

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

NickelX Limited
Directors' report
30 June 2023

Non-executive directors' remuneration

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

Executive remuneration

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

The executive remuneration and reward framework has four components:

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

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

Details of remuneration

Amounts of remuneration

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

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

- Jonathan Downes - Non-Executive Chairman
- Matthew Gauci - Managing Director and Chief Executive Officer
- Oliver Kreuzer - Non-Executive Director
- Kristin Butera - Non-Executive Director from the beginning of the financial year until his resignation on 24 November 2022.
- Richard Monti - Non-Executive Director - appointed on 24 November 2022 and continues in office at the date of this report.

And the following person(s):

- Steven Wood – Joint Company Secretary

NickelX Limited
 Directors' report
 30 June 2023

	Short-term benefits	Post-employment benefits	Share-based payments	
	Cash salary and fees	Super-annuation	Equity-settled options	Total
2023	\$	\$	\$	\$
Non-Executive Directors:				
Jonathan Downes (Chairman)	75,000	7,875	-	82,875
Oliver Kreuzer	40,000	4,200	-	44,200
Kristin Butera	16,667	1,750	-	18,417
Richard Monti	27,125	2,848	137,800	167,773
Executive Directors:				
Matthew Gauci	250,000	25,292	-	275,292
Other Key Management Personnel:				
Steven Wood	126,921	-	-	126,921
Grand Total	535,713	41,965	137,800	715,478

	Short-term benefits	Post-employment benefits	Share-based payments	
	Cash salary and fees	Super-annuation	Equity-settled options	Total
2022	\$	\$	\$	\$
Non-Executive Directors:				
Jonathan Downes (Chairman)	75,000	7,500	-	82,500
Oliver Kreuzer	40,000	4,000	-	44,000
Kristin Butera	40,000	4,000	-	44,000
Executive Directors:				
Matthew Gauci	250,000	23,568	-	273,568
Other Key Management Personnel:				
Steven Wood	110,284	-	-	110,284
Grand Total	515,284	39,068	-	554,352

NickelX Limited
Directors' report
30 June 2023

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
Non-Executive Directors:						
Jonathan Downes (Chairman)	100%	100%	-	-	-	-
Oliver Kreuzer	100%	100%	-	-	-	-
Kristin Butera	100%	100%	-	-	-	-
Richard Monti	100%	-	-	-	-	-
Executive Directors:						
Matthew Gauci	100%	100%	-	-	-	-
Other Key Management Personnel:						
Steven Wood	100%	100%	-	-	-	-

Service agreements

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

Name: **Matthew Gauci**
Title: Managing Director and Chief Executive Officer
Agreement commenced: Appointed as Non-Executive Director on 7 February 2019 and appointment as Managing Director and Chief Executive Officer commenced on 1 January 2021
Term of agreement: 3 years
Details: Base salary for the year ending 30 June 2023 of \$250,000 per annum plus superannuation, to be reviewed on 1 July of each year following the Commencement Date or in accordance with its policies and procedures, whichever is the later. Non-cash benefits include 3,000,000 Options unlisted options exercisable into fully paid ordinary shares with a 5-year expiry from NKL's official quotation on ASX. These options were granted on appointment and have been fully expensed in prior periods. Options are broken down per the following tranches:

- 1,000,000 unlisted options with an exercise price of \$0.25;
- 1,000,000 unlisted options with an exercise price of \$0.30; and
- 1,000,000 unlisted options with an exercise price of \$0.40.

Name: **Jonathan Downes**
Title: Non-Executive Director and Chairman
Agreement commenced: 8 February 2021
Term of agreement: No set term and the agreement will continue until the Chairman/Director is no longer re-elected
Details: Base salary for the year ending 30 June 2023 of \$75,000 per annum plus superannuation. In addition, a fee of up to \$10,000 per annum plus superannuation for service on each separately constituted and operating outside of the full Board sub-committee of the Board.

**NickelX Limited
Directors' report
30 June 2023**

Name: **Oliver Kreuzer**
Title: Non-Executive Director
Agreement commenced: 7 February 2019
Term of agreement: No set term and the agreement will continue until the Director is no longer re-elected
Details: Base salary for the year ending 30 June 2023 of \$40,000 plus superannuation. In addition, a fee of up to \$10,000 per annum plus superannuation for service on each separately constituted and operating outside of the full Board sub-committee of the Board.

Name: **Kristin Butera**
Title: Non-Executive Director
Agreement commenced: 7 February 2019
Resignation date: 24 November 2022
Term of agreement: No set term and the agreement will continue until the Director is no longer re-elected
Details: Base salary for the year ending 30 June 2023 of \$40,000 plus superannuation. In addition, a fee of up to \$10,000 per annum plus superannuation for service on each separately constituted and operating outside of the full Board sub-committee of the Board.

Name: **Richard Monti**
Title: Non-Executive Director
Agreement commenced: 24 November 2022
Term of agreement: No set term and the agreement will continue until the Director is no longer re-elected
Details: Base salary for the year ending 30 June 2023 of \$45,000 plus superannuation. In addition, a fee of up to \$10,000 per annum plus superannuation for service on each separately constituted and operating outside of the full Board sub-committee of the Board.

Name: **Steven Wood**
Title: Company Secretary and Chief Financial Officer
Agreement commenced: 7 February 2019
Term of agreement: No set term and the agreement will continue until the contract is terminated
Details: Mr Wood engaged via agreement between Grange Consulting Group Pty Ltd and the Company. Grange's fee for the year ending 30 June 2023 of \$10,000 per month from IPO onwards. 60-day termination notice by either party.

