ANNUAL REPORT

For the year ended 30 June

2023

ACN: 649 817 425

NICO RESOURCES LTD

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CORPORATE DIRECTORY

DIRECTORS

Non-Executive Chairman
Mr Peter Cook

Managing Director
Mr Jonathan Shellabear

Non-Executive Director
Mr Roderick Corps

Non-Executive Director
Mr Stewart Findlay

Non-Executive Director
Mr Brett Smith

Company Secretary
Ms Amanda Burgess

REGISTERED OFFICE

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216 St Georges Terrace
Perth Western Australia 6000
Website: www.nicoresources.com.au

PRINCIPAL OFFICE

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Telephone: +61 (8) 9481 0389
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AUDITORS

KPMG
235 St Georges Terrace
Perth Western Australia 6000

LEGAL ADVISORS

Blackwall Legal LLP
Level 26, 140 St Georges Terrace
Perth Western Australia 6000

BANKERS

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

STOCK EXCHANGE

Australian Securities Exchange Limited
ASX Code: NC1

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11,172 St Georges Terrace
Perth Western Australia 6000
Telephone: 1300 787 272

CHAIRMAN'S LETTER

Dear Shareholders,

It is my pleasure to present you the Annual Report for Nico Resources Limited ("the Company" or "Nico") for the year ended June 30, 2023. It has been busy year for the Company since our highly successful IPO and admission to the official list on the ASX on 17 January 2022.

Your Company is blessed to own the world class Wingellina Nickel-Cobalt Project located in Western Australia. The offset to such a great asset is the amount of work required to bring it to fruition.

In 2009, the previous owner, Metals X Limited completed a pre-feasibility study (PFS) but a systemic correction in metal prices impacted on the project's ability to progress through to development in that metal cycle. Since that time a number of technological advances and an acceptance of the suitability of HPAL (High Pressure Acid Leach) have evolved. Further, numerous infrastructure and logistical opportunities have significantly benefitted the project.

Since listing Nico, as a separate focused vehicle, a deliberate and focussed approach on development has been enabled. The first phase of this has been for Nico to update the ageing pre-feasibility study. This was completed in December 2022, and again a robust plan to produce approximately 40,000 tonnes of nickel and 3,000 tonnes of cobalt per year for 40 years was determined from the results of the updated PFS.

The Company then sought to build the capability to advance the project through the essential next steps toward a definitive feasibility study and beyond. The Company has attracted an outstanding group of senior industry executives with vast global experience in the development and operations of HPAL nickel/cobalt projects who will work with Nico on various aspects on the project to further de-risk and progress the project's development. This team has directed and is assisted by a further platoon of specialist consultants and contractors.

At a corporate level additional experience was added. I re-attached myself to the project at the end of March 2023 taking on the role as Non-Executive Chairman. I personally could not walk away from the unfinished business and the opportunity to unlock the massive amount of latent value the project offered me as a patient shareholder.

After guiding the Company through listing and the updated PFS, the previous Chairman and Managing Director stepped aside in favour of more commercial and experienced guidance. On behalf of their peers and our shareholders, I sincerely thank Warren Hallam and Rod Corps for their respective efforts in their roles and creating the opportunity for shareholders that exists today. Both continue to provide great support to the company with Warren as consultant and Rod as a Non-Executive Director.

On 27 March 2023, the Board appointed Jonathan Shellabear as Managing Director and Chief Executive Officer from 3 April 2023. Jonathan is a highly credentialed and experienced mining executive who has provided great leadership and has made an invaluable contribution to the Company since his appointment. The Board also appointed experienced mining finance executive Stewart Findlay as an independent Non-Executive Director on 28 June 2023.

The grind of essential works to bring a project of this size and opportunity is now live and the Company is advancing with diligence and absolute focus. Meantime, we continue to engage with larger groups who have both the financial and technical capacity to partner with us on what is a world class development. The world requires significant new supplies of nickel to satisfy the expected growth in demand and leading industry analysts expect that this increased demand will require an additional 2 million tonnes of nickel per year by the year 2030. The explosion of crude nickel production from Indonesia may keep the nickel market in surplus for the next couple of years but I do expect that the world class Wingellina project will undoubtedly fill a portion of the expected supply-demand imbalance from 2027 onwards. Nico is very well placed to play a leading part in this transformation of the world's global energy requirements.

I sincerely thank all our shareholders, staff, contractors, and stakeholders for their continued support throughout the year. Your continued support can lead to multi-generational wealth for all if the project can advance to production.

Yours faithfully,

Peter Cook
Non-Executive Chairman

The Directors present their report together with the financial statements of Nico Resources Limited ("the Company") and its controlled entities (referred to hereafter as "the Group" or "Nico" or "NC1") for the financial year ending 30 June 2023.

Review of Operations

Nico is exploring its flagship Wingellina Nickel-Cobalt Project located in Western Australia. The operations and results of the Company for the year ended 30 June 2023 are reviewed below.

Wingellina Project

The Company successfully completed and delivered the robust Pre-Feasibility Study ("PFS") results on 22 December 2022. (see Table 1 and Table 2). Key highlights are summarised below. The PFS confirmed the Project's robust economics with a Base Case post-tax NPV_8 of A$3.34bn (using conservative macroeconomic assumptions). The PFS was completed with the assistance of leading international consultants and contributors such as Worley, Coffey Mining, GHD and Wood Mackenzie amongst other reputable firms. Wingellina is a globally significant Tier 1 asset, which is characterised by:

- Long life: initially 42 years based on current reserves.
- Large scale: production of approximately 40,000tpa of contained nickel and 3,000tpa of contained cobalt.
- Significant reserves: ore reserves of 168.4Mt at 0.93% Ni and 0.07% Co for 1.56Mt of nickel and 123Kt of cobalt.
- Low cost: situated in the 1st - 2nd quartile on the global cost curve.
- High operating margins: circa 50% to 60% EBITDA margin.

The PFS incorporated a renewable energy power solution, which was completed by leading Independent Power Producer ("**IPP**"), Zenith Energy. Based on the IPP study, the Project has the potential to achieve a market leading penetration of renewable energy from wind turbines, a solar PV farm and battery storage.

	Unit	LOM	First 10 years
Life of Mine / period	years	42 years (minimum)	10 years
Ore Reserve	million tonnes / %	168.4Mt at 0.93% Ni, 0.07% Co	38.6Mt at 1.15% Ni, 0.09% Co
Strip Ratio	waste:ore	1.10	0.40
Ni/ Co Recovery	%	92%/89%	92%/89%
Nickel production	tpa	35,129	40,501
Cobalt production	tpa	2,658	3,157
MHP production[1]	dmt	106,612	122,915

Table 1: Production Metrics

	Base Case[2]
Post-tax NPV_8	A$3.34bn
Post-tax IRR	18.02%
Revenue (LOM)	$61.70bn
Free Cash Flow (LOM)	A$21.37bn
Payback period	4.9 years
Average EBITDA p.a.	A$697m

Table 2: Financial Metrics

[1] Preliminary life cycle analysis indicates 17.8 kg of CO_2 per kg of Ni in MHP
[2] Wood Mackenzie & S&P Market Intelligence blended price forecast (real, 2022$) of US$21,472/t Ni and US$49,686/t Co and AUD:USD exchange rate of 0.67 (Bloomberg forward curve).

Corporate Update

During the year, the Company participated in the Australian Trade Delegation for Critical Minerals to the Republic of Korea, Europe and the United Kingdom. The trade delegation was established to strengthen and pursue further opportunities for closer trade and investment.

In December 2022, Wingellina was again included in the annual Austrade Critical Minerals Prospectus. The Australian Critical Minerals Prospectus showcases investment-ready critical minerals opportunities for international investors and partners. Nico continues to work closely with Federal, State (WA, NT, SA) and local government and stakeholders.

In March 2023 Nico announced the appointment of highly skilled and dynamic executives, Mr Peter Cook as Non-Executive Chairman, appointed 27 March 2023 and Mr Jonathan Shellabear, appointed 3 April 2023 as Managing Director. In addition, Mr Stewart Findlay was appointed as a Non-Executive Director on 28 June 2023. Throughout the year the Company was fortunate to attract an outstanding group of senior industry executives with vast global experience in the development and operations of HPAL nickel/cobalt projects who will work with Nico on various aspects on the project to further de-risk and progress the project's development.

The Company is in a strong liquidity position with cash and cash equivalents of $4,439,771 at year end.

Exploration & Geology

Resource Modelling

Our exploration efforts have yielded substantial results, particularly evident in the success of the 2022 drilling program. This comprehensive program involved the drilling of a total of 10,192 meters, providing invaluable insights into the geology of the Wingellina Nickel-Cobalt Project. The outcomes of this drilling campaign have not only enhanced areas of our resource model estimates but have also contributed to our understanding of the deposit's potential.

Delineation of High-Grade Zones
The 2022 drilling program played a pivotal role in delineating abundant high-grade zones within the deposit. These findings have far-reaching implications for the project's feasibility, as they ensure a robust and consistent mill feed for the formative years of production. The data obtained not only reinforces the economic viability of our operations but also solidifies our strategic approach to sustaining optimal project performance.

Lewis Calcrete Deposit
In addition to our success with the Wingellina deposit, we are pleased to report substantial progress with the Lewis Calcrete Deposit (Figure 1). This deposit, crucial for providing calcrete as a neutralizing agent in the HPAL process, has been a focus of our resource estimate efforts. The ongoing integration of drilling data into a resource model, led by CSA Global, is poised to provide us with a comprehensive understanding of the calcrete resources available for the project's lifecycle. This strategic development further reinforces our commitment to efficient and sustainable operations.

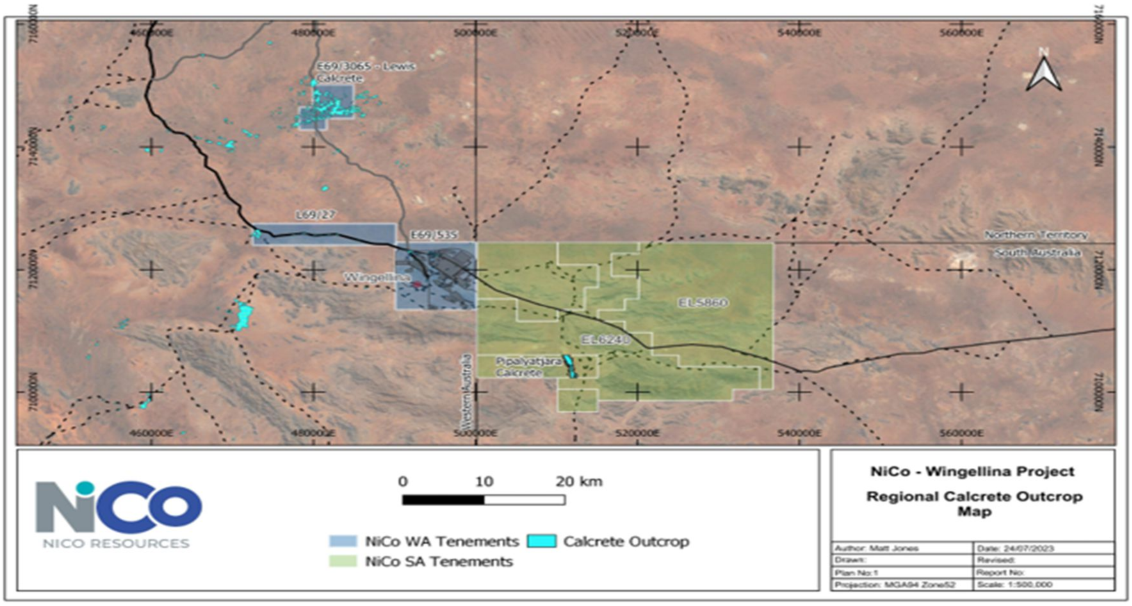

Figure 1. Location of the Lewis Calcrete deposit and other calcrete resources in the immediate area

Water Resources

Advancements in our water development strategy have been executed throughout the year. Pending final approvals, we are on track to conduct comprehensive work programs including, but not limited to, drilling and pump testing of the Cobb Embayment aquifer (Figure 2). This is a testament to our commitment to responsible project development and environmentally conscious practices. Our planning activities have been centred on the Cobb Embayment site, where we have successfully completed preparatory work for the upcoming drilling program, scheduled for this coming financial year. These proactive measures lay the groundwork for a comprehensive evaluation of our water resources.

The Company has undertaken meticulous planning for the completion of passive seismic surveys that are set to enhance our understanding of specific water supply targets within the Cobb Embayment area. In conjunction, the Company has also completed anthropological, archaeological, heritage, flora & fauna surveys to ensure appropriate site access. This has not only paved the way for future work programs, including the passive seismic survey but has also ensured Nico complies with responsible and respectful ground access. These comprehensive assessments underscore our commitment to harmonizing project development with the surrounding ecosystem and cultural heritage.

Nico also initiated investigations into the "Nyikukura (Mann Fault - South Australian extension)" water target, which was previously explored by Metals X Limited ("MLX") in 2011. The previous drill program revealed a water yield of 5.5 L/s (475m3/Day) through airlift. Work programs at this project remain ongoing throughout the coming year.