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

Share-based compensation

Options

The following Options were granted to Directors and Executive during the year ended 30 June 2023:

	Tranche 1 Options	Tranche 2 Options	Tranche 3 Options
Grant Date	21-Oct-2023	21-Oct-2023	21-Oct-2023
No of Options	650,000	650,000	650,000
Underlying share price	\$0.15	\$0.15	\$0.15
Exercise price	\$0.250	\$0.300	\$0.400
Expected volatility	100%	100%	100%
Expiry date (years)	31-Oct-2025	31-Oct-2025	31-Oct-2025
Expected dividends	0	0	0
Risk free rate	0.78%	0.78%	0.78%
Value per option (rounded)	\$0.0775	\$0.0718	\$0.0630

The options granted to key management personnel during the year vest immediately. The purpose of the issue of the Options is to align the interests of the option holders with those of Shareholders, and to motivate and reward the performance of the option holders.

2023	Balance at the start of the year	Granted during the reporting year	Exercised during the reporting year	Any other changes during the r year	Balance at the end of the year	Vested and Exercisable	Unvested
Name							
Directors							
Jonathan Downes	1,950,000	-	-	-	1,950,000	1,950,000	-
Oliver Kreuzer	900,000	-	-	-	900,000	900,000	-
Matthew Gauci	3,000,000	-	-	-	3,000,000	3,000,000	-
Richard Monti	-	1,950,000	-	-	1,950,000	1,950,000	-
Kris Butera	600,000	-	-	-	600,000	600,000	-
Director Total	6,450,000	1,950,000	-	-	8,400,000	8,400,000	-
Steven Wood	300,000	-	-	-	300,000	300,000	-
KMP Total	300,000	-	-	-	300,000	300,000	-

All of the above options were vested and exercisable as at 30 June 2023

Shareholdings

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

2023 Name	Balance at the start of the year	Capital Raising shares subscribed for	Exercised of options/performance rights	Balance at resignation/joining date	Balance at the end of the year
Directors					
Jonathan Downes	100,000	66,666	-	-	166,666
Oliver Kreuzer	1,000,001	66,666	-	-	1,066,667
Matthew Gauci	1,700,001	66,666	-	-	1,766,667
Richard Monti		30,799	-	302,535	333,334
Kris Butera	1,000,001	-	-	(1,000,001)	-
Director Total	3,800,003	230,797	-	(697,466)	3,333,334
Steven Wood	-	20,001	-	-	20,001
KMP Total	3,800,003	250,798	-	(697,466)	3,353,335

Listed Options

The numbers of Listed Options in the Group held during the period by each director of NickelX Limited and other key management personnel of the Group, including their personally related parties are set out below. These free attaching options were acquired as part of the capital raising announced on the ASX on 11 October 2022.

NickelX Limited
 Directors' report
 30 June 2023

2023 Name	Balance at the start of the year	Granted during the reporting year	Exercised during the reporting year	Any other changes during the year	Balance at the end of the year	Vested and Exercisable	Unvested
Directors							
Jonathan Downes	-	-	-	33,333	33,333	33,333	-
Oliver Kreuzer	-	-	-	33,333	33,333	33,333	-
Matthew Gauci	-	-	-	33,333	33,333	33,333	-
Richard Monti	-	-	-	166,667	166,667	166,667	-
Kris Butera	-	-	-	-	-	-	-
Director Total	-	-	-	266,666	266,666	266,666	-
Steven Wood	-	-	-	806,646	806,646	806,646	-
KMP Total	-	-	-	1,073,312	1,073,312	1,073,312	-

Additional information

The earnings of the consolidated entity for the three years to 30 June 2023 are summarised below:

	2023 \$	2022 \$
Sales revenue	nil	nil
EBITDA	(2,698,036)	(3,010,837)
EBIT	(2,735,162)	(3,046,169)
Loss after income tax	(2,776,34)	(3,049,109)

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

	2023	2022
Share price at financial year end (\$)	\$0.07	\$0.125
Total dividends declared (cents per share)	nil	nil
Basic earnings per share (cents per share)	(3.44)	(4.44)

Other transactions with Director and key management personnel

1. Grange Consulting

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

A summary of the total fees paid to Grange Consulting and Grange Capital Partners for the year ended 30 June 2023 and 30 June 2022 is as follows:

	Consolidated	
	2023	2022
	\$	\$
Company secretarial and financial management services	126,920	110,284
	126,920	110,284

End of audited remuneration report

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 16 to the financial statements.

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

NickelX Limited
Directors' report
30 June 2023

The directors are of the opinion that the services as disclosed in note 16 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

	Consolidated	
	2023	2022
	\$	\$
<i>Other services – BDO Corporate Finance (WA) Pty Ltd</i>		
Non-audit services – Independent Limited Assurance Report	-	10,953
	-	10,953

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

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

Auditor's independence declaration

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

Auditor

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

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

On behalf of the directors



Jonathan Downes
Non-Executive Chairman

28 September 2023
Perth



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of NickelX Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth,

28 September 2023

NickeIX Limited
Contents
30 June 2023

Contents	
Statement of profit or loss and other comprehensive income	28
Statement of financial position	29
Statement of changes in equity	30
Statement of cash flows	31
Notes to the financial statements	32
Directors' declaration	55
Independent auditor's report to the members of Pinnacle Listed Exploration and Mining Limited	56
Shareholder information	60

NickelX Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue and other income			
Interest income	4	39,227	766
Gain on disposal of asset		-	100,000
Expenses			
Administration		(73,266)	(64,889)
Professional fees	5(a)	(529,858)	(369,639)
Public company expenses	5(b)	(231,400)	(291,897)
Marketing		(76,495)	(26,227)
Finance costs		(2,125)	(2,334)
Share based payment expense	27	(189,800)	-
Employee benefit expenses	5(c)	(570,323)	(578,197)
Exploration expense		(682,530)	(1,780,568)
Depreciation and amortisation expense		(37,126)	(35,332)
Impairment expense		(422,603)	-
Other expenses		(44)	(792)
Profit (loss) before income tax expense		(2,776,343)	(3,049,109)
Income tax expense	6	-	-
Profit (loss) after income tax expense for the year		(2,776,343)	(3,049,109)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair Value Reserve		170,000	-
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income/(loss) attributable to members of NickelX Limited		(2,606,343)	(3,049,109)
Loss per share for the year attributable to the owners of the group			
Basic and diluted loss per share (cents per share)	26	(3.44)	(4.44)

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

NickelX Limited
Consolidated statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	3,058,610	2,852,047
Trade and other receivables	8	84,494	199,543
Prepayments		60,173	60,173
Total current assets		<u>3,203,277</u>	<u>3,111,763</u>
Non-current assets			
Right-of-use assets		12,375	49,501
Exploration and evaluation	9	1,857,718	1,460,321
Investment	14	270,000	100,000
Total non-current assets		<u>2,140,093</u>	<u>1,609,822</u>
Total assets		<u>5,343,370</u>	<u>4,721,585</u>
Liabilities			
Current liabilities			
Trade and other payables	10	666,623	231,150
Lease liabilities		12,677	37,743
Provisions		15,031	31,942
Total current liabilities		<u>694,331</u>	<u>300,835</u>
Non-current liabilities			
Provisions		9,235	3,887
Lease liabilities		-	12,676
Total non-current liabilities		<u>9,235</u>	<u>16,563</u>
Total liabilities		<u>703,566</u>	<u>317,398</u>
Net assets		<u>4,639,804</u>	<u>4,404,187</u>
Equity			
Issued capital	11	10,687,146	8,262,463
Reserves	12	2,012,746	1,425,469
Accumulated losses	13	(8,060,088)	(5,283,745)
Total equity		<u>4,639,804</u>	<u>4,404,187</u>

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

NickelX Limited
Consolidated statement of changes in equity
For the year ended 30 June 2023

Consolidated	Issued capital \$	Share based payments and Options Reserves \$	Fair Value Reserve	Accumulated Losses \$	Total equity \$
Balance at 1 July 2022	8,262,463	1,425,469	-	(5,283,745)	4,404,187
Loss after income tax expense for the year	-	-	-	(2,776,343)	(2,776,343)
Other comprehensive income for the year, net of tax	-	-	170,000	-	170,000
Total comprehensive loss for the year	-	-	170,000	(2,776,343)	(2,606,343)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 15)	2,424,683	227,477	-	-	2,652,160
Share based payment (note 26)	-	189,800	-	-	189,800
Total transactions with owners in their capacity as owners	2,424,683	417,277	-	-	2,841,960
Balance at 30 June 2023	10,687,146	1,842,746	170,000	(8,060,088)	4,639,804

Consolidated	Issued capital \$	Share based payments and Options Reserves \$	Fair Value Reserve	Accumulated Losses \$	Total equity \$
Balance at 1 July 2021	8,238,963	1,425,469	-	(2,234,636)	7,429,796
Loss after income tax expense for the year	-	-	-	(3,049,109)	(3,049,109)
Other comprehensive loss for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(3,049,109)	(3,049,109)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 15)	23,500	-	-	-	23,500
Share-based payments (note 26)	-	-	-	-	-
Total transactions with owners in their capacity as owners	23,500	-	-	-	23,500
Balance at 30 June 2022	8,262,463	1,425,469	-	(5,283,745)	4,404,187

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

NickelX Limited
Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Cash flows related to operating activities			
Payments for exploration activities		(327,044)	(1,626,147)
Payments to suppliers and employees		(1,499,914)	(1,474,148)
Interest received		39,227	766
Interest paid		-	(160)
Net cash used in operating activities		(1,787,731)	(3,099,689)
Cash flows from investing activities			
Payments for exploration and evaluation		(150,000)	(1,500)
Net cash (used in)/from investing activities		(150,000)	(1,500)
Cash flows from financing activities			
Proceeds from issue of shares		2,329,477	-
Payment for cost of equity issues		(145,316)	-
Repayment of lease liabilities		(39,867)	(19,240)
Net cash provided/(used in) by financing activities		2,144,294	(19,240)
Net increase/(decrease) in cash and cash equivalents		206,563	(3,120,429)
Cash and cash equivalents at the beginning of the financial year		2,852,047	5,972,476
Cash and cash equivalents at the end of the financial year	7	3,058,610	2,852,047

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

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

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

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Historical cost convention

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

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NickelX Limited ('NickelX' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. NickelX Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

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

Operating segments

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

Revenue recognition

The consolidated entity recognises revenue as follows:

Interest

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

Other revenue

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

Government grants

Government grants relating to costs are deferred and net off against the applicable cost in the profit or loss once incurred.

Income tax

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

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

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

Cash and cash equivalents

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

Trade and other receivables

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

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

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

Property, plant and equipment

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

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

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

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

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

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

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

Right-of-use assets

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

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

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

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

Exploration and evaluation assets

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

Impairment of non-financial assets

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

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

Trade and other payables

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

Borrowings

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

Lease liabilities

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

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

Provisions

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

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Share-based payments

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

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

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

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

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

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

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

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

Fair value measurement

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

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

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

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

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

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

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

Exploration and evaluation costs

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

Asset acquisition not constituting a Business

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

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

Management determined that the acquisition of tenements are considered asset acquisition.

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

Note 3. Operating segments

Identification of reportable operating segments

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

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

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

Note 4. Revenue and Other Income

	Consolidated	
	2023	2022
	\$	\$
Interest revenue	39,227	766
	<u>39,227</u>	<u>766</u>

Note 5. Expenses Items

	Consolidated	
	2023	2022
	\$	\$
<i>5(a) Professional Fees</i>		
Accounting fees	9,300	19,453
Consulting and advisory fees	453,308	326,794
Legal fees	67,250	23,392
Total professional fees	<u>529,858</u>	<u>369,639</u>
<i>5(b) Public company expenses</i>		
Audit fees	45,230	78,486
Compliance expenses	65,538	50,540
Share register fees	23,900	16,606
Conference expenses	11,000	7,932
Investor relation expenses	88,732	138,333
Total Public company expenses	<u>231,400</u>	<u>291,897</u>
<i>5(c) Employee and director benefits costs</i>		
Director fees	131,667	168,751
Employee wages and other employment costs	438,656	409,446
Total Employee and director benefits costs	<u>570,323</u>	<u>578,197</u>