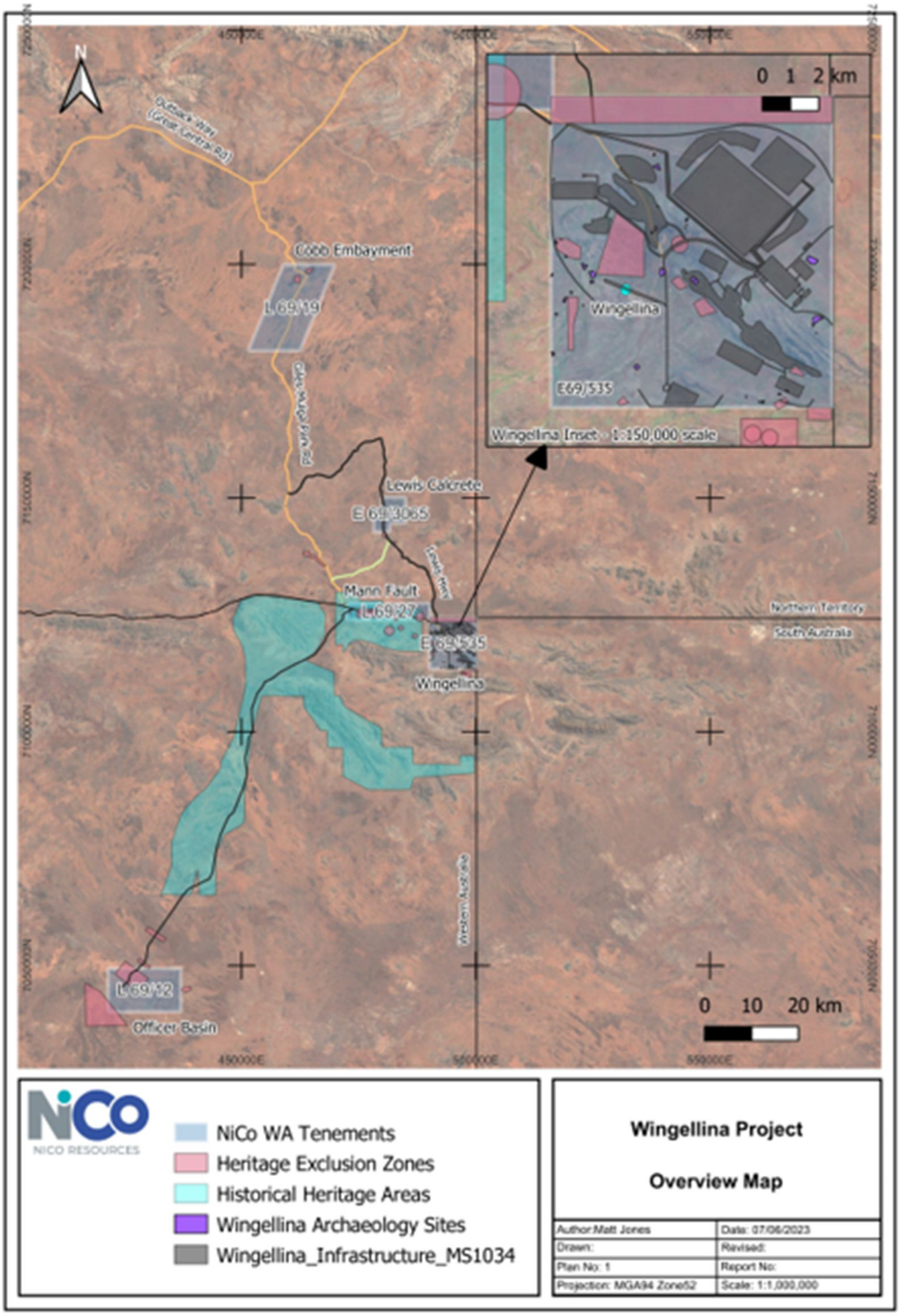

Figure 2. Location of the Cobb Embayment, Mann Fault and Officer Basin

Non-Process Infrastructure

To ensure efficient logistics and cost-effective operations, Nico has undertaken significant optimisation projects within the Non-Process Infrastructure aspects of the Wingellina project throughout the year.

Supply Chain, Logistics and Infrastructure
Detailed supply chain logistics assessments have been conducted, bolstered by multiple site visits to potential distribution hubs across the Northern Territory. These on-site evaluations, coupled with productive engagements with State and Territory Government infrastructure planning groups, have provided invaluable insights. The culmination of these efforts will play a pivotal role in determining the definitive logistical framework for our forthcoming Definitive Feasibility Study ("DFS"). This work will help to streamline operations and maximise project potential.

Significant progress has also been made in discussions with the Shire of Ngaanyatjarraku regarding road upgrades to the project. Multiple meetings occurred to gain a comprehensive understanding of the approvals process and the necessary steps for the upgrade of the Giles Mulga Park Road (Irrunytju Road – see Figure 3). Valuable insights were shared based on the Shire of Ngaanyatjarraku's recent experience with approvals for the Jamieson Road at BHP's West Musgrave project. An application has been submitted to the Shire of Ngaanyatjarraku for review prior to the submission to Main Roads WA to upgrade a section of the Irrunytju Road to a RAV 10 category (which will allow the use road trains with a triple and quad configuration).

The Commonwealth and State Governments have committed $664 million towards the upgrading and sealing of the Great Central Road which is part of the WA section of the Outback Way. This amount is in addition to the Northern Territory and Federal Governments commitment of $217 million to upgrade and seal the NT section of the Outback Way which is anticipated to be completed by mid-2027. Work on this project is ongoing and Nico has already seen positive benefits from these activities.

Sulphur Supply
Nico has been diligently advancing efforts to secure a dependable sulphur supply for the Wingellina project. Through extensive consultations with global producers, the Company has made significant progress in clarifying the specific sulphur specifications required for the optimal design and operation of its proposed acid plant. These consultations have not only provided invaluable insights but have also propelled advancements in acid plant design and the establishment of stringent product quality prerequisites for seamless operations. This proactive approach is critical to establishing a resilient supply chain which will result in a significant reduction in project execution risk.

Renewable Power Solutions
Over the past year, Nico has been investigating renewable power solutions for the Wingellina project. With a steadfast commitment to minimizing our environmental footprint, we have engaged in extensive discussions with Independent Power Producers in the renewable energy market. These strategic dialogues have resulted in valuable insights culminating in the design supplied by Zenith Energy as part of the Company's December 2022 PFS.

Our dedicated efforts have also extended to addressing queries and formulating plans to ensure the seamless integration and further advancement of renewable energy solutions within the project framework. This holistic approach underscores Nico's desire to not only meet the Project's energy requirements but also achieve them in an environmentally responsible and sustainable manner. In addition, Nico progressed discussions with various third parties regarding the supply of LNG (via a virtual pipeline) to provide thermal energy for the project. The commitment to a renewable and sustainable power supply remains the Company's priority for the Wingellina Project.

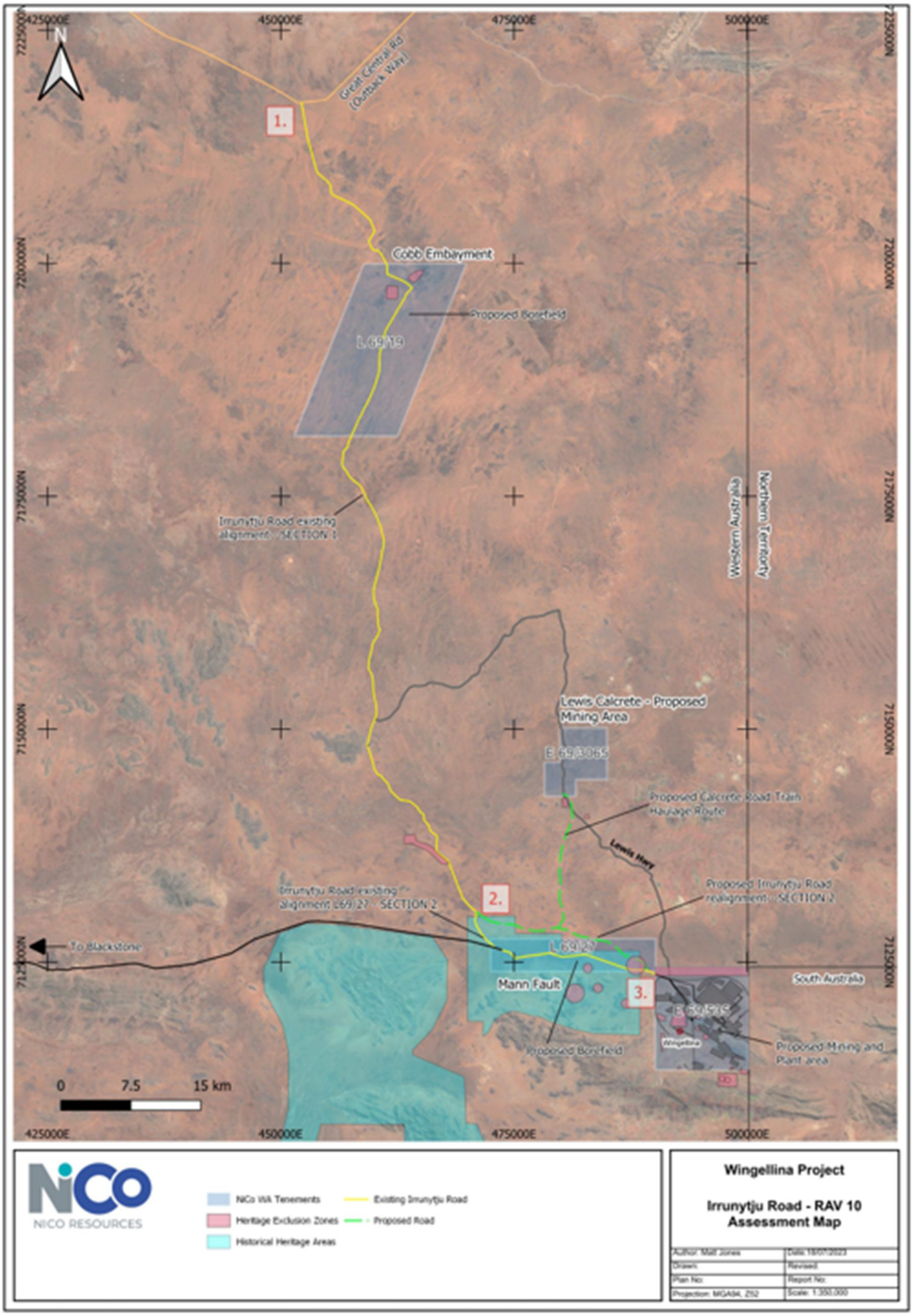

Figure 3. Road access from the Outback Way, Cobb Embayment and Lewis Calcrete to site

Processing and Metallurgy

Piloting and Process Advancements:
This year, Nico has made advancements in the realm of processing and metallurgy by completing the first bench test work campaign on Wingellina ore since 2016. Nico is looking to incorporate the last decade's technological improvements in "High-Pressure Acid Leach" ("HPAL") processing, ushering in a new era of efficiency and innovation. Building upon the foundations of the bench test work completed at SGS Lakefield earlier in the year, Nico continues to advance its refining and processing flow sheet ahead of the forthcoming DFS. This critical work has driven much of the planning of our upcoming continuous pilot campaign, scheduled to unfold within this coming financial year.

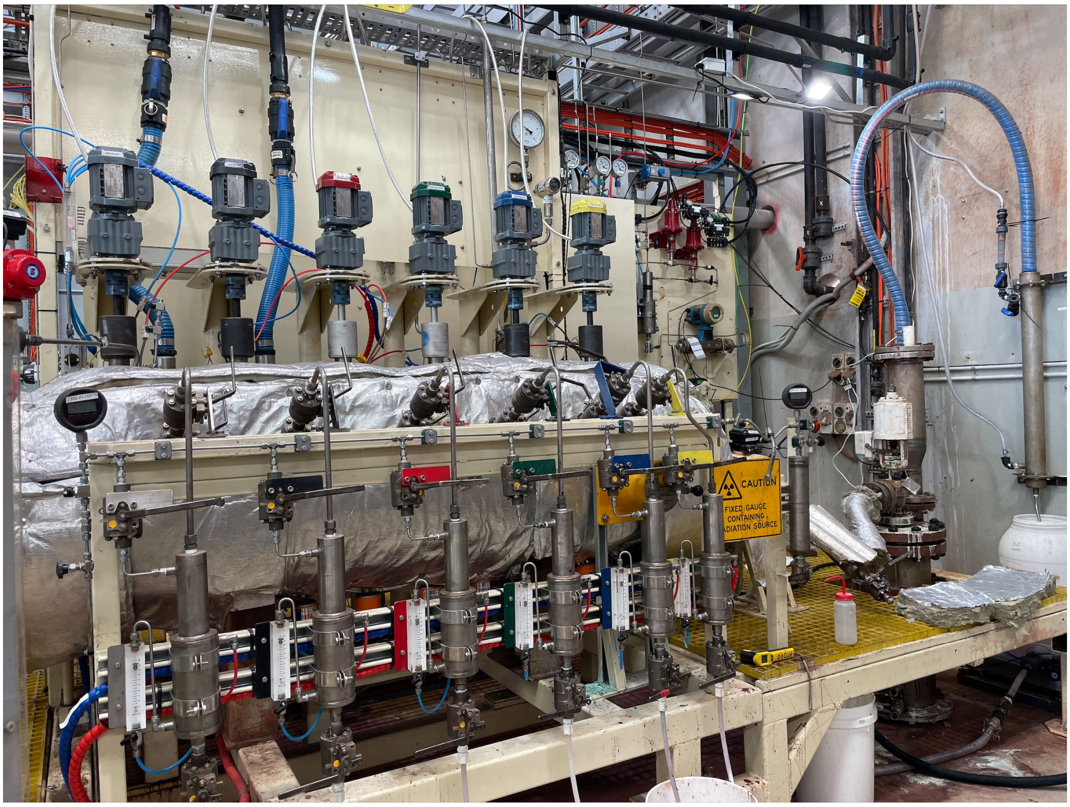

Figure 4. HPAL piloting

Figure 5. Counter Current Decantation piloting

The Company has also continued to de-risk other areas of the project development through collaborations with industry partners. Nico have partnered with QMag Pty Ltd, ensuring the seamless procurement of essential magnesia for our upcoming piloting activities. This partnership demonstrates the Company's commitment to delivering the continuous piloting campaign by ensuring the supply of critical reagents such as magnesia are available well in advance of the work program.

Throughout the year Nico has continued exploring new avenues to create value through innovation, marked by notable advancements in our processing endeavours. Driven by a commitment to enhance the value of the project, Nico has continued to investigate innovative pathways, including scandium extraction and quicklime production as parts of project optimisation work. As Nico continues along the path of project development, these initiatives hold the potential to significantly enhance the project's economics by revolutionizing efficiency and resource utilization.

Environmental, Social and Governance

Throughout the year Nico continued its developments in the fields of Environment, Social and Governance through various initiatives including, the establishment of the quarterly "Community Implementation Committee Meeting", cultural heritage surveys, archaeological surveys and flora and fauna surveys.

The collective result of these programs continues to demonstrate Nico's commitment to responsible, ethical project development and environmental stewardship. Furthermore, we have fortified our commitment to responsible practices by implementing robust compliance enhancements within our broader organisation. Additionally, we have extended our focus to include advancements in exploration and mine site safety protocols, demonstrating our holistic approach to sustainable operations. Our continuous engagement with stakeholders, including communities, governments, and indigenous councils, forms the cornerstone of our commitment to sustainable and impactful relationships for the development of the Wingellina Project.

Stakeholder Relations

During the year the Company maintained its ongoing engagement with various stakeholders, including government representatives, community members, and indigenous councils. This included but was not limited to:

- Coordination of community support programs, sponsorship initiatives and sport-related activities.
- Execution of the delivery of items to the various Wingellina community clubs and organisations.
- Correspondence and meetings with relevant ministers, departments, and advisory bodies to discuss project progress.

Figure 6. Bicycles donated to the Wingellina school

Figure 7. Softball gear donated to the Irrunytju Kungkas team

The year has been a transformative period for Nico. Our unwavering dedication to resource optimisation, processing and metallurgical development, sustainable practices and stakeholder engagement have set a solid foundation for the development of the Wingellina Nickel-Cobalt Project. As we move forward, we remain steadfast in our pursuit of excellence and look forward to the opportunities that lie ahead.

Central Musgrave Project (CMP)

Nico continues to maintain and manage the broader CMP tenement packaging, comprising of three main exploration tenements - Wingellina (WA), Claude Hill (SA) and Mt Davies (SA) along with an Exploration Licence covering the Lewis calcrete resource and three Miscellaneous Licences covering the defined water resources (see Figure 1).