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

Note 6. Income tax expense

	Consolidated	
	2023	2022
	\$	\$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Under/ (over) provision in prior years	-	-
Total income tax expense from continuing operations	<u>-</u>	<u>-</u>
Deferred income tax expense/ (revenue) included in income tax expense comprises:		
Decrease/ (increase) in deferred tax assets	-	-
(Decrease)/ increase in deferred tax liabilities	-	-
Deferred tax - origination and reversal of temporary differences	<u>-</u>	<u>-</u>
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit/(Loss) Before Income Tax	<u>(2,353,739)</u>	<u>(3,049,109)</u>
Tax at the statutory tax rate of 30%	(706,122)	(914,732)
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Share based payments	41,340	-
Other	94	29,858
Tax losses and temporary differences not recognised	<u>664,688</u>	<u>944,591</u>
Income tax expense	<u>-</u>	<u>-</u>
The applicable weighted average effective tax rates are as follows:	0%	0%
(c) Unrecognised deferred tax assets		
Unrecognised deferred tax asset balance comprises:		
Tax losses	2,001,783	1,356,195
Provisions & Accruals	15,532	29,350
ROU Lease Liability	3,619	15,125
Capital & Business-related costs	161,507	189,655
Exploration and evaluation	20,736	
	<u>2,203,177</u>	<u>1,590,325</u>
Offset against deferred tax liability / not recognised	<u>(51,000)</u>	<u>(99,145)</u>
Net deferred tax assets unrecognised	<u>2,152,177</u>	<u>1,491,180</u>
Unrecognised deferred tax liability balance comprises:		
Exploration expenditure	-	84,294
ROU Asset	-	14,851
Investment	51,000	99,145
Offset against deferred tax assets / not recognised	<u>(51,000)</u>	<u>(99,145)</u>

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

Note 7. Current assets - cash and cash equivalents

	Consolidated	Consolidated
	2023	2022
	\$	\$
Cash at bank	3,058,610	2,852,047
	<u>3,058,610</u>	<u>2,852,047</u>

Note 8. Current assets - trade and other receivables

	Consolidated	Consolidated
	2023	2022
	\$	\$
Other Receivables	82,191	58,701
Loan - receivable	1,803	1,803
Trade Debtors	-	138,538
GST Paid	500	500
	<u>84,494</u>	<u>199,543</u>

Note 9. Non-current assets - exploration and evaluation

	Consolidated	Consolidated
	2023	2022
	\$	\$
Exploration and evaluation - at cost	<u>1,857,718</u>	<u>1,460,321</u>

Reconciliations

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

Consolidated	Exploration and evaluation	Total
	\$	\$
- Carrying amount at the beginning of the year	1,460,321	1,460,321
- Costs capitalised during the period, net of refunds*	820,000	820,000
- Costs impaired during the year	(422,603)	(422,603)
Carrying amount at the end of the year	<u>1,857,718</u>	<u>1,857,718</u>

1. Acquisition of 80% Dalwallinu Nickel Project on 27 September 2022. Refer ASX announcement dated 28 September 2022. Pursuant to the terms of the Sale Agreement and Joint Venture (SAJV), the Company has agreed the following terms with the unrelated vendors Blue Ribbon Mines Pty Ltd and Keops Group Pty Ltd (Vendors):

- i. pay the Vendors \$50,000, the first instalment of the Cash Consideration, in immediately available funds upon signing and to issue 4 million fully paid ordinary shares in the Company (**Consideration Shares**) valued at \$0.13cents as at date of the agreement,
- ii. On or before 27 December 2022, the Buyer must pay the Vendors \$50,000, the second instalment of the Cash Consideration, in immediately available funds; and
- iii. On or before 27 March 2023, the Buyer must pay the Vendors \$50,000, the third instalment of the Cash Consideration, in immediately available funds; and
- iv. On or before 27 June 2023, the Buyer must pay the Vendors \$50,000, of the fourth instalment of the Cash Consideration, in immediately available funds; and
- v. On or before 27 September 2023, the Buyer must pay the Vendors \$50,000, the fifth instalment of the Cash Consideration, in immediately available funds; and

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

- vi. On or before 27 December 2023, the Buyer must pay the Vendors \$50,000, of the sixth and final instalment of the Cash Consideration, in immediately available funds.
2. During the period, the Company assessed each area of interest for impairment in accordance with AASB 6 -Exploration and Evaluation of Mineral Resources to ensure that it is appropriate to carry forward the capitalised values as assets of the Company.

The Company recognised a total impairment expense of \$422,603 (30 June 2022: \$Nil) for various tenements that are going to be relinquished/there is no substantive expenditure budgeted or planned. As a result, all previously capitalised expenditure of the tenements has been recorded as an impairment in the statement of profit or loss.

Management have assessed the status of tenements on a tenement-by-tenement basis.

The balance carried forward represents projects in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

Note 10. Current liabilities - trade and other payables

	Consolidated	
	2023	2022
	\$	\$
Trade payables ⁽¹⁾	477,965	124,960
Accruals & other payables	188,658	106,190
	<u>666,623</u>	<u>231,150</u>

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

Note 11. Equity - issued capital

	Consolidated			
	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>86,435,280</u>	<u>68,768,613</u>	<u>10,687,147</u>	<u>8,262,463</u>
<i>Movements in ordinary share capital</i>				

Details	Date	Shares	Issue price	\$
Opening Balance	1 July 2021	68,600,004		8,238,963
Issue shares for the option fees paid to MG Resources - \$23,500 via issue of 168,609 ordinary shares	28 October 2021	168,609	\$0.14	23,500
Closing Balance	30 June 2022	68,768,613		8,262,463
Opening Balance	1 July 2022	68,768,613		8,262,463
Acquisition - Dalwallinu	18 Oct 2022	4,000,000	\$0.13	520,000
Capital Raise - T1	24 Oct 2022	12,192,153	\$0.15	1,828,823
Capital Raise - T2	6 Dec 2022	1,274,516	\$0.15	191,177
Issue of Director Shares as part of Capital raise	6 Dec 2022	199,998	\$0.15	30,000
Cost of Issue	6 Dec 2022	-		(145,317)
Closing Balance		86,435,280		10,687,146

Ordinary shares

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

Upon a poll every member present at a meeting in person or by proxy shall have one vote per share.