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

The project tenure is approximately 1,469km2 located within Western Australia and South Australia adjoining the Surveyor Generals Corner (the junction between Western Australia, the Northern Territory and South Australia) (see figure 2). Wingellina is one of the largest undeveloped nickel resources / reserves globally to underpin an independent Australian nickel producer.

The Wingellina deposit hosts a JORC (2012) defined Measured, Indicated and Inferred Resources of 182.6Mt at 0.92% Ni & 0.07% Co for 1.68Mt of contained nickel and 132Kt of contained cobalt and hosts a JORC (2012) defined Probable Reserves of 168.4Mt at 0.93% Ni & 0.07% Co for 1.56Mt of contained nickel and 123Kt of contained cobalt). The Claude Hills deposit located less than 20km from Wingellina hosts a JORC (2004) defined Inferred Resource of 33.3 Mt at 0.81% Ni and 0.07% Co for 270Kt of contained nickel and 23Kt of contained cobalt.

2022 EPA PER Extension Application

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

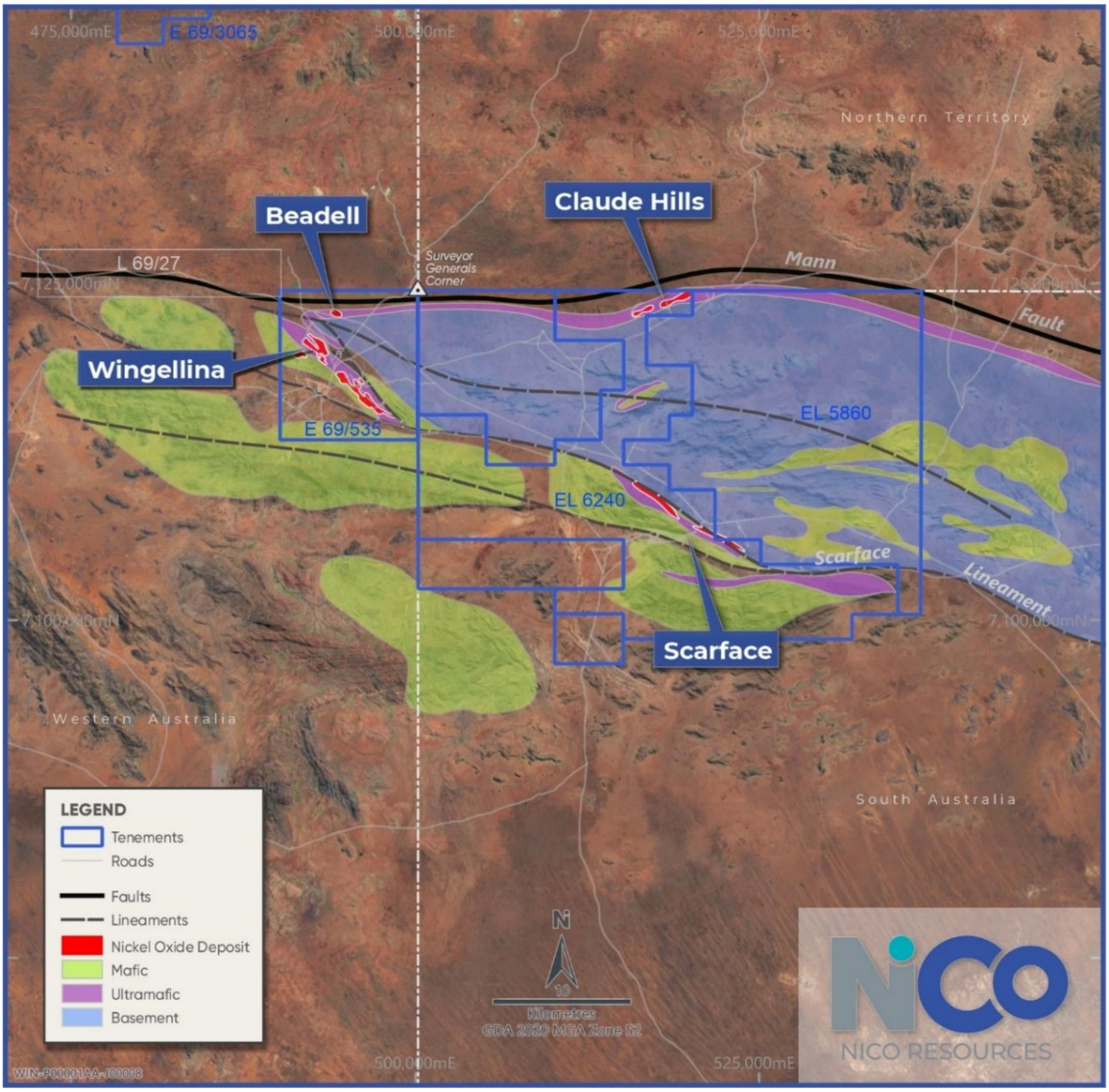

Figure 8: Nico tenement map

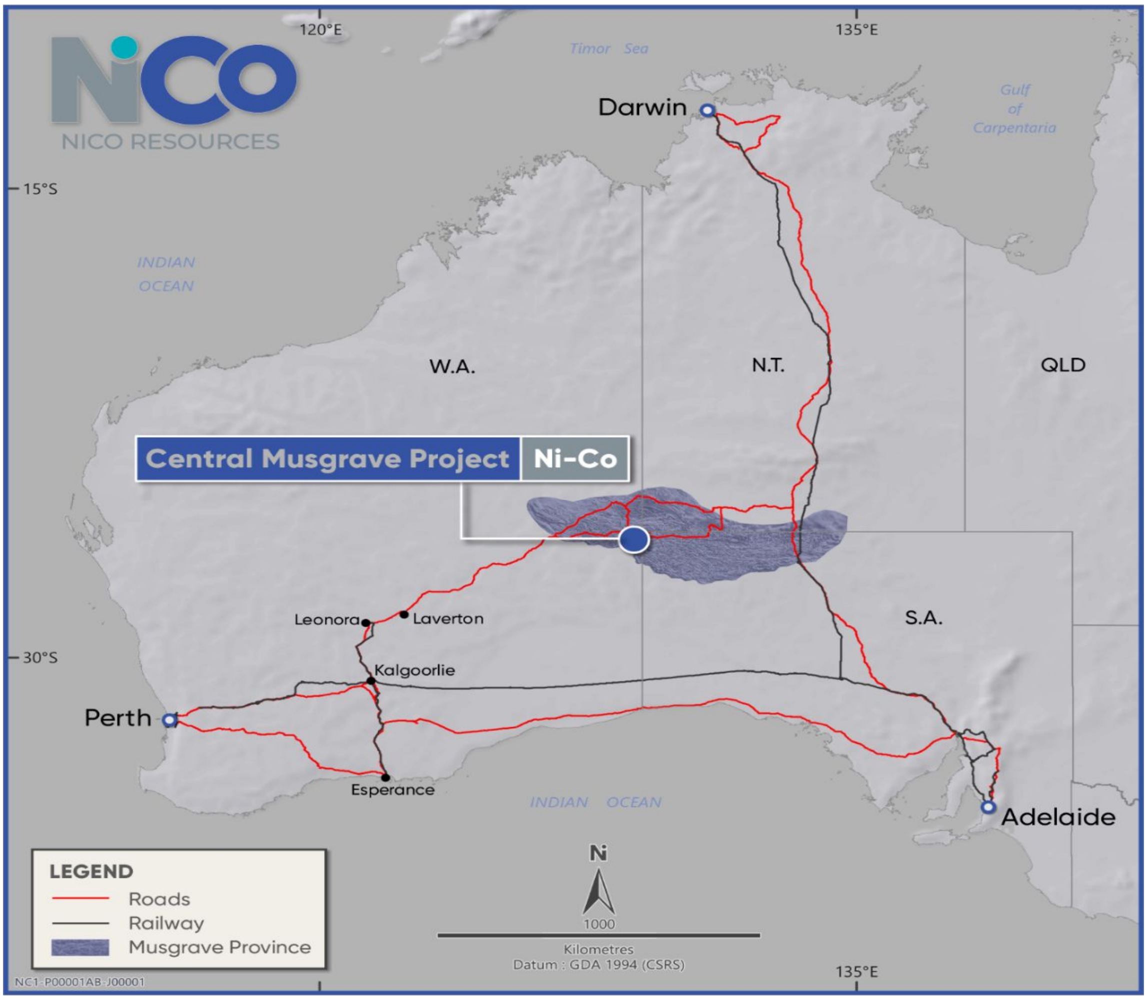

Figure 9: Central Musgraves location map

COMPETENT PERSON'S STATEMENT

Exploration

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

Resources

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

PFS CAUTIONARY STATEMENT

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

FORWARD-LOOKING STATEMENTS:

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

Directors

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

Mr Peter Cook	Non-Executive Chairman (appointed 27 March 2023)
Mr Jonathan Shellabear	Managing Director (appointed 3 April 2023)
Mr Roderick Corps	Non-Executive Director (appointed 3 April 2023) Managing Director (29 April 2021- 3 April 2023)
Mr Brett Smith	Non-Executive Director (appointed 29 April 2021)
Mr Stewart Findlay	Non-Executive Director (appointed 28 June 2023)
Mr Warren Hallam	Non-Executive Chairman (appointed 29 April 2021 resigned 24 March 2023)

Information on Directors

DIRECTOR	DETAILS
Peter Cook	**Non-Executive Chairman**
Qualifications	BSc (App Geol) MSc (Min Econ) MAusIMM
Appointment Date	27 March 2023
Experience	Mr Cook is a geologist and mineral economist with over 35 years of experience in the field of exploration, project, operational and corporate management of resource companies. He was a joint founder of Metals X Limited and is a highly successful and accomplished resource executive with a long history in executive management roles and more recently in various governance roles as the Chairman of the Board. Over his distinguished career he has been recognised by industry, being awarded the GMJ Mining Executive of the Year in 2001, the Asia- Mining Executive of the Year in 2015 (Mines & Money), the Mining News CEO of the year in 2017 and received the Gavin Thomas Mining Award in 2019.
Interest in share and options	7,250,000 Ordinary Shares 3,000,000 Unlisted Options exercisable at $0.644 on or before 23 March 2026
Other directorships in listed entities held in the previous three years	Castile Resources Limited – Non-Executive Chairman (ASX:CST) (7 June 2011-Present) Titan Minerals Limited – Non-Executive Chairman (ASX:TTM) (31 Aug 2021- Present) Breaker Resources NL – Non-Executive Chairman (ASX:BRB) (6 Sept 2021-24 May 2023) Westgold Resources Limited (ASX:WSG) (19 Mar 2007- 18 Mar 2022)
Jonathan Shellabear	**Managing Director**
Qualifications	BSc (Hons) MBA FAusIMM
Appointment Date	3 April 2023
Experience	Mr Shellabear has over 30 years' experience in the Australian and International mining industry having worked as a geologist, resource analyst, senior corporate executive and investment banker with NM Rothschild & Sons, Deutsche Bank and Resource Finance Corporation. He has extensive global relationships within the industry developed over his career and with extensive experience spanning across technical, commercial and financial disciplines. Jonathan has held senior corporate roles in the industry with Dominion Mining Ltd (Managing Director and CEO), Heron Resources Ltd (Managing Director and CEO), Portman Limited (General Manager, Business Development) and more recently as Chief Financial Officer of Capricorn Metals Ltd.
Interest in share and options	691,445 Ordinary Shares 500,000 Performance Rights 2,500,000 Performance Rights

Other directorships in listed entities held in the previous three years	Tempus Resources Limited (ASX:TMR) – Non-Executive Director (1 Feb 2021- Present) Ten Six Four Limited (ASX:X64) – Non-Executive Director (20 June 2023- Present) Nelson Resources Limited (ASX:NES) (1 June 2022- 21 Nov 2022)
Roderick Corps	**Non-Executive Director**
Qualifications	-
Appointment Date	29 April 2021- 21 September 2021 (Director), 21 September 2022-3 April 2023 (Managing Director), 3 April 2023 – current Non-Executive Director
Experience	Mr Corps has been involved in the finance industry for 30 years, having worked as a stockbroker for Porter Western Ltd (now Macquarie Group), and Morgan Stanley and JP Morgan in the United Kingdom. Mr Corps has been a director of Eternal Resources Ltd (taken over by Aziana Ltd - now Brainchip Holdings Ltd ASX:BRN) and Voyager Global Ltd - now Cycliq Group (ASX:CYQ). From 2013 to 2021 Rod was the corporate & investor relations manager for ASX listed Westgold Resources Ltd (ASX:WGXO). He is currently a non-executive director of Marketech Limited.
Interest in share and options	11,336,061 Ordinary Shares 3,000,000 Unlisted Options exercisable at $0.25 on or before 21 July 2024
Brett Smith	**Non-Executive Director**
Qualifications	B.Chem Eng, MBA, M Res Methodology
Appointment Date	29 April 2021
Experience	Mr Smith has participated in the development of a number of mining and mineral processing projects including coal, iron ore, base and precious metals. He has also managed engineering and construction companies in Australia and internationally. Brett has served on the boards of private mining and exploration companies and has over 32 years' international experience in the engineering, construction and mineral processing businesses. Brett is an Executive Director of Metals X Limited, Executive Director and deputy Chairman of Hong Kong listed company APAC Resources Limited, Executive Director of Hong Kong listed company Dragon Mining Limited and a Non-Executive Director of ASX listed companies Prodigy Gold NL and Tanami Gold NL.
Interest in share and options	5,787 Ordinary Shares 3,000,000 Unlisted Options exercisable at $0.25 on or before 21 July 2024
Other directorships in listed entities held in the previous three years	Prodigy Gold NL (ASX: PRX) (9 May 2016 – Present) Tanami Gold NL (ASX:TAM) (27 Nov 2018 – Present) Metals X Limited (ASX:MLX) (4 Dec 2019 – Present) Elementos Limited (ASX: ELT) (24 Jan 2020 – 26 May 2023)
Stewart Findlay	**Non-Executive Director**
Qualifications	B.Com (Accounting and Finance) MAICD
Appointment Date	28 June 2023
Experience	Mr Findlay has over 25 years financial markets experience and has provided project finance (senior secured debt and corporate facilities), equity investments, commodity hedging arrangements and corporate advice to a large number of resource companies. He has held senior positions in the metals and mining divisions of Macquarie Bank and National Australia Bank. Stewart holds a Bachelor of Commerce (Accounting & Finance) from the University of New South Wales and is a Member of the Australian Institute of Company Directors.
Interest in share and options	Nil
Other directorships in listed entities held in the previous three years	West African Resources Ltd (ASX: WAF) (29 May 2020 – Present)

Warren Hallam	Non-Executive Chairman
Qualifications	B. App Sci (Metallurgy), MSc (Min. Econ), Grad.Dip (Fin)
Appointment Date	29 April 2021 (resigned 24 March 2023)
Sent Experience	Mr Hallam is a metallurgist, a mineral economist and holds a Graduate Diploma in Business. He has over 35 years of technical and commercial experience across numerous commodities and businesses within the resources industry including with top-tier mining companies Western Mining Corporation, Metals X Limited, Westgold Resources Limited and is currently Chairman of ASX listed Nelson Resources Limited Kingfisher Mining Limited and Essential Metals Limited. Mr Hallam was a member of the senior leadership team at Metals X (both as Executive Director and Managing Director) and played a critical role in the development of Metals X as a leading global tin producer and top-10 gold producer. Mr Hallam also held a range of senior operation, strategic and business development roles with diversified ASX-100 resource company Western Mining Corporation.
Interest in share and options (as at resignation)	2,026,424 Ordinary Shares 3,000,000 Unlisted Options exercisable at $0.25 on or before 21 July 2024
Other directorships in listed entities held in the previous three years	Nelson Resources Limited (ASX:NES) (1 February 19 - 31 May 2022) Essential Minerals Limited (ASX:ESS) (1 August 20 – Present) Kingfisher Mining Limited (ASX:KFM) (4 December 18 – Present) Poseidon Nickel Limited (ASX:POS) (1 June 2022 – Present)

Company Secretary

Amanda Burgess B Econs. CPA

Ms Burgess is an accounting and company secretary professional with over 30 years' experience. She graduated from University of WA with a Bachelor of Economics degree and is a member of CPA Australia (CPA). Ms Burgess specialises in corporate governance, statutory reporting and financial accounting and currently holds CFO and Company Secretary positions with various Australian companies and has also been involved in listing of a number of junior exploration companies on the ASX.