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2022

Share buy-back

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

Capital risk management

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

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

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

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Note 12. Equity - reserves

	Consolidated	
	2023	2022
	\$	\$
Share Based Payments and Options Reserve	1,842,746	1,425,469
Fair Value Reserve	170,000	
Total Reserves	<u><u>2,012,746</u></u>	<u><u>1,425,469</u></u>

Unlisted Options

	Number of Options	Value
		\$
Opening Balance - 1 July 2022	11,150,000	1,425,469
Options issued to Directors and key management personnel	1,950,000	137,800
Issue of options to 61 Financial	1,000,000	52,000
Exercised during the period	-	-
Lapsed/Forfeited during the period	-	-
Closing Balance – 30 June 2023	<u><u>14,100,000</u></u>	<u><u>1,615,269</u></u>
	Number of Options	Value
		\$
Opening Balance - 1 July 2021	11,150,000	1,425,469
Options issued to Directors and key management personnel	-	-
Exercised during the period	-	-
Lapsed/Forfeited during the period	-	-
Closing Balance – 30 June 2022	<u><u>11,150,000</u></u>	<u><u>1,425,469</u></u>

NickelX Limited
Notes to the financial statements
for year ended 30 June 2023

Note 12. Equity – reserves(continued)

Listed Options

	Number of Options	Value \$
Opening Balance - 1 July 2022	-	-
Options issued as part of capital raise	45,495,284	227,477
Exercised during the period	-	-
Lapsed/Forfeited during the period	-	-
Closing Balance – 30 June 2023	45,495,284	227,477

Unlisted Options outstanding at 30 June 2023

Tranche	Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted During the year	Exercised during the year	Forfeited/lapsed during the year	Balance at year end	Vested and exercisable at year end
Tranche1	6/05/2021	6/05/2026	\$0.25	2,250,000	-	-	-	2,250,000	2,250,000
Tranche2	6/05/2021	6/05/2026	\$0.30	2,250,000	-	-	-	2,250,000	2,250,000
Tranche3	6/05/2021	6/05/2026	\$0.40	2,250,000	-	-	-	2,250,000	2,250,000
Lead Manager	6/05/2021	6/05/2025	\$0.40	2,000,000	-	-	-	2,000,000	2,000,000
Celtic Capital	6/05/2021	6/05/2025	\$0.40	1,680,000	-	-	-	1,680,000	1,680,000
CPS Capital	6/05/2021	6/05/2025	\$0.40	720,000	-	-	-	720,000	720,000
61 Financial	6/07/2022	8/08/2025	\$0.30	-	1,000,000	-	-	1,000,000	1,000,000
Director Options	21/10/2022	31/10/2025	\$0.25	-	650,000	-	-	650,000	650,000
Director Options	21/10/2022	31/10/2025	\$0.30	-	650,000	-	-	650,000	650,000
Director Options	21/10/2022	31/10/2025	\$0.40	-	650,000	-	-	650,000	650,000
Total				11,150,000	2,950,000	-	-	14,100,000	14,100,000

Listed Options outstanding at 30 June 2023

Tranche	Grant Date	Expiry Date	Exercise Price	Balance at start of Period	Granted During the Period	Exercised during the Period	Forfeited/lapsed during the Period	Balance at Period end	Vested and exercisable at Period end
NKLO	30/11/2022	30/11/2024	\$0.20	-	45,495,284	-	-	45,495,284	45,495,284
Total				-	45,495,284	-	-	45,495,284	45,495,284

Share Based Payments, Options and Performance Rights reserves

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

NickelX Limited
Notes to the financial statements
for year ended 30 June 2023

Note 13. Equity – Accumulated losses

	Consolidated	2022
	2023	2022
	\$	\$
Accumulated losses at the beginning of the financial year	(5,283,745)	(2,234,636)
Loss after income tax expense for the year	<u>(2,776,343)</u>	<u>(3,049,109)</u>
Accumulated losses at the end of the financial year	<u>(8,060,088)</u>	<u>(5,283,745)</u>

Note 14. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
Consolidated - 2023				
<i>Assets</i>				
Ordinary shares at fair value through profit or loss	270,000	-	-	270,000
Total assets	<u>270,000</u>	<u>-</u>	<u>-</u>	<u>270,000</u>
<i>Liabilities</i>				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Level 1	Level 2	Level 3	Total
Consolidated - 2022				
<i>Assets</i>				
Ordinary shares at fair value through profit or loss	-	100,000	-	100,000
Total assets	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<i>Liabilities</i>				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The fair value of financial instruments that are not traded in an active market (for example unlisted shares) are determined using valuation techniques. These valuation techniques maximise the use of use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable data, the instrument is included in level 3.

Note 15 Financial instruments

Financial risk management objectives

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

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

Price risk

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

Interest rate risk

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

Credit risk

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

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

Note 15 Financial instruments(continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. As at 30 June 2023, there are \$nil trade receivables (2022: \$nil).