Dividends

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

Principal Activities

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

Operating Results for the Period

The operating result after income tax was a loss $3,815,270 (2022: Loss $486,708 restated).

Significant Changes in State of Affairs

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

Significant Events after Reporting date

The Company issued 550,000 options issued to employees on 10 July 2023 with the following conditions:

- 183,333 Options with an exercise price of $0.64 with an expiry 9 July 2026 with no conditions.
- 183,333 Options with an exercise price of $0.69 with an expiry 9 July 2026 and with a 1 Year Service condition from the grant date.
- 183,334 Options with an exercise price of $0.76 with an expiry 9 July 2026 and with a 2 Year Service condition from the grant date.

The Company announced on 19 September 2023 a pro-rata non-renounceable entitlement offer (entitlement Offer) to raise $7.3 million (before costs).

The Entitlement Offer is fully underwritten by Blue Ocean Equities Pty Limited on the terms and conditions of an Underwriting Agreement with the Company. The Underwriter has entered into sub-underwriting agreements with Mr Peter Cook, Mr Jonathan Shellabear and Mr Stewart Findlay for sub-underwriting of up to 2.5 million New Shares for a total sub-underwriting commitment of $1 million.

The Director Sub-Underwriters have waived their respective sub-underwriting fees and will therefore not receive a fee for the Director Sub-Underwriting Commitment.

The fully underwritten entitlement is offering one (1) new Share for every five (5) Shares to eligible shareholders on the Record Date of 25 September 2023, at an issue price of $0.40 per New Share to raise approximately $7.3 million (before costs) issuing approximately 18,200,000 new ordinary shares. Closing date for the offer is 10 October 2023.

As at the date of the Entitlement Offer, Metals X Limited, Mr Peter Cook (Non-Executive Chairman) and Mr Jonathan Shellabear (Managing Director), have committed to take up the whole of their pro-rata entitlement under the Entitlement Offer totalling 3.13 million shares amounting to approximately $1.25 million. In addition, Mr Peter Cook, Mr Jonathan Shellabear and Non-Executive Director, Mr Stewart Findlay, have also provided general sub-underwriting for a further 2.5 million shares with a value of $1 million.

Directors' Meetings

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

Director	No. eligible to attend	No. attended
Peter Cook[I]	2	2
Jonathan Shellabear[Ii]	2	2
Roderick Corps	10	9
Brett Smith	10	8
Warren Hallam[iii]	8	8
Stewart Findlay[iv]	0	0

(i) Appointed 27 March 2023
(ii) Appointed 3 April 2023
(iii) Resigned 24 March 2023
(iv)Appointed 28 June 2023

SHARE OPTIONS AND PERFORMANCE RIGHTS

As at the date of this report:

No. Options/Performance Rights	Grant Date	Exercise Price	Expiry Date	Listed / Unlisted
Options				
9,000,000	29 Jul 21	$0.20	29-Jul-24	Unlisted
25,000,000	15 Sept 22	$0.25	3-Nov-24	Unlisted
800,000	10 Jan 22	$0.30	17-Jan-25	Unlisted
1,000,000	22 Mar 22	$0.76	22-Mar-25	Unlisted
1,000,000	22 Mar 22	$0.47	22-Mar-25	Unlisted
1,000,000	22 Mar 22	TBA**	22-Mar-25	Unlisted
250,000	6 Oct 22	$0.70	5-Oct-25	Unlisted
150,000	6 Oct 22	$0.70	5-Oct-25	Unlisted
150,000	6 Oct 22	$0.78	5-Oct-25	Unlisted
150,000	6 Oct 22	$0.86	5-Oct-25	Unlisted
150,000	6 Oct 22	$0.70	5-Oct-25	Unlisted
150,000	6 Oct 22	$0.78	5-Oct-25	Unlisted
150,000	23 Jan 23	$0.86	5-Oct-25	Unlisted
150,000	23 Jan 23	$0.78	5-Feb-26	Unlisted
150,000	23 Jan 23	$0.87	5-Feb-26	Unlisted
150,000	23 Jan 23	$0.96	5-Feb-26	Unlisted
150,000	6 Feb 23	$0.86	22-Jan-26	Unlisted
150,000	6 Feb 23	$0.96	22-Jan-26	Unlisted
150,000	6 Feb 23	$1.06	22-Jan-26	Unlisted
3,000,000	24 Mar 23	$0.64	23-Mar-26	Unlisted
183,333	9 Jul 23	$0.64	9-Jul-26	Unlisted
183,333	9 Jul 23	$0.71	9-Jul-26	Unlisted
183,334	9 Jul 23	$0.79	9-Jul-26	Unlisted
43,400,000	-	-	-	-
Performance Rights*				
250,000	TBA	N/A	3-Apr-24	Unlisted
250,000	TBA	N/A	3-Apr-25	Unlisted
834,000	TBA	N/A	3-Apr-28	Unlisted
833,000	TBA	N/A	3-Apr-28	Unlisted
833,000	TBA	N/A	3-Apr-28	Unlisted
3,000,000	-	-	-	-

*Subject to shareholder approval at the next AGM
**Exercise price to be calculated 61% premium of the 5 day v-wap prior to 22 March 2024

Options and Performance rights

Options and performance rights granted carry no dividend or voting rights. When exercisable, each option and performance right is convertible into one fully paid ordinary share of the Company.

Post balance date the Company issued 550,000 options to employees with an expiry date of 9 July 2026 Further details about share-based payments to directors and KMP are included in the remuneration report on page 24.

Shares Issued as a result of the exercise of options

No shares as a result of the exercise of the options were issued during or since the end of financial year.

Indemnification of Officers

The Company has agreed to indemnify all of the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. During the financial year the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties 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 period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

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

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company or any part of those proceedings.

Environmental Regulation

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

Future Developments

The Company expects to further explore, develop and advance its flagship Wingellina Nickel-Cobalt Project located in Western Australia in future periods.

Material Business Risks

The Board of Directors review the key risks associated with conducting exploration and evaluation activities in Australia and steps to manage those risks. The key material risks faced by the Group include:

Exploration and development

The future value of the Group will depend on its ability to find and develop resources that are economically recoverable. Mineral exploration and development is a speculative undertaking that may be impeded by circumstances and factors beyond the control of the Group. Success in this process involves, among other things; discovery and proving-up an economically recoverable resource or reserve, access to adequate capital throughout the project development phases, securing and maintaining title to mineral exploration projects, obtaining required development consents and approvals and accessing the necessary experienced operational staff, the financial management, skilled contractors, consultants and employees.

The Group is entirely dependent upon its projects, which are the sole potential source of future revenue, and any adverse development affecting these projects would have a material adverse effect on the Group, its business, prospects, results of operations and financial condition. The Group seeks to manage and minimise this risk through management of its assets to ensure they are in good standing, renewed where possible and though regular reporting processes both external and internal along with Board regular review.

Social Risks

The Group is exposed to social risks as a result of the many stakeholders who are involved in its operations including but not limited to employees, contractors, local community members residing in areas where the Group operates, governments and government agencies (local, state and federal) as well as customers and suppliers. The Group is subject to reputational damage as well as potential claims for damages as a result of any harm or loss sustained by any stakeholder as a result of the operations of the Group and its representatives. There is a risk that the Group may not be able to achieve the financial performance or outcomes disclosed herein if it incurs reputational damage or claims for damages. The Group seeks to manage and minimise this risk through its developing existing risk management framework, including Board approved policies on stakeholder management and through established stakeholder consultation processes.

Reliance on key personnel

The Group's success is to a large extent dependent upon the retention of key personnel and the competencies of its directors, senior management, and personnel. The loss of one or more of the directors or senior management could have an adverse effect on the Group's. There is no assurance that engagement contracts for members of the senior management team personnel will not be terminated or will be renewed on their expiry. If such contracts were terminated, or if members of the senior management team were otherwise no longer able to continue in their role, the Group would need to replace them which may not be possible if suitable candidates are not available. The Group seeks to manage and minimise this risk through employee incentive plans and regular review of renumeration through its existing management committees including Board and remuneration approved employee policies which are subject to regular review.

Governance Risks

The Group must comply with a range of governance requirements which are conditions of its listing on the ASX and of its mineral exploration and mining activities. There is a risk that the Group may not be able to achieve the financial performance or outcomes disclosed herein if it fails to comply with those governance requirements or if the requirements change in the future and the Group is no longer able to comply with the requirements or must incur material unplanned expenditure in order to remain compliant. The Group seeks to manage and minimise this risk through its existing risk management framework including Board-approved governance policies which are subject to regular review.

Future funding risk

Continued exploration and evaluation is dependent on the Company being able to secure future funding from equity markets. The successful development of a mining project will depend on the capacity to raise funds from equity and debt markets. The Company will need to undertake equity/debt raisings for continued exploration and evaluation. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Group's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Group. The Group seeks to manage and minimise this risk through its existing risk management framework including Board-approved budgets and cashflows to enable the forward planning of capital raising, which are subject to regular review.

Environmental, weather & climate change

The highest priority climate related risks include reduced water availability, extreme weather events, changes to legislation and regulation, reputational risk, and technological and market changes. Mining and exploration activities have inherent risks and liabilities associated with safety and damage to the environment, including the disposal of waste products occurring as a result of mineral exploration and production, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses. Delays in obtaining approvals of additional remediation costs could affect profitable development of resources. The Group seeks to manage and minimise this risk through its existing risk management framework and through developing detailed environmental management plans and systems.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in note 7 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial period, 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.

Auditor Appointment

At the AGM, shareholders considered and appointed a new auditor to the Company. The change was made to align with expectations of potential strategic partners, project financiers and government agencies as the Company progresses the development of the Central Musgrave Project.

Auditor Independence

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on Page 32.

REMUNERATION REPORT (AUDITED)

The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*. This report details the nature and amount of remuneration for each director of Nico Resources Limited, and for the Key Management Personnel ("KMP") of the Group.

Remuneration Policy

Remuneration levels for the KMP's are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and the individual's experience and qualifications. During the period, the Group did not have a separately established remuneration committee. The Board is responsible for determining and reviewing remuneration arrangements for the executive and non-executive Directors.

The remuneration policy of Nico Resources Limited has been designed to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component for short-term incentives and offering specific long-term incentives, based on key performance areas affecting the Group's financial results. The Board of Nico believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for the Directors and KMP's of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives was developed by the Board and legal advisors. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation where applicable. The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the high calibre of executives and reward them for performance that results in long term growth in shareholder wealth.
- Executives will also be entitled to participate in future employee share and option arrangements and these are at the discretion of the Board.
- The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. As part of each of the key management personnel's remuneration package, there is a performance-based component consisting of the issue of Performance rights or options to encourage the alignment of management and Shareholders' interests. The Board determines appropriate vesting conditions that includes specific milestones and/or a premium, over the prevailing share price to provide potential rewards over a period of time and to align with the interests with those of shareholders.
- The Executive Directors and executives receive a superannuation guarantee contribution required by the government, during the financial year was 10.5%, and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.
- All remuneration paid to Directors and Executives is valued at the cost to the Group and expensed. Shares allocated to Directors and executives are valued as the difference between the market price of those shares and the amount paid by the Director or executive. Options and Performance Rights are valued using appropriate methodologies.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No such advice was obtained during the period. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and can participate in the employee option plan.

REMUNERATION REPORT (AUDITED)(continued)

Non-Executive Directors Remuneration

All Non-Executive Directors are entitled to receive $40,000 per annum or pro-rata portion for period of service in office, for their roles as Directors of the Company and the Chairman is entitled to receive up to $80,000 per annum.

The Company's Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting, which was approved at the 2022 Annual General Meeting at $650,000pa. Summary details of remuneration of the Non-Executive Directors are provided in the table below. The remuneration is not dependent on the satisfaction of a performance condition.

On termination, the Non-Executive Directors are entitled to be paid those outstanding amounts owing to the Non-Executive Director for the period up until the Termination Date. The Non-Executive Directors do not have any entitlement to any payment relating to any period after the Termination Date.

Executives Directors Remuneration

Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors. A Director may also be paid additional amounts as fees or as the Directors determine where a Director performs extra services or makes any special exertions, which in the option of the Directors are outside the scope of the ordinary duties of a Director.

Directors are entitled to participate in option and performance rights arrangements under the Nico Employee share plan with shareholder approval, of which the number issued to the Directors is at the discretion of the Board.

Service Agreements

Mr Jonathan Shellabear
CEO & Managing Director (appointed 3 April 2023)

Mr Shellabear's employment terms are governed by a Service Agreement. The terms of the agreement can be terminated by either party providing six months written notice. Mr Shellabear is entitled to receive Director's Fee of $380,000 per annum (inclusive of statutory superannuation).

Mr Shellabear is entitled to a Short Term Incentive (STI) of up to 50% of Base Salary annually on attainment of measurable KPI's agreed each financial year.

Mr Shellabear is entitled to Long Tern Incentives (LTI) from time to time on terms determined by the Company and issue is subject to the rules of the Nico Employee Share Plan and shareholder approval. Mr Shellabear was issued two tranches of 250,000 performance rights with 1 year and 2 Year service conditions and 2,500,000 Performance Rights with an expiry of 5 years and with the following vesting conditions on commencement of the agreement which are subject to shareholder approval to be approved at the Company's 2023 AGM:

(1) 834,000 vest when the share price is equal to or executes $0.75 (calculated by 5 day vwap)
(2) 833,000 vest when the share price is equal to or executes $1.00 (calculated by 5 day vwap)
(3) 833,000 vest when the share price is equal to or executes $1.25 (calculated by 5 day vwap)

Subject to the ASX Listing Rules and the *Corporations Act 2001*, if the appointment of the Executive is terminated as a result of a change in control of the Company, the Company will pay to the Executive three months' worth of Directors Fees as liquidated damages for the Executive's loss of engagement. If the *Corporations Act 2001* or the ASX Listing Rules restricts the amount that can be paid to the Executive on termination to an amount less than that calculated, then the amount can be paid under the *Corporations Act 2001* and the ASX Listing Rules without approval of the Company's shareholders.

REMUNERATION REPORT (AUDITED)(continued)

Mr Roderick Corps

CEO & Managing Director (appointed 21 September 2021 - 3 April 2023) (Non-Executive Director from 3 April- Present)

Mr Corps's executive employment terms were governed by a Service Agreement up to 3 April 2023. The terms of the agreement can be terminated by either party providing six months written notice. Mr Corps was entitled to receive Director's Fee of $200,000 per annum (exclusive of statutory superannuation) whilst in the Managing Director position. From 3 April 2023, Mr Corps stepped into the role of a Non-Executive Director with the Company and received directors fees of $40,000 per annum from 3 April 2023 for the rest of the financial year.

Subject to the ASX Listing Rules and the *Corporations Act 2001*, if the appointment of the Executive is terminated as a result of a change in control of the Company, the Company will pay to the Executive three months' worth of Directors Fees as liquidated damages for the Executive's loss of engagement. If the *Corporations Act 2001* or the ASX Listing Rules restricts the amount that can be paid to the Executive on termination to an amount less than that calculated, then the amount can be paid under the *Corporations Act 2001* and the ASX Listing Rules without approval of the Company's shareholders.

Mr Fergus Kiley

General Manager - Operations (appointed 27 March 2022 - resigned 28 April 2023)

Mr Kiley's employment terms were governed by a Service Agreement. The terms of the agreement can be terminated by either party providing six months written notice. Mr Kiley is entitled to receive Salary of $225,000 per annum (exclusive of statutory superannuation).

Mr Kiley is entitled to a Short Term Incentive (STI) at the discretion of the Board agreed each financial year.

Mr Kiley is entitled to Long Tern Incentives (LTI) from time to time on terms determined by the Company and issue is subject to the rules of the Nico Employee Share Plan. Mr Kiley was issued 3,000,000 options on commencement of the agreement with the following vesting conditions:

(1) 1,000,000 vesting upon commencement of service with an exercise price of $0.70 expiry 22 March 2025

(2) 1,000,000 vesting upon 1 year of service with an exercise price of $0.46 and expiry 22 March 2025

(3) 1,000,000 vesting upon 2 years of service with an exercise price of 61% of 5 day vwap calculation prior to 22 March 2024 and expiry 22 March 2025

Mr Kiley resigned on 28 April 2023, and it was agreed with Mr Kiley that his options would not be forfeited due to not meeting the services conditions and this resulted in a beneficial modification and as such has accelerated recognising the remaining expense in full.

Subject to the ASX Listing Rules and the *Corporations Act 2001*, if the appointment of the Executive is terminated as a result of a change in control of the Company, the Company will pay to the Executive three months' worth of Executive Service Fees as liquidated damages for the Executive's loss of engagement. If the *Corporations Act 2001* or the ASX Listing Rules restricts the amount that can be paid to the Executive on termination to an amount less than that calculated, then the amount can be paid under the *Corporations Act 2001* and the ASX Listing Rules without approval of the Company's shareholders.

Mr Teck Lim

CFO (appointed 6 December 2022 - resigned 4 May 2023)

Mr Lim's employment terms are governed by a Service Agreement. The terms of the agreement can be terminated by either party providing six months written notice. Mr Lim is entitled to receive Salary of $260,000 per annum (exclusive of statutory superannuation).

Mr Lim is entitled to a Short Term Incentive (STI) at the discretion of the Board agreed each financial year.

Mr Lim is entitled to Long Tern Incentives (LTI) from time to time on terms determined by the Company and issue is subject to the rules of the Nico Employee Share Plan. Mr Lim was issued 750,000 options on commencement of the agreement with the following vesting conditions:

(1) 250,000 vesting upon commencement of service with an exercise price of $0.70 expiry date 6 Oct 2025

(2) 250,000 vesting upon 1 year of service with an exercise price exercise price of $0.78 expiry date 6 Oct 2025

(3) 250,000 vesting upon 2 years of service with an exercise price exercise price of $0.86 expiry date 6 Oct 2025

REMUNERATION REPORT (AUDITED)(continued)

Mr Lim resigned on 4 May 2023 and as his service condition was not met Trance 2 and 3 were forfeited and the expense for this financial year was reversed in full.

Subject to the ASX Listing Rules and the *Corporations Act 2001*, if the appointment of the Executive is terminated as a result of a change in control of the Company, the Company will pay to the Executive three months' worth of Executive Service Fees as liquidated damages for the Executive's loss of engagement. If the *Corporations Act 2001* or the ASX Listing Rules restricts the amount that can be paid to the Executive on termination to an amount less than that calculated, then the amount can be paid under the *Corporations Act 2001* and the ASX Listing Rules without approval of the Company's shareholders.

Remuneration Report Approval at FY2023 AGM

The remuneration report for the year ended 30 June 2023 will be put to shareholders for approval at the Group's AGM which will be held during November 2023.

Additional information

No performance-based bonuses have been paid to key management personnel during the financial period however we have accrued for any future bonuses that may be payable.

The earnings of the Group since listing are summarised below:

	30 June 2023 $	30 June 2022 Restated $
Profit/(Loss) after income tax	(3,815,270)	(486,708)

The Directors note that there is no direct link between the Company's financial performance and earnings, and the advancement of shareholder wealth given the stage of development.

The factors that are considered to affect total shareholders return are summarised below:

	30 June 2023 $	30 June 2022 $
Share price at financial year end	0.47	0.73

The following page sets out a table with Details of Remuneration, please note the following when referring to the Details of remuneration table:

(a) Jonathan Shellabear is entitled to an STI in the form of a Cash bonus of 50% of his base salary annually on attainment of measurable KPI's agreed each financial year. A portion of the annual bonus has been accrued in the current year.

(b) Fergus Kiley's remuneration in 2022 included a share based payments expense reported as $521,018. This expense was incorrectly calculated and should have been reported as $411,030. Accordingly, the remuneration report has been restated to reflect the expense of $411,030 which is $109,987 less than the previously reported amount and consequently each total has been restated by an amount lower of $109,987.

This financial report represents a continuation of Metals Exploration Pty Ltd which was treated as the acquirer of Nico Resources Limited for accounting purposes (**accounting acquirer**) and the Company as the (**legal parent**). The comparative information included in this remuneration report includes the key management personnel of Nico Resources Limited (**legal parent**) from 1 July 2021 to 30 June 2022, as required by the Corporations Act 2001 and its Regulations.

Details of the key management personnel of Metals Exploration Pty Ltd (accounting parent) are included in note 23 of the financial statements.

Details of Remuneration

Details of remuneration of the directors and key management personnel of the group are set out below:

		Fixed		STI		LTI			
		Short-term Benefits	Post- employment Benefits		Non-monetary benefits	Share-based Payments	Total	Share-based Payments as a percentage of Remuneration	Performance Related
		Cash fees and salary	Superannuation	Incentive Payments	Annual Leave	Options/Rights			
	Year	$	$		$	$	$	%	%
Non-Executive Directors									
Peter Cook[(i)]	**2023**	**20,860**	**2,190**	**-**	**-**	**239,057**	**262,107**	**91%**	
	2022	-	-	-	-	-	-	-	-
Roderick Corps[(v)]	**2023**	**10,000**	**1,050**	**-**	**-**	**-**	**11,050**	**-**	**-**
	2022	-	-	-	-	-	-	-	-
Brett Smith	**2023**	**40,000**	**4,200**	**-**	**-**	**-**	**44,200**	**-**	**-**
	2022	33,333	3,333	-	-	24,675	61,341	40%	-
Stewart Findlay[(iii)]	**2023**	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-
Warren Hallam[(vi)]	**2023**	**45,000**	**4,725**	**-**	**-**	**-**	**49,725**	**-**	
	2022	50,000	5,000	-	-	24,675	79,675	31%	-
Sub-Total Non- Executive Directors	**2023**	**115,860**	**12,165**	**-**	**-**	**239,057**	**367,082**	**65%**	**-**
	2022	83,333	8,333		-	49,350	141,016	35%	-
Executive Directors				**-**					
Jonathan Shellabear[(ii) (a)]	**2023**	**85,973**	**9,027**	**41,455**	**6,878**	**84,895**	**228,228**	**37%**	**18%**
	2022	-	-	-	-	-	-	-	-
Roderick Corps[(v)]	**2023**	**178,710**	**18,765**	-	**-**	**-**	**197,475**	**-**	**-**
	2022	195,833	19,583	-	-	24,675	240,091	10%	-
Sub-Total Executives Directors	**2023**	**264,683**	**27,792**	**41,455**	**6,878**	**84,895**	**425,703**	**20%**	**10%**
	2022	195,833	19,583	-	-	24,675	240,091	10%	-
Executives									
Fergus Kiley[(vii) (b)]	**2023**	**208,149**	**21,856**	**-**	**-**	**409,170**	**639,175**	**64%**	**-**
	2022 Restated	64,124	6,414	-	-	411,030	481,568	85%	-
Teck Lim[(iv)]	**2023**	**107,752**	**11,314**	**-**	**-**	**96,425**	**215,491**	**45%**	**-**
	2022	-	-	-	-	-	-	-	-
Sub-Total Executives	**2023**	**315,901**	**33,170**	**-**	**-**	**505,595**	**854,666**	**59%**	**-**
	2022 Restated	64,124	6,414		-	411,030	481,568	85%	
TOTAL	**2023**	**696,444**	**73,127**	**41,455**	**6,878**	**829,547**	**1,647,451**	**50%**	**3%**
	2022 Restated	343,290	34,330	-	-	485,055	862,675	56%	-

(i) Commenced 27 March 2023 .
(ii) Commenced 3 April 2023
(iii) Commenced on 28 June 2023
(iv) Commenced 6 December 2022 and resigned 4 May 2023
(v) changed role 3 April 2023 from Managing Director to Non-Executive Director
(vi)Resigned 24 March 2023
(vii) Resigned 28 April 2023

REMUNERATION REPORT (AUDITED) (continued)

Share-Based Compensation

During the year, 3,000,000 options were granted to Directors of Nico Resources Limited on 24 March 2023, and 750,000 Options were issued to other KMP on 6 October 2022 as a cost effective and efficient way to incentivise and reward individuals as opposed to alternative forms of incentives. The options issued during the 2023 financial year were all issued as a sign-on incentive with associated vesting conditions.

During the year 3,000,000 Performance Rights were issued to Directors of Nico Resources Limited on 3 April 2023, as a cost effective and efficient way to incentivise and reward individuals as opposed to alternative forms of incentives. The performance rights require shareholder approval and will be granted if approval is received at the 2023 AGM to be held in November 2023.

Performance based compensation for the Executive Directors during the year ended 30 June 2023 have been detailed within the Remuneration and Service Agreements sections of the Remuneration Report.

The following tables set out the details of options and performance rights granted as remuneration in existence during the year ended 30 June 2023:

	Ex Price	Expiry Date	Grant Date	Vesting Conditions	Vesting Date	Granted as Remuneration	Fair Value per Security at Grant Date
Non-Executive Directors Options							
Peter Cook	$0.644	23-Mar-26	24-Mar-23	1 Yr of service	24 Mar 24	3,000,000	$0.307
Roderick Corps	$0.20	29 July 24	29 July 21	-	-	3,000,000	$0.008
Brett Smith	$0.20	29 July 24	29 July 21	-	-	3,000,000	$0.008
Stewart Findlay	-	-	-	-	-	-	-
Warren Hallam**	$0.20	29 July 24	29 July 21	-	-	3,000,000	$0.008
Total Non-Executive Directors	-	-	-	-	-	**12,000,000**	-
Vested and exercisable	-	-	-	-	-	**9,000,000**	-
Vested in year %	-	-	-	-	-	**0%**	-
Forfeited in year %	-	-	-	-	-	**0%**	-
Executives Options							
Teck Lim	$0.70	6 Oct 25	6 Oct 22	-	-	250,000	$0.3857
Teck Lim**	$0.78	6 Oct 25	6 Oct 22	1 Yr of service	6 Dec 23	250,000	$0.3724
Teck Lim**	$0.70	6 Oct 25	6 Oct 22	2 Yr of service	6 Dec 24	250,000	$0.3602
Fergus Kiley****	$0.66	22 Mar 25	17 Feb 22	-	-	1,000,000	$0.2991
Fergus Kiley****	$0.46	22 Mar 25	17 Feb 22	-	-	1,000,000	$0.2963
Fergus Kiley****	TBA***	22 Mar 25	17 Feb 22	-	-	1,000,000	$0.2248
Total Executives	-	-	-	-	-	**3,750,000**	-
Vested and Exercisable	-	-	-	-	-	**3,250,000**	-
Vested in year %	-	-	-	-	-	**87%**	-
Forfeited in year %	-	-	-	-	-	**13%**	-
Total	-	-	-	-	-	**15,750,000**	-

**Forfeited on resignation due to service conditions not met.
***Exercise price is to be calculated at 61% of 5-day vwap calculation prior to 22 March 2024
****Number of Options still on offer as of date of resignation see the service agreement section for Mr Kiley on page 26 for further details of the options on offer

	Expiry Date	Grant Date	Vesting Conditions	Vesting Date	Maximum value yet to vest(a)	Granted as Remuneration	Fair Value per Security at Grant Date
Executives Performance Rights							
Jonathan Shellabear*	3 Apr 24	TBA*	1 Yr of service	3 Apr 24	88,299	250,000	$0.55
Jonathan Shellabear*	3 Apr 25	TBA*	2 Yr of service	3 Apr 25	102,255	250,000	$0.55
Jonathan Shellabear*	3 Apr 28	TBA*	Share Pr $0.75	-	301,655	834,000	$0.38
Jonathan Shellabear*	3 Apr 28	TBA*	Share Pr $1.00	-	285,436	833,000	$0.36
Jonathan Shellabear*	3 Apr 28	TBA*	Share Pr $1.25	-	261,650	833,000	$0.33
Total Performance Rights	-	-	-	-	-	**3,000,000**	-
Vested			-	-	-	-	-

*Performance rights are currently still subject to shareholder approval and not yet formally granted, However the Company has accrued for the anticipated expense.
(a) Maximum value of performance rights yet to vest is determined based on the total amount of the grant date fair value that is yet to be expensed. The minimum value of performance rights yet to vest is nil since the rights will be forfeited if the vesting conditions are not met.

REMUNERATION REPORT (AUDITED) (continued)

Loans to Key Management Personnel

There were no Key Management Personnel loans during the current financial year:

During the 2022 year, Brett Smith, a Non-Executive Director was overpaid an amount of $4,583.33 which was payable by Brett Smith to Nico Resources Limited as at 30 June 2022. This has been fully repaid by Brett Smith.

Other transactions with Key Management Personnel

There were no other Key Management Personnel related party transactions during the current financial period.