Liquidity risk

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

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

Remaining contractual maturities

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

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

Consolidated - 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	477,965	-	-	-	477,965
Other payables	-	188,658	-	-	-	188,658
<i>Interest-bearing - fixed rate</i>						
Lease liability	7.26%	12,677	-	-	-	12,677
Total non-derivatives		679,300	-	-	-	679,300

Consolidated - 2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	124,960	-	-	-	124,960
Other payables	-	106,190	-	-	-	106,190
<i>Interest-bearing - fixed rate</i>						
Lease liability	7.26%	50,418	-	-	-	50,418
Total non-derivatives		281,568	-	-	-	281,568

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

Note 16. Key management personnel disclosures

Compensation

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

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	535,713	515,284
Post-employment benefits	41,965	-
Long-term benefits	-	39,068
Share-based payments	137,800	-
Total	715,478	554,352

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

Note 16. Key management personnel disclosures(continued)

(b) Other Transactions with Key Management Personnel

Grange Consulting

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

A summary of the total fees paid to Grange Consulting and Grange Capital Partners for the year ended 30 June 2023 and 30 June 2022 is as follows:

	Consolidated	
	2023	2022
	\$	\$
Company secretarial, transaction and financial management services	126,921	110,284
Total	<u>126,921</u>	<u>110,284</u>

Note 17. Remuneration of auditors

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

	Consolidated	
	2023	2022
	\$	\$
<i>Audit services – BDO Audit (WA) Pty Ltd</i> Audit or review of the financial statements	45,230	49,330
<i>Other services – BDO Corporate Finance (WA) Pty Ltd</i> Non-audit services – Independent Limited Assurance Report	-	10,953
	<u>45,230</u>	<u>60,283</u>

Note 18. Contingent assets

There were no contingent assets as at 30 June 2023, or since that date and the date of this report.

NickelX Limited
Notes to the financial statements
for year ended 30 June 2023

Note 19. Contingent liabilities

Binding Term Sheet with MG Resources Pty Ltd

The Company executed a binding term sheet on 25 November 2021 with MG Resources Pty Ltd (“MG Resources”) where the Company agreed to acquire 100% of the Vendor’s right, title and interest in tenement licence M36/580.

Other contingent consideration payable includes:

- Undertaking exploration expenditure of not less than \$500,000 on the Tenement over a period of 24 months (Earn-in Period); and
- Making the following milestones payments to MG Resources:
 - issuing to the Vendor NickelX Shares to the value of \$150,000 on the date that is 12 months from the date of the Terms Sheet (calculated based on the volume weighted average price (**VWAP**) of NickelX Shares traded on the Australian Securities Exchange (**ASX**) in the 5 days prior to the date of issue (**Tranche 1 Shares**); and
 - issuing to the Vendor NickelX Shares to the value of \$150,000 on the date that is 12 months from the date of this Terms Sheet (calculated based on the volume weighted average price (**VWAP**) of NickelX Shares traded on the Australian Securities Exchange (**ASX**) in the 5 days prior to the date of issue (**Tranche 1 Shares**);

The above milestone payments are subject to completion of the due diligence process which is still in progress as of the date of this report. As such a liability has not been recognised in relation to the above.

Sale Agreement and Joint Venture with Blue Ribbon Mines Pty Ltd and Keops Group Pty Ltd

The Company executed a Sale Agreement and Joint Venture on 27 September 2022 Blue Ribbon Mines Pty Ltd and Keops Group Pty Ltd (“Vendors”) where the Company agreed to acquire 80% of the Dalwallinu Nickel Project.

Under the terms of the agreement the Other contingent consideration payable includes Royalty @ 2% gross revenue.

Other than those noted above, there were no other contingent liabilities as at 30 June 2023, or since that date and the date of this report.

Note 20. Commitments

Exploration expenditure commitments

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

	2023	2022
	\$	\$
Not Longer than 12 months	123,100	270,557
Between 12 months and 5 years	1,061,185	1,276,474
Longer than 5 years	221,575	-
	<u>1,405,860</u>	<u>1,547,031</u>

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

NickelX Limited
Notes to the financial statements
For year ended 30 June 2023

Note 21. Related party transactions

Parent entity

NickelX Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Key management personnel

Disclosures relating to key management personnel are set out in note 15 and the remuneration report included in the directors' report.

Loans to/from related parties

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

Note 22. Parent entity information

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

	2023	2022
	\$	\$
Assets		
Current assets	3,203,277	3,111,763
Non-current assets	2,140,093	1,609,822
Total Assets	5,343,370	4,721,585
Liabilities		
Current liabilities	694,330	300,835
Non-current liabilities	9,235	16,563
Total Liabilities	703,565	317,398
Net Assets/(Deficiency)	4,639,805	4,404,187
Equity		
Issued Capital	10,687,147	8,262,463
Reserves	2,012,746	1,425,469
Accumulated losses	(8,060,088)	(5,283,745)
Total Equity	4,639,805	4,404,187
Profit/(Loss) for the year	(2,776,343)	(3,049,109)
Total comprehensive income	(2,776,343)	(3,049,109)

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

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

NickelX Limited
Notes to the financial statements
For year ended 30 June 2023

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 other than those disclosed at Note 18.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

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

Note 23. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Ventnor Gold Pty Ltd	Australia	100.00%	0.00%

Note 24. Events after the reporting period

Date	Details
4 July 2023	<p>Advanced Nickel and Lithium Project Acquisition Option</p> <p>The Company announced it has executed an exclusive option agreement to acquire the Ransko Nickel- Copper-Cobalt project and the Otov Hard Rock Lithium Project in Central Europe. As part of its initial review of the Projects, the Company has completed a first pass field visit to Ransko and Otov. The site visit has assisted the Company evaluate access to both Projects, develop field and remote sensing survey strategies, conduct drill hole inspections, assess local infrastructure and engage with local stakeholders. The Company is currently completing a second pass field visit by NickelX Director, Dr Oliver Kreuzer. Should the Company take the option to acquire the Projects, the Company will be working with ADL, a European based exploration consultancy with in-country representation and strong regulatory, industry and community networks.</p> <p>Refer ASX announcement dated 4 July 2023 for further detail.</p>

Other than noted above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

Note 25. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2023	2022
	\$	\$
Loss after income tax expense for the year	(2,776,343)	(3,049,109)
Adjustments for:		
Depreciation and amortisation	37,126	35,332
Share-based payments	137,800	23,500
(Profit)/Loss on disposal of assets	-	(100,000)
AASB 16 adjustment	2,125	(41,174)
Impairment expense	422,603	-
Change in operating assets and liabilities:		
Increase / (Decrease) in Trade and Other Payables	285,473	54,023
(Increase)/ Decrease in Trade and Other Receivables	115,049	(72,952)
Increase/(decrease) in Prepayments	-	23,662
Increase/(Decrease) in Provisions	<u>(11,563)</u>	<u>27,029</u>
Net cash outflows from operating activities	<u>(1,787,730)</u>	<u>(3,099,689)</u>

Note 26. Earnings per share

	Consolidated	
	2023	2022
	\$	\$
Loss after income tax	<u>(2,776,343)</u>	<u>(3,049,109)</u>
	Cents	Cents
Basic and diluted loss per share	(3.44)	(4.44)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	<u>80,761,113</u>	<u>68,713,642</u>

Note 27. Share-based payments

Share based payments made during the period ended 30 June 2023 are summarised below.