Key Management Personnel Shareholdings

The number of ordinary shares in Nico Resources Limited held by each Key Management Personnel of the Group during the financial period is as follows:

30 June 2023	Balance at beginning of year	Acquisition	Disposed of during the period	Held at resignation date	Balance at end of year	No. shares Held at Date of this Report
Directors						
Peter Cook(i)	4,650,000	2,100,000	-	-	6,750,000	7,250,000
Jonathan Shellabear(ii)	200,000	300,000	-	-	500,000	691,445
Roderick Corps	12,757,871	-	(2,500,000)	-	10,257,871	11,336,061
Brett Smith	5,787	-	-	-	5,787	5,787
Stewart Findlay(iii)	-	-	-	-	-	-
Warren Hallam(iv)	2,026,424	-	-	2,026,424	-	-
Fergus Kiley(v)	72,270	-	-	72,270	-	-
Teck Lim(vi)	-	-	-	-	-	-
	19,712,352	**2,400,000**	**(2,500,500)**	**2,098,694**	**17,513,658**	**19,283,293**

(i) Commenced 27 March 2023
(ii) Commenced 3 April 2023
(iii) Commenced 28 June 2023
(iv)Resigned 24 March 2023
(v) Resigned 28 April 2023
(vi) Commenced 6 Dec 2022, resigned 4 May 2023

Key Management Personnel Options held

The movement during the reporting period in the number of options over ordinary shares of the Company held directly, indirectly, or beneficially, by each Director or Key Management Personnel, including their personally related entities is as follows:

30 June 2023	Balance at beginning of year	Granted as Remuneration	Other changes during the period	Expired during the year	Balance at end of year	Vested and exercisable at the end of the year	No. Options Held at Date of this Report
Directors							
Peter Cook(i)	-	3,000,000	-	-	3,000,000	-	3,000,000
Jonathan Shellabear(ii)	-	-	-	-	-	-	-
Roderick Corps	3,000,000	-	-	-	3,000,000	3,000,000	3,000,000
Brett Smith	3,000,000	-	-	-	3,000,000	3,000,000	3,000,000
Stewart Findlay(iii)	-	-	-	-	-	-	-
Warren Hallam(v)	3,000,000	-	(3,000,000)	-	-	-	-
Fergus Kiley(iv)	3,000,000	-	(3,000,000)	-	-	-	-
Teck Lim(vi)	-	750,000	(750,000)	-	-	-	-
Options on Issue	**12,000,000**	**3,750,000**	**(6,750,000)**	**-**	**9,000,000**	**6,000,000**	**9,000,000**

(i) Commenced 27 March 23
(ii) Commenced 3 April 23
(iii) Commenced 28 June 23
(iv)Resigned 28 April 23 see the service agreement section for Mr Kiley page 26 for further details of the options on offer
(v)Resigned 24 March 23
(vi)Commenced 6 Dec 22, resigned 4 May 23 options forfeited due to not meeting service conditions for value $183,150

REMUNERATION REPORT (AUDITED) (continued)

Key Management Personnel Performance Rights held

The movement during the reporting period in the number of performance rights of the Company held directly, indirectly, or beneficially, by each Director or Key Management Personnel, including their personally related entities is as follows:

30 June 2023	Balance at beginning of year	Performance rights Granted as compensation	Other changes during the period	Expired during the year	Vested at the end of year	Balance at end of year	No. Performance Rights Held at Date of this Report
Directors							
Peter Cook(i)	-	-	-	-	-	-	-
Jonathan Shellabear(ii)	-	3,000,000[vii]		-	-	3,000,000	3,000,000
Roderick Corps	-	-	-	-	-	-	-
Brett Smith	-	-	-	-	-	-	-
Stewart Findlay(iii)	-	-	-	-	-	-	-
Warren Hallam(iv)	-	-	-	-	-	-	-
Fergus Kiley(v)	-	-	-	-	-	-	-
Teck Lim(vi)	-	-	-	-	-	-	-
	-	**3,000,000**	**-**	**-**	**-**	**3,000,000**	**3,000,000**

(i) Commenced 27 March 2023
(ii) Commenced 3 April 2023 Performance rights granted have not yet been issued or vested
(iii) Commenced 28 June 2023
(iv) Resigned 24 March 2023
(v) Resigned 28 April 2023
(vi) Commenced 6 Dec 2022, resigned 4 May 2023
(vii) Awaiting shareholder approval to be granted

No options or performance rights have been granted to the directors or KMP since the end of the financial year. Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one fully paid ordinary share. Each Performance right converts to one fully paid share on conditions being met.

During the period no ordinary shares in the Company were issued as a result of the exercise of remuneration options to Directors of Nico Resources Limited or other key management personnel of the group.

Remuneration Consultants

During the period, the Company did not seek the advice of remuneration consultants.

The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporations Act 2001.

End of Audited Remuneration Report

Signed in accordance with a resolution of the Directors:

Jonathan Shellabear
Managing Director and CEO
Dated this 29 day of September 2023

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

To the Directors of Nico Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Nico Resources Limited for the financial year ended 30 June 2023 there have been:

i. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Glenn Brooks
Partner
Perth
29 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	30 June 2023 $	30 June 2022 $
			Restated*
Other Income	5(a)	518,608	66,186
Salary and wages expense		(1,507,690)	(440,910)
Corporate and administration expenses	5(b)	(1,424,494)	(959,424)
Depreciation expense		(197,821)	(29,993)
Finance expenses		(19,942)	-
Share Based Payments expense	21	(1,183,931)	(415,334)
Net Profit/(Loss) before income tax		**(3,815,270)**	(1,779,475)
Income tax benefit/(expense)	8	-	1,292,767
Net Profit/(Loss) after income tax		**(3,815,270)**	(486,708)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		**(3,815,270)**	(486,708)
Basic loss per share (cents per share)	6	**(4.20)**	(0.86)
diluted loss per share (cents per share)	6	**(4.20)**	(0.86)

*Refer to note 4 for detailed information on the restatement of comparatives

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $ Restated*
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	4,439,771	689,679
Trade and other receivables	10	196,979	138,143
Inventories	11	48,217	50,511
Other financial assets	12	168,337	9,420,000
TOTAL CURRENT ASSETS		**4,853,304**	10,298,333
NON-CURRENT ASSETS			
Property, plant and equipment	13	73,659	69,319
Right-of-use-assets	14	152,636	322,573
Exploration and evaluation expenditure	15	8,959,340	5,637,563
Other financial assets	12	-	128,337
TOTAL NON-CURRENT ASSETS		**9,185,635**	6,157,792
TOTAL ASSETS		**14,038,939**	16,456,125
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	588,722	238,618
Lease liabilities	14	158,415	158,870
Provisions	17	71,365	28,158
TOTAL CURRENT LIABILITIES		**818,502**	425,646
NON-CURRENT LIABILITIES			
Lease liabilities	14	-	163,703
Provisions	17	-	15,000
TOTAL NON-CURRENT LIABILITIES		**-**	178,703
TOTAL LIABILITIES		**818,502**	604,349
NET ASSETS		**13,220,437**	15,851,776
EQUITY			
Issued capital	19	33,559,968	33,559,968
Reserves	20	1,665,686	481,755
Accumulated losses		(22,005,217)	(18,189,947)
TOTAL EQUITY		**13,220,437**	15,581,776

The accompanying notes form part of these financial statements

*Refer to note 4 for detailed information on the restatement of comparatives

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Note	Issued Capital	Reserves	Accumulated Losses	Total
		$	$	$	$
Balance at 1 July 2022 as restated	**4**	**33,559,968**	**481,755**	**(18,189,947)**	**15,851,776**
Loss for the period		-	-	(3,815,270)	(3,815,270)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	-	(3,815,270)	(3,815,270)
Transactions with equity holders in their capacity as owners					
Share Based Payments	21	-	1,183,931	-	1,183,931
		-	-	-	-
Balance at 30 June 2023		**33,559,968**	**1,665,686**	**(22,005,217)**	**13,220,437**

	Issued Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2021	21,701,750	-	(18,389,487)	3,312,263
Loss for the period restated*	-	-	(486,708)	(486,708)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period restated*	-	-	(486,708)	(486,708)
Transactions with equity holders in their capacity as owners				
Shareholder loan forgiveness restated*	-	-	686,248	686,248
Share Based Payments restated*	-	481,755	-	481,755
Issue of shares (net of costs) restated*	11,858,218	-	-	11,858,218
Balance at 30 June 2022 as Restated*	**33,559,968**	**481,755**	**(18,189,947)**	**15,851,776**

*Refer to note 4 for detailed information on the restatement of comparatives

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	30 June 2023 $	30 June 2022 $
Cash flows from operating activities			**Restated***
Rental Income received		388,549	18,872
Finance Income received		137,122	922
Payments to suppliers and employees		(2,699,497)	(1,001,502)
Borrowing Costs		(19,942)	-
Net cash flows from/(used in) operating activities	26	**(2,193,768)**	**(981,708)**
Cash flows from investing activities			
Acquisition of Fixed Assets		(44,376)	(5,401)
Cash acquired		-	450,002
Payments for exploration and evaluation		(3,225,389)	(1,416,248)
(Increase))/ decrease in term deposits		9,380,000	(9,563,537)
Net cash flows from/(used in) investing activities		**6,110,235**	**(10,535,184)**
Cash flows from financing activities			
Net proceeds from borrowings		-	686,248
Repayment of Lease Liabilities		(166,375)	-
Proceeds from issue of shares in the Company (net of costs)		-	11,500,140
Net cash flows from/(used in) financing activities		**(166,375)**	**12,186,388**
Net Increase/(Decrease) in cash and cash equivalents held		**3,750,092**	**669,496**
Cash and cash equivalents at beginning of financial period		689,679	20,183
Cash and cash equivalents at end of Financial Period	9	**4,439,771**	**689,679**

The accompanying notes form part of these financial statements

*Refer to note 4 for detailed information on the restatement of comparatives

1. CORPORATE INFORMATION

The financial report of Nico Resources Limited ("Company") was authorised for issue in accordance with a resolution of the Directors on 29 September 2023.

The financial report is presented in the Australian dollar ($) which is the Company's functional currency.

Nico Resources Limited is a for profit Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange under NC1 ASX code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

Nico completed the acquisition of Metals Exploration Pty Ltd (Metals Exploration) on 7 January 2022 and listed on the ASX on 19 January 2022. Under the principles of the Australian Accounting Standard AASB3 Business Combinations, Metals Exploration was deemed to be the accounting acquirer in this transaction. The acquisition was accounted for as a reverse acquisition by which Metals Exploration acquired the net assets and listing status of Nico.

Accordingly, the consolidated financial statements of Nico as at and for the year ended 30 June 2023 are prepared as a continuation of the business and operations of Metals Exploration. As the deemed acquirer, Metals Exploration has accounted for the acquisition of Nico from the effective date 7 January 2022.

(b) Going Concern

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

The Company incurred a net loss for the period of $3,815,270 (2022 $486,708 restated refer to note 4) and net operating cash outflows of $2,193,768 (2022 $981,708 outflow).

As at 30 June 2023, the Company has a working capital surplus of $4,034,802 (June 2022 $9,872,687 restated refer note 4).

The Company announced on 19 September 2023 a fully underwritten non-renounceable entitlement offer to raise $7.3 million issuing 18,200,000 fully paid ordinary shares, which will ensure the Company has the working capital to conduct its current budgeted program of works.

Based on the cashflow forecasts prepared, which include the underwritten capital raising (refer note 25), the Directors are satisfied the Company can continue to pay its debts as and when they fall due for at least the next twelve months.

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

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

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

The Directors have determined that there is no material impact form the adoption of the new or amended standards.

(d) Segment Reporting

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and in the bank's short term deposits with an original maturity not exceeding three months and if greater than three months, principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank, net of bank overdrafts.

(f) Trade and Other Payables

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

(g) Trade and other receivables

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

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. Expected credit losses are estimated by reference to overdue days on trade receivable balances.

Other receivables are recognised at amortised cost.

(h) Reverse Acquisition Accounting

On 7 January 2022, Nico completed the acquisition of Metals Exploration and its controlled subsidiaries. The acquisition was treated as a reverse acquisition (with Metals Exploration being the acquirer and Nico being the acquiree) for accounting purposes. As both companies are not businesses, as defined by Australian Accounting Standards, the transaction was accounted for as a share-based payment transaction from the perspective of Metals Exploration. Refer to Note 4 where a restatement of the acquisition accounting is set out.

As the fair value of the assets and liabilities of Nico acquired by Metals Exploration can be estimated reliably and there is no indication Metals Exploration received unidentifiable goods or services as part of this transaction, the fair value of the shares deemed to have been issued by Metals Exploration to acquire Nico has been measured based on, and therefore equal to, the fair value of the assets and liabilities acquired.

The transaction was not deemed a business combination on the basis that Nico did not meet the definition of a business as noted in that standard AASB 3 Business Combinations.

The Company applied, by analogy, the guidance in AASB 3 on reverse acquisitions, resulting in Metals Exploration (the non-listed operating entity) being identified as the accounting acquirer and Nico (the listed non-operating entity) being identified as the accounting acquiree. As the transaction is not within the scope of AASB 3, the transaction was treated as a share-based payment transaction accounted for in accordance with AASB 2 Share-based payment.

Principles of consolidation

The consolidated financial statements comprise the financial statements of Nico Resources Limited ('the Company') and its subsidiaries as at 30 June each year ('the Group'). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-Company transactions have been eliminated in full.

(i) Contributed Equity

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

(j) Other Income

The Company has other income as follows:

Interest Income

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Other income

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

Rental Income

Rental Income is recognised when it is received or when the right to receive payment is established

(k) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

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

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Nico Resources Limited and its wholly owned subsidiaries implemented a tax consolidation group on 19 January 2022. Consequently, these entities will be taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

(l) Inventory

Stores and consumables are stated at the value of the last cost recorded. They are expected to be used within 12 months after balance sheet date and are classified as current assets.

(m) Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

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

(n) Impairment

Impairment of financial assets

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

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

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

Impairment of non-financial assets

At the end of each reporting period, the Directors assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss.

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

(o) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expected liabilities.

(p) Contributed Equity

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

(q) Earnings Per Share ('EPS')

Basic EPS is calculated by dividing the net profit/(loss) attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic EPS earnings/(loss), adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive ordinary shares adjusted for any bonus issue.

(r) Goods and Services Tax ("GST")

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

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

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

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

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

(s) Property, plant and equipment

Each class of plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation and Amortisation

The depreciable amount of all fixed assets is calculated using the diminishing value method, over their estimated useful lives to the economic entity commencing from the time the asset is held ready for use. The diminishing value depreciation and amortisation rates used for each class of assets are as follows:

- Plant and Equipment 20%– 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss.

(t) Exploration and Evaluation Assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest. Indirect costs that are included in the cost of an exploration and evaluation asset include, among other things, charges for depreciation of equipment used in exploration and evaluation activities.

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

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.
A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

(u) 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.

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 remeasurement of lease liabilities.

The right-of-use asset will be depreciated on a straight-line basis over the unexpired period of the lease. The asset will be subjected to impairment or adjusted for any remeasurement of lease liabilities.

(v) 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.

(w) Employee Benefits

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

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

Share Based Payment Arrangements

The grant-date fair value of equity -settled share-based payment arrangements granted to employees is generally recognised as an employee expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(x) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. In the opinion of the directors, there are no critical accounting estimates or judgments in this financial report. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share based payments

Share-based compensation payments are made available to Directors and employees.

The fair value of options and performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options and performance rights.

The fair value at grant date is determined using a Black-Scholes option pricing model for options with a set exercise price, and an enhanced Hull-White Model for those issued with a vwap exercise price, that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. For the performance rights with a market based vesting condition, a Monte Carlo simulation using the Hoadley's ESO Hybrid- Model Single Share Price Target Consec Days model. Refer to note 21 for further details on estimates used.

Exploration and evaluation assets

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes and the approval of the Environmental Impact Study (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

3. SEGMENT INFORMATION

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

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

4. RESTATEMENT OF COMPARATIVES

During the year the Group has identified a number of errors that have been corrected by restating each of the affected financial statement line items for prior periods. There was no impact on the opening balances (1 July 2021) of the Consolidated Statement of Financial Position. The nature of each adjustment is presented in a table and described further below:

4. RESTATEMENT OF COMPARATIVES

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Extract	30 June 2022 ($) Reported	Adjustment A ($)	Adjustment B ($)	Adjustment C ($)	Adjustment D ($)	Adjustment E ($)	Total Adjustment ($)	30 June 2022 ($) Restated
Shareholder loan forgiveness	686,248	-	-	(686,248)	-	-	(686,248)	-
Corporate Restructure Costs	(7,110,733)	7,110,733	-	-	-	-	7,110,733	-
Corporate and administration expenses	(738,909)	(220,515)					(220,515)	(959,424)
Share Based Payments	(595,042)	69,720	-	-	-	109,988	179,708	(415,334)
								-
Net profit/(loss) before income tax	(8,163,153)	6,959,938	-	(686,248)	-	109,988	6,383,678	(1,779,475)
Income tax expense	1,292,767	-	-	-	-	-	-	1,292,767
Net profit/(loss) for the period	(6,870,386)	6,959,938	-	(686,248)	-	109,988	6,383,678	(486,708)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	**(6,870,386)**	**6,959,938**	**-**	**(686,248)**	**-**	**109,988**	**6,383,678**	**(486,708)**
Restated Basic and Diluted EPS(cents per share)**	(15.00)	12.00	0.00	(1.00)	0.00	0.00	11.00	(3.92)
							Impact of Restatement of Weighted Average Number of Shares*	3.07
							30 June 2022 Restated	**(0.86)**

* Weighted average number of shares used in the calculation have been restated due to an error in the prior year calculation. The number used has increased from 45,939,728 to a restated number of 56,643,837

**as a result of adjustments to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated Statement of Financial Position

Extract	30 June 2022 ($) Reported	Adjustment A ($)	Adjustment B ($)	Adjustment C ($)	Adjustment D ($)	Adjustment E ($)	Total Adjustment ($)	30 June 2022 ($) Restated
Assets								
Current assets								
Cash and Cash Equivalents	10,109,679	-	-	-	(9,420,000)	-	(9,420,000)	689,679
Other financial assets	-	-	-	-	9,420,000	-	9,420,000	9,420,000
Current Trade and Other Receivables	266,480	-	(128,337)	-	-	-	(128,337)	138,143
Total Current Assets	10,426,670	-	(128,337)	-	-	-	(128,337)	10,298,333
Non-current assets								
Other financial assets	-	-	128,337	-	-	-	128,337	128,337
Total Non-Current Assets	6,029,455	-	128,337	-	-	-	128,337	6,157,792
Total Assets	16,456,125	-	-	-	-	-	-	16,456,125
Net assets	**15,851,776**	**-**	**-**	**-**	**-**	**-**	**-**	**15,851,776**
Equity								
Accumulated losses	(25,259,873)	6,959,938	-	-	-	109,988	7,069,925	(18,189,947)
Issued Capital	38,134,968	(4,575,000)	-	-	-	-	(4,575,000)	33,559,968
Share based payments Reserves	2,976,681	(2,384,938)	-	-	-	(109,988)	(2,494,926)	481,755
Total equity	**15,851,776**	**-**	**-**	**-**	**-**	**-**	**-**	**15,851,776**

4. RESTATEMENT OF COMPARATIVES (continued)

Consolidated Statement of Cash Flows

Extract	30 June 2022 ($) Reported	Adjustment A ($)	Adjustment B ($)	Adjustment C ($)	Adjustment D ($)	Adjustment E ($)	Total Adjustment ($)	30 June 2022 ($) Restated
Cash from Investing Activities								
(Increase)/ decrease in term deposits	-	-	-	-	(9,420,000)	-	(9,420,000)	(9,420,000)
Net cash flow from/(used in) investing activities	**(1,114,984)**	**-**	**-**	**-**	**(9,420,000)**		**(9,420,000)**	**(10,534,984)**
Net Increase/(Decrease) in cash and cash equivalents held	10,089,696	-	-	-	(9,420,000)	-	(9,420,000)	669,696
Cash and cash equivalents at end of financial year	**10,109,879**	**-**	**-**	**-**	**(9,420,000)**	**-**	**(9,420,000)**	**689,879**

Adjustment A

On 7 January 2022, Nico Resources Limited (Nico) completed the acquisition of Metals Exploration Pty Ltd (Metals Exp) and its controlled subsidiaries. The fair value of the consideration transferred which incorporated both shares and options were valued by reference to the ASX listed quoted price of Nico. As consideration for the issued capital in Metals Exp, Nico issued 25 million fully paid ordinary shares a deemed value of $0.20 to the existing Metals X Limited shareholders, along with 25 million unlisted options with an exercise Price of $0.25 expiry three years from issue to Metals X Limited. No cash was paid as part of the acquisition.

The acquisition was treated as a reverse acquisition (with Metals Exploration Pty Ltd being the acquirer and Nico being the acquiree) for accounting purposes. As both companies are not businesses, the transaction is accounted for as a share-based payment transaction from the perspective of Metals Exp. As such, Metal Exp is deemed to have issued its own shares to acquire control of Nico. At the date of acquisition, a corporate restructuring cost of $7,110,733 (inclusive of acquisition costs of $220,215) was previously recognised in profit or loss of the Group reflecting the difference between the deemed fair value of consideration paid to acquire Nico Resources Limited and the fair value of the net acquiree's identifiable net assets.

However, as the assets and liabilities of Nico acquired by Metals Exp can be estimated reliably and there is no indication Metals Exp received unidentifiable goods or services as part of this transaction, the fair value of the consideration paid to acquire Nico is measured based on, and therefore equal to, the fair value of the assets and liabilities acquired as shown below:

Nico assets acquired and liabilities assumed at the date of acquisition

	Nico $
Current Assets	
Cash and cash equivalents	450,002
Trade and other receivables	2,550
Current Liabilities	
Trade and other payables	(28,055)
Net assets/(liabilities)	**424,497**
Corporate restructure costs on acquisition	
Consideration transferred	424,497
Less: net assets assumed	(424,497)
Corporate restructure costs	**-**

4. RESTATEMENT OF COMPARATIVES (continued)

As a result, no corporate restructuring costs should have been recognised. The corporate restructuring expense of $7,110,733 previously recognised has been reversed net of $220,515 acquisition related costs that remains expensed in profit or loss, and previously recognised share-based payments expense of $69,720 has also been reversed resulting in a net adjustment of $6,959,938 to accumulated losses for the year ended 30 June 2022. In addition, issued share capital of $4,575,000 and Share based payments Reserves of $2,384,938 should not have been recognised as part of this transaction and have been reversed.

Adjustment B

Current trade and other receivables balance as at 30 June 2022 included a bank guarantee of $128,337 that has been incorrectly classified. The bank guarantee of $128,337 should have been classified as a non-current other financial assets.

Consequently, at 30 June 2022, current trade and other receivables should have been $138,143 and non-current other financial assets should have been $128,337. As a result, the current trade and other receivables and non-current other financial assets reported at 30 June 2022 has decreased by $128,337 and increased by $128,337 respectively.

Adjustment C

The Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022 included an amount of $686,248 relating to a loan forgiveness from a shareholder that has been incorrectly recognised in profit or loss. The loan forgiveness of $686,248 should have been recognised within equity.

The adjustment has been reflected in equity within accumulated losses which offsets the impact of the original profit and loss entry. As a result, there is no impact on the consolidated statement of financial position as at 30 June 2022.

Adjustment D

The cash and cash equivalents balance as at 30 June 2022 included $9,420,000 that was held in term deposits at bank, however were not intended to be used for short term operational cashflow purposes. Accordingly, they did not meet the definition and were incorrectly classified as cash and cash equivalents. The amounts at bank should have been classified as a short-term investment. It is noted that all the term deposits have the terms and conditions which allow for termination within 30 days with immaterial penalties applied.

Consequently, on the Consolidated Statement of Financial Position, cash and cash equivalents should have been $689,879 and short-term investments should have been $9,420,000.

Adjustment E

In the prior year the Group issued 3,000,000 options to a key management personnel (KMP) in three tranches with the following vesting conditions:

- 1,000,000 options vested immediately
- 1,000,000 options have a service condition attached and vest on 22 March 2023
- 1,000,000 options have a service condition attached and vest on 22 March 2024

The shared based payments expense and Share based payment Reserve was overstated by $109,988 for these options as at and in the year ended 30 June 2022.

In addition to the restatements above, there was a presentation misstatement in relation to tax balances presented in Note 8. Refer to Note 8 for further details of this restatement which has not affected the primary financial statements.

5. OTHER INCOME AND EXPENSES

	30 June 2023	30 June 2022
	$	$
(a) Other Income		Restated*
Finance Income	130,060	27,336
Rental Income	388,548	38,850
	518,608	**66,186**
(b) Expenses		
Corporate and administration expenses		
Accounting Expenses	252,049	153,825
Legal Fees	35,387	223,434
ASX Fees	68,715	142,379
Audit Fee	117,797	47,106
Investor relations	106,277	29,627
Office Costs	8,062	62,017
Travel Expense	315,538	-
Consulting Expenses	268,967	-
IT Expenses	59,168	-
Stamp Duty	-	220,515
Other	192,534	80,521
	1,424,494	**959,424**

*Refer to note 4 for detailed information on the restatement of comparatives

6. PROFIT/(LOSS) PER SHARE

(a) Reconciliation of Profit/(Loss) used to calculate Profit/(Loss) per Share:

	30 June 2023	30 June 2022
	$	$
		Restated*
Profit/(Loss)	(3,815,270)	(486,708)
Profit/(Loss) used to calculate basic and diluted EPS	**(3,815,270)**	**(486,708)**

(b) Weighted average number of ordinary shares (diluted):

	Number	Number
		Restated*
Weighted average number of ordinary shares outstanding during the period number used in calculating:	91,000,002	56,643,837
Basic EPS (cents per share)	**(4.20)**	(0.86)
Diluted EPS (cents per share)	**(4.20)**	(0.86)

As the Company is in a loss position, the options and performance rights outstanding at 30 June 2023 have no dilutive effects on the earnings per share calculation for 2023.

*Refer to note 4 for detailed information on the restatement of comparatives

7. AUDITORS REMUNERATION

	30 June 2023	30 June 2022
Audit Services	**$**	**$**
Audit and review of the financial statements		
Criterion Audit	7,550	38,000
KPMG	110,247	-
	117,797	38,000
Other Services		
IAR Expenses	-	8,800
Corporate Finance Services	26,125	-
Grant and incentive Services	36,575	-
	62,700	8,800

8. INCOME TAX EXPENSE / (BENEFIT)

(a) **Analysis of tax (credit) / charged in year**

	30 June 2023	30 June 2022
	$	**$**
		Restated*
Current tax expense		
Current Year	-	-
Adjustment for prior period	-	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	(1,292,768)
	-	(1,292,768)
Total tax expense / (benefit)	**-**	**(1,292,768)**

(b) **Numerical reconciliation between tax expense and pre-tax accounting loss**

Profit / (loss) for the year	(3,815,270)	(3,072,244)
Total tax expense / (benefit)	-	(1,292,768)
Profit / (loss) excluding tax	**(3,815,270)**	**(1,779,476)**
Income tax expense at the Australian tax rate of 30% (2022 30%)	(1,144,581)	(533,843)
Share based payments	355,179	124,600
Other non-deductible expenses	5,146	92,660
	(784,256)	(316,582)
Deferred tax assets not recognised	784,256	316,582
Reversal of deferred tax liability recognised**	-	(1,292,768)
	-	**(1,292,768)**

(c) **Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

Deferred Tax Liabilities

Exploration & Development Expenditure	(662,783)	-
Prepayments	(23,220)	(13,120)
Right-of-use asset	(45,791)	(96,772)
Deferred tax assets		
Carry forward tax losses	2,468,159	511,519
Exploration expenditure	-	487,630
Business related costs	120,058	160,078
Lease liability	47,525	96,772
Other	47,147	20,732
Net deferred tax asset/(liability)	1,951,095	1,166,839
Deferred tax asset not recognised***	(1,951,095)	(1,166,839)
Net deferred tax asset/(liability) recognised	-	-

(d) **Unrecognised deferred tax assets and liabilities**

Deferred tax assets have not been recognised in respect of the following items:

Carry forward tax losses	1,951,095	511,519
Other	-	655,320
	1,951,095	1,166,839

* Refer to note 4 for detailed information on the restatement of comparatives. There is specific reinstatement in relation to the tax note set out below.

**The Company acquired Metals Exploration Pty Ltd and its subsidiaries during the prior year from Metals X Limited. The opening balances from Metals X Limited included deferred tax assets and liabilities from Metals Exploration Pty Ltd and its subsidiaries which have been adjusted on joining the Nico tax consolidated group.

***The deferred tax asset has not been recognised as management have assessed it is not probable that future taxable profit will be available.

The net deferred tax asset/liability for 30 June 2022 is nil, consistent with the Consolidated Statement of Financial Position presented. However, the previous disclosure within the tax note of the 30 June 2022 Financial Statements showed a net deferred tax asset of $1,054,580. This amount has been restated to nil as a result of the disclosure of offsetting deferred tax liabilities to reflect the correct presentation of deferred tax balances, which has had no effect on the Consolidated Statement of Financial Position Sheet or Consolidated Statement of Profit and Loss for 30 June 2023 or 30 June 2022.

Tax Consolidation Legislation

The Company acquired Metals Exploration Pty Ltd and its subsidiaries from Metals X Limited in the prior year ended 30 June 2022. The opening balances from Metals X Limited included deferred tax assets and liabilities from the consolidated group of Metals X Limited which was reversed due to the Company forming a tax consolidated group on 19 January 2022.