(a) Recognised share-based payment expense

	Consolidated	
	2023	2022
	\$	\$
Expense arriving from equity share-based payment transactions	<u>189,800</u>	<u>-</u>

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

(b) Securities granted during the year

Options granted during the year as share based payment are as follows:

Item	Class of Securities	Grant Date	Number of Securities	Exercise Price	Expiry Date	Vesting Date
1	Directors Incentive Options	21-Oct-2022	650,000	\$0.25	3 years from grant date	Vested immediately
2	Directors Incentive Options	21-Oct-2022	650,000	\$0.30	3 years from grant date	Vested immediately
3	Directors Incentive Options	21-Oct-2022	650,000	\$0.40	3 years from grant date	Vested immediately
4	Consultant Incentive Options	6-Jul-2022	1,000,000	\$0.30	3 years from grant date	Vested immediately

There were no share-based payments or options made during the period ended 30 June 2022.

NickelX Limited
Notes to the consolidated financial statements
For year ended 30 June 2023

Note 27. Share-based payments (continued)

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

a. Options issued to Key Management Personnel

	Tranche 1 Options	Tranche 2 Options	Tranche 3 Options
Grant Date	21-Oct-2022	21-Oct-2022	21-Oct-2022
No of Options	650,000	650,000	650,000
Underlying share price	\$0.15	\$0.15	\$0.15
Exercise price	\$0.25	\$0.30	\$0.40
Expected volatility	100%	100%	100%
Expiry date (years)	3	3	3
Expected dividends	Nil	Nil	Nil
Risk free rate	0.775%	0.775%	0.775%
Value per option (rounded)	\$0.0770	\$0.072	\$0.063

The options granted to key management personnel during the year vest immediately.

b. Options issued to Consultant

During the prior year ended 30 June 2023, unlisted options were issued to 61 Financial. As part of the binding mandate, 1,000,000 options were issued.

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

	Incentive Options
Grant Date	6-June-22
No of Options	1,000,000
Underlying share price	\$0.12
Exercise price	\$0.30
Expected volatility	100%
Expiry date (years)	3
Expected dividends	Nil
Risk free rate	0.23%
Value per option (rounded)	\$0.0520

The options granted during the year to 61 Financial vested immediately.

NickelX Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Jonathan Downes
Non-Executive Chairman

28 September 2023
Perth

INDEPENDENT AUDITOR'S REPORT

To the members of NickelX Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of NickelX Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Key audit matters

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

Accounting for capitalised exploration and evaluation expenditure

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The carrying value of the capitalised exploration and evaluation asset as at 30 June 2023 is disclosed in Note 9 of the financial report.</p> <p>As the carrying value of the capitalised exploration and evaluation asset represents a significant asset of the Group and due to the acquisition of the Dalwallinu Nickel Project during the year, we considered this to be a key audit matter.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; • Recognition and valuation of purchase consideration for tenement acquisitions; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group’s exploration budgets, ASX announcements and director’s minutes; • Considering whether any area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Reviewing the accounting for the Dalwallinu Nickel Project acquisition, including assessing the reasonableness of the fair value of the asset acquired; • Evaluating management’s basis for the impairment recognised and considering whether any facts or circumstances existed to suggest impairment testing was required for any other area of interest; and • Assessing the adequacy of the related disclosures in Notes 9 and 1 to the Financial Report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 24 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of NickelX Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth

28 September 2023

NickelX Limited
Shareholder information
30 June 2023

The shareholder information set out below was applicable as at 13 September 2023.

Distribution of equitable securities

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

	Total units	Number of holders	Ordinary shares % of total shares issued
1 to 1,000	2,423	19	0.00
1,001 to 5,000	440,674	122	0.51
5,001 to 10,000	1,401,999	166	1.62
10,001 to 100,000	17,947,064	445	20.76
100,001 and over	66,643,120	152	77.10
TOTAL	86,435,280	904	100.00
Holding less than a marketable parcel	962,211	217	1.11

NickelX Limited
Shareholder information
30 June 2023

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
VRX Silica Limited	6,250,000	7.23
Sunset Capital Management Pty Ltd	4,460,050	5.16
V & F Truda Pty Ltd	2,200,000	2.55
Mr. Gavin Jeremy Dunhill	2,200,000	2.55
Cityscape Asset Pty Ltd	2,000,000	2.31
Mr. Matthew Gauci	1,700,001	1.97
Mr. Luigi Coluzzi	1,397,124	1.62
Mr Walid Khnaizer	1,339,273	1.55
Mrs Charlotte Mary Hood & Mr Ashley Keith Hood	1,333,333	1.54
Malahide Management Pty Ltd	1,133,333	1.31
Danteen Pty Ltd	1,055,000	1.22
Ms Jane Elizabeth Wapshott	1,041,000	1.20
Dr Oliver Pierre Kreuzer	1,000,001	1.16
Avania Nominees Pty Ltd	1,000,000	1.16
National Energy Pty Ltd	1,000,000	1.16
Dimensional Holdings Pty Ltd	1,000,000	1.16
Mr Didier Bamwanya Mbaya	1,000,000	1.16
Pager Partners Corporate Advisory Pty Ltd	1,000,000	1.16
Citicorp Nominees Pty Limited	927,929	1.07
Advanced Metals Technology Group Limited	900,000	1.04
Mr Andrew Kenneth Bruce Mortimer	784,950	0.91
Mirpin Pty Ltd	750,000	0.87
Mr Hugh David Warner & Mrs Dianne Michelle Warner	669,334	0.77
One Managed Investment Funds Limited	666,667	0.77
Mrs Charlotte Mary Hood & Mr Ashley Keith Hood	666,667	0.77
Mr Andrew Kenneth Bruce Mortimer	666,666	0.77
Total Top 20	38,141,328	44.13
Other Holders	48,293,952	55.87
	86,435,280	100.00

NickelX Limited
Shareholder information
30 June 2023

Listed Option holders

Twenty largest quoted option holders

The names of the twenty largest holders of quoted listed options are listed below:

	Listed Option	
	Number held	% of total shares issued
Jason Peterson	9,650,115	21.21
VRX Silica Limited	3,125,000	6.87
Mr Andrew Kenneth Bruce Mortimer	1,309,999	2.88
Mr Lemuel Cherloaba	1,175,000	2.58
V & F Truda Pty Ltd	1,100,000	2.42
Weth Share Trading Pty Ltd	1,053,714	2.32
Mrs Andrea Rae Murray	856,667	1.88
Nardie Group Pty Ltd	806,646	1.77
V & F Truda Pty Ltd	750,000	1.65
Pentin Pty Ltd	700,000	1.54
Mrs Charlotte Mary Hood & Mr Ashley Keith Hood	666,666	1.47
Malahide Management Pty Ltd	627,067	1.38
Mr Gavin Jeremy Dunhill	600,000	1.32
Danteen Pty Ltd	527,500	1.16
Penny Dreadful Holdings Pty Ltd	515,000	1.13
RNR Blok Holdings Pty Ltd	502,200	1.10
Pager Partners Corporate Advisory Pty Ltd	500,000	1.10
Dimensional Holdings Pty Ltd	500,000	1.10
Dr Oliver Pierre Kreuzer	500,000	1.10
Parkrange Nominees Pty Ltd	486,667	1.07
Champagne Capital Pty Ltd	431,250	0.95
Mr Shane Timothy Ball	400,000	0.88
Mr Corey Muller	357,000	0.78
One Managed Investment Funds Limited	333,334	0.73
Hsbc Custody Nominees (Australia) Limited	333,334	0.73
Mrs Weena Lindecker & Mr Steeve Xavier Johnny Lindecker	300,000	0.66
Metal Rocks Limited	300,000	0.66
Sujana Karthik	300,000	0.66
Brad March Superannuation Pty Ltd	273,424	0.60
Advanced Metals Technology Group Limited	250,000	0.55
St Germaine Pty Ltd	216,151	0.48
Total Top 20	29,446,734	64.72
Other Holders	16,048,550	35.28
	45,495,284	100.00

The above quoted listed options have an exercise price of \$0.20 with an expiry date of 30 November 2024

NickelX Limited
Shareholder information
30 June 2023

Unquoted equity securities

Security Type	Expiry Date	Exercise Price	Number of Options
Unlisted Option 1 (ULO)	6 May 2026	\$0.25	2,250,000
Unlisted Option 2 (ULO)	6 May 2026	\$0.30	2,250,000
Unlisted Option 3 (ULO)	6 May 2026	\$0.40	2,250,000
Unlisted Option B (ULO)	6 May 2025	\$0.25	2,400,000
Unlisted Option 4 (ULO)	18 June 2025	\$0.25	2,000,000
Unlisted Option 5 (ULO)	8 August 2025	\$0.25	1,000,000
Unlisted Option 7 (ULO)	31 Oct 2025	\$0.25	650,000
Unlisted Option 8 (ULO)	31 Oct 2025	\$0.30	650,000
Unlisted Option 9 (ULO)	31 Oct 2025	\$0.40	650,000
		Total	14,100,000

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

Holder	ULO \$0.25 6 May 2026	ULO \$0.30 6 May 2026	ULO \$0.40 6 May 2026	ULO \$0.25 6 May 2025	ULO \$0.25 18 June 2025	ULO \$0.25 8 August 2025	ULO \$0.25 31 October 2025	ULO \$0.30 31 October 2025	ULO \$0.40 31 October 2025
Celtic Capital Pty Ltd	-	-	-	1,680,000	1,400,000	-	-	-	-
Matthew George Gauci	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-
61 Financial Information Technology Pty Ltd	-	-	-	-	-	1,000,000	-	-	-
Richard Monti	-	-	-	-	-	-	650,000	650,000	650,000
Total number of holders	5	5	5	2	2	1	1	1	1
Total holdings over 20%	1,000,000	1,000,000	1,000,000	1,680,000	1,400,000	1,000,000	650,000	650,000	650,000
Other holders	1,250,000	1,250,000	1,250,000	720,000	600,000	0	0	0	0
Total	2,250,000	2,250,000	2,250,000	2,400,000	2,000,000	1,000,000	650,000	650,000	650,000

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
VRX Silica Limited	6,250,000	7.23
Jason Peterson	6,460,050	7.47

NickelX Limited
Shareholder information
30 June 2023

Voting rights

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

Ordinary shares

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

There are no other classes of equity securities.

Buy-Back

There was no on-market buy back during the period

Use of funds

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

Tenements

Description	Tenement number	Interest owned %
Biranup	E39/2001	100.00
Biranup	E38/3294	100.00
Biranup	E39/1828	100.00
Ponton	E28/2779	100.00
Biranup	E38/3191	100.00
Biranup	E39/2000	100.00
Biranup	E39/2003	100.00
Cosmos South	M36/580	*0.00

*Refer ASX announcement dated 25 November 2021 and note 18 for details of options agreement to acquire 100% of the tenement.

Restricted Securities

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

Shares	Number
Escrowed Shares until 17 October 2023	1,333,332
Total	1,333,332

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of NickelX Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that the Company is compliant with many of those guidelines which are of importance to the commercial operation of the Company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. Details of NickelX's current corporate governance practices is set out in the Company's corporate governance statement which can be viewed on the Company website at <https://nickelxlimited.com/corporate/corporate-governance/>