9. CASH AND CASH EQUIVALENTS

	30 June 2023	30 June 2022
	$	$
		Restated*
Cash at bank and on hand	4,439,771	689,879
	4,439,771	**689,879**

Cash at bank and in hand earns interest at floating rates based on daily at call bank deposit and savings rates. There is additional short-term investments of $40,000 (2022 $9,420,000) classified as other financial assets (refer note 12).

*Refer to note 4 for detailed information on the restatement of comparatives

10. TRADE AND OTHER RECEIVABLES

	30 June 2023	30 June 2022
	$	$
		Restated*
Accounts Receivable	19,349	24,565
Interest Receivable	19,606	26,412
GST Receivable	44,394	28,431
Prepayments	77,401	43,735
Other	36,229	15,000
	196,979	**138,143**

*Refer to note 4 for detailed information on the restatement of comparatives

11. INVENTORIES

	30 June 2023	30 June 2022
	$	$
Stores	48,217	50,511
	48,217	**50,511**

12. OTHER FINANCIAL ASSETS

Current	30 June 2023	30 June 2022
	$	$
		Restated*
Short term investments	40,000	9,420,000
Bank Guarantee	128,337	-
	168,337	**9,420,000**

Short term investments are term deposits that earn interest at fixed rates at various maturity terms. All term deposits have terms and conditions that allow termination within 30 days with immaterial penalties applied.

Non-Current		
Bank Guarantee	-	128,337
	-	**128,337**

*Refer to note 4 for detailed information on the restatement of comparatives

13. PLANT AND EQUIPMENT

	30 June 2023	30 June 2022
Plant and Equipment – At cost	174,667	130,290
Accumulated depreciation	(101,008)	(60,971)
	73,659	**69,319**

(a) Movements in Carrying Value

	30 June 2023	30 June 2022
Balance at beginning the period	69,319	93,911
Additions	44,972	5,401
Disposals	-	-
Depreciation	(40,632)	(29,993)
	73,659	**69,319**

14. RIGHT OF USE ASSETS

The Company entered into a rental lease for their office premises in June 2022. The term of the lease is two years. The value of the right-of-use asset was calculated based on the particulars of the lease. Variables which were taken into account include the lease term and rent per annum. The right-of-use asset is depreciated over the lease term, the depreciation expense and lease liability will be expensed. A discount rate of 3% has been applied. In subsequent reporting periods, the right-of-use asset will be revalued to reflect the remaining life of the lease.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-Use Assets

	30 June 2023	30 June 2022
Balance at beginning the period	322,573	-
Right-of-use asset additions	-	322,573
Adjustment to Right-of-use asset	(12,748)	-
Accumulated depreciation	(157,189)	-
Balance at the reporting date	**152,636**	**322,573**

Lease Liabilities

	30 June 2023	30 June 2022
Balance at beginning the period	322,573	-
Lease Liabilities additions	-	322,573
Accretion of interest	19,942	-
Adjustment to lease liabilities	(17,725)	
Payments	(166,375)	-
Balance at the reporting date	**158,415**	**322,573**

Lease Liabilities – current	158,415	158,870
Lease Liabilities – non-current	-	163,703

Depreciation Expense for rights-of-use assets	157,189	-
Interest Expense on lease liabilities	19,942	-
Total Expense recognised in profit and loss	**177,131**	**-**

15. EXPLORATION AND EVALUATION ASSETS

	30 June 2023	30 June 2022
A reconciliation of the carrying amount or exploration and evaluation expenditure is set out below:		
Carrying amount at the beginning of the period	5,637,563	4,471,191
Impairment	-	-
Exploration expenditure capitalised	3,321,777	1,166,372
	8,959,340	**5,637,563**

16. TRADE AND OTHER PAYABLES

	30 June 2023	30 June 2022
Trade Creditors	384,133	140,878
Accrued Expense	95,128	8,200
Credit Card	-	9,582
Payroll Liabilities	109,461	79,958
	588,722	**238,618**

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

17. PROVISIONS

(a) Current	30 June 2023	30 June 2022
Annual Leave	71,365	28,158
	71,365	**28,618**
(b) Non-Current		
Provision for Rehabilitation	-	15,000
	-	**15,000**

The associated bond held with South Australian Department of Minerals (SA DME) in relation to the rehabilitation provision has been repaid to Nico Resources Limited as the rehabilitation work was completed.

18. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities, and the results of the following subsidiaries in accordance with the accounting policy described in note 2(h):

Controlled Entities	Country of Origin	Percentage owned
Metals Exploration Pty Ltd	Australia	100%
Metex Nickel Pty Ltd (subsidiary of Metals Exploration Pty Ltd)	Australia	100%
Austral Nickel Pty Ltd (subsidiary of Metals Exploration Pty Ltd)	Australia	100%
Hinkley Range Pty Ltd (subsidiary of Metals Exploration Pty Ltd)	Australia	100%

19. ISSUED CAPITAL

	30 June 2023
Ordinary shares	
Issued and fully paid	91,000,002

Movement in ordinary shares on issue	No.	$
Opening balance fully paid ordinary shares of at 1 July 2022	91,000,002	34,126,750
Movement during year	-	-
At 30 June 2023	**91,000,002**	**34,126,750**
Less Capital raising costs	-	(566,782)
Closing balance at 30 June 2023	**91,000,002**	**33,559,968**

		30 June 2022
Movement in ordinary shares on issue	Restated*	Restated*
Fully paid ordinary shares of Metals Exploration Pty Ltd as at 30 June 2021	57,852,195	21,702,253
Issued in specie MLX Jan 2022	20,000,000	4,000,000
Issue IPO Jan 2022	40,000,000	8,000,000
Less adjustment of combination on reverse acquisition of Nico**	(26,852,193)	424,497
At 30 June 2022	**91,000,002**	**34,126,750**
Less Capital raising costs	-	(566,782)
Closing balance at 30 June 2022	**91,000,002**	**33,559,968**

**Adjustment to reflect the equity structure of the legal parent Nico, the accounting acquiree including the equity interests Nico issued to effect the combination with Metals Exploration.

*Refer to note 4 for detailed information on restatement of comparatives

20. RESERVES

	30 June 2023	30 June 2022 Restated*
Share Based Payments Reserve	1,665,686	481,755
Total Reserves	**1,665,686**	**481,755**

Share Based Payments Reserve		
Opening balance	481,755	-
Options/Performance rights expired	-	-
Options/Performance rights vesting/expensed during the year	1,183,931	481,755
Total Reserves	**1,665,686**	**481,755**

*Refer to note 4 for detailed information on restatement of comparatives

The share-based payments reserve records items recognised as expenses on valuation of employee share options and performance rights. Share options and performance rights are issued for nil consideration. The exercise price of the share options is determined by the Directors in their absolute discretion and set out in the Offer provided that the exercise price is not less than the average Market Price on ASX on the five trading days prior to the day the Directors resolve to grant the Options or performance rights.

Any options that are not exercised by their expiry date will lapse. Upon exercise, these options will be settled in ordinary fully paid shares of the Company. The Options can be exercised in whole or part at any time up to and including the Expiry Date by lodging and Option Exercise Notice accompanied by the payment of the exercise price.

21. SHARE BASED PAYMENTS

OPTIONS AND PERFORMANCE RIGHTS HELD BY KEY MANAGEMENT PERSONNEL

Equity -settled share-based payments

On 25 August 2021 the group established a share option and performance right program to entitle key management personnel and employees to purchase and obtain shares in the Company. The Company also issues options as consideration to third parties. The key terms and conditions related to the grants under these programmes are as follows; all instruments are to be settled by the issue of shares.

Grant Date/employees entitled	Number of Instruments	Vesting Conditions	Contractual Life of Options
Options granted to key management personnel			
On 29 July 2021	9,000,000	None	2 years
On 17 February 2022	1,000,000	6 months' service from commencement	3 years
On 17 February 2022	1,000,000	1 years' service from commencement*	3 years
On 17 February 2022	1,000,000	2 years' service from commencement*	3 years
On 6 October 2022	250,000	Commencement of service	3 years
On 6 October 2022	250,000	1 years' service from commencement**	3 years
On 6 October 2022	250,000	2 years' service from commencement**	3 years
On 6 October 2022	300,000	6 months' service	3 years
On 6 October 2022	300,000	1 years' service from commencement	3 years
On 6 October 2022	300,000	2 years' service from commencement	3 years
On 24 March 2023	3,000,000	1 years' service from commencement	3 years
On 4 May 2023	(500,000)	None**	-
Options granted to employees			
On 17 November 2022	150,000	6 months' service from commencement	3 years
On 17 November 2022	150,000	1 years' service from commencement	3 years
On 17 November 2022	150,000	2 years' service from commencement	3 years
On 5 February 2023	150,000	6 months' service from commencement	3 years
On 5 February 2023	150,000	1 years' service from commencement	3 years
On 5 February 2023	150,000	2 years' service from commencement	3 years
Other options on issue			
On 10 January 2022	800,000	None	3 Years
On 15 September 2021	25,000,000	None	2 Years
Total Share Options	**42,850,000**		
Performance rights granted to key management personnel			
On 30 June 2023	250,000	1 years' service from commencement	3 years
On 30 June 2023	250,000	2 years' service from commencement	4 years
On 30 June 2023	834,000	Share price meets a 5 day VWAP of $0.75	5 years
On 30 June 2023	833,000	Share price meets a 5 day VWAP of $1.00	5 years
On 30 June 2023	833,000	Share price meets a 5 day VWAP of $1.25	5 years
Total Performance Rights	**3,000,000**		

*Resigned on 28 April 2023 and the Board decided the options would not be forfeited due to not meeting the service conditions. Consequently, this resulted in a beneficial modification and as such has been accelerated to recognise the expense in full.

**Resigned on 4 May 2023 therefore options were forfeited due to not meeting the service conditions. Consequently, the expense was reversed in full.

21. SHARE BASED PAYMENTS (continued)

Valuation Assumptions

The following valuation assumptions were used.

- For the 3,000,000 Directors' options the valuation was performed internally using the Black-Scholes option valuation model.
- For the 900,000 employee options valuation was conducted by an independent third party using the Black-Scholes option valuation model.
- For the 1,650,000 employee options valuation the valuation was done by an independent third party using the Black-Scholes option valuation model
- For the 2,500,000 performance rights for a related party, the valuation was conducted by an independent third party using the Monte Carlo simulation using the Hoadley's ESO Hybrid- Model Single Share Price Target Consec Days model.
- For 500,000 performance rights for a related party, the valuation was performed internally based on the share price as at 30 June 2023.

See below table for valuation details.

Date Granted	Number Of Options	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility	Underlying Share Price	Fair Value Per Options
OPTIONS							
6 Oct 2022(i)	250,000	$0.70	6-Oct-25	3.34%	100%	$0.63	$0.3857
6 Oct 2022(ii)	250,000	$0.78	6-Oct-25	3.34%	100%	$0.33	$0.3724
6 Oct 2022(iii)	250,000	$0.86	6-Oct-25	3.34%	100%	$0.63	$0.3602
6 Oct 2022(ii)	150,000	$0.70	6-Oct-25	3.34%	100%	$0.63	$0.3857
6 Oct 2022(iii)	150,000	$0.78	6-Oct-25	3.34%	100%	$0.63	$0.3724
6 Oct 2022(iv)	150,000	$0.86	6-Oct-25	3.34%	100%	$0.63	$0.3602
6 Oct 2022(ii)	150,000	$0.70	6-Oct-25	3.34%	100%	$0.63	$0.3857
6 Oct 2022(iii)	150,000	$0.78	6-Oct-25	3.34%	100%	$0.63	$0.3724
6 Oct 2022(iv)	150,000	$0.86	6-Oct-25	3.34%	100%	$0.63	$0.3602
17 Nov 2022(ii)	150,000	$0.76	22-Jan-26	3.05%	91%	$0.58	$0.3083
17 Nov 2022 (iii)	150,000	$0.85	22-Jan-26	3.05%	91%	$0.58	$0.2945
17 Nov 2022 (iv)	150,000	$0.94	22-Jan-26	3.05%	91%	$0.58	$0.2820
6 Feb 2023(ii)	150,000	$0.79	05-Feb-26	3.05%	91%	$0.57	$0.2969
6 Feb 2023(iii)	150,000	$0.88	05-Feb-26	3.05%	91%	$0.57	$0.2832
6 Feb 2023(iv)	150,000	$0.97	05-Feb-26	3.05%	91%	$0.57	$0.2709
24 Mar 2023(iii)	3,000,000	$0.64	23-Mar-26	3.05%	100%	$0.52	$0.3070
PERFORMANCE RIGHTS							
3 April 2023(iii)*	250,000	N/A	3-Apr-24	N/A	N/A	$0.47	$0.4650
3 April 2023(iv)*	250,000	N/A	3-Apr-25	N/A	N/A	$0.47	$0.4650
3 April 2023(v)*	834,000	N/A	3-Apr-28	3.95%	94.7%	$0.465	$0.38
3 April 2023(vi)*	833,000	N/A	3-Apr-28	3.95%	94.7%	$0.465	$0.36
3 April 2023(vii)*	833,000	N/A	3-Apr-28	3.95%	94.7%	$0.465	$0.33

(i)The grant doesn't include any service conditions so vests immediately.
(ii)The grant includes service conditions that vest after 6 months of service.
(iii)The grant includes service conditions that vest after 1 year of service.
(iv)The grant includes service conditions that vest after 2 years of service.
(v)The grant includes share price target of $0.75 (5 day vwap)
(vi)The grant includes share price target of $1.00 (5 day vwap)
(vii)The grant includes share price target of $1.25 (5 day vwap)
*Valued at a provision grant date of 30 June 2023 pending AGM shareholder approval and the date shown is the commencement date

The options and performance rights valuation of $1,183,931 has been expensed through the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

21. SHARE BASED PAYMENTS (continued)

OPTIONS	30 June 2023 No.	30 June 2023 Weighted average exercise price $
Opening Balance	37,800,000	0.261
Issued/Granted during the period	5,550,000	0.718
Exercised during the period	-	-
Forfeited during the period	(500,000)	(0.820)
Lapsed during the period	-	-
Total Issued outstanding as at 30 June 2023	**42,850,000**	**0.314**
Total vested and exercisable	**38,350,000**	**0.274**
PERFORMANCE RIGHTS		
Opening Balance	**-**	-
Issued/Granted during the period*	3,000,000	-
Total Issued outstanding as at 30 June 2023*	**3,000,000**	**-**
Total vested	**-**	-

* subject to AGM approval and provisionally granted/issued as at 30 June 2023

OPTIONS	30 June 2022 No.	30 June 2022 Weighted average exercise price $
Opening Balance	-	-
Granted during the period	37,800,000	0.263
Exercised during the period	-	-
Lapsed during the period	-	-
Total Options outstanding as at 30 June 2023	**37,800,000**	**0.263**
Total vested and exercisable	**35,800,000**	**0.252**

Weighted average remaining contractual life of share options

The weighted average remaining contractual life for the share options outstanding as at 30 June 2023 is 1.4 years.

22 PROJECT EXPENDITURE COMMITMENTS

	30 June 2023	30 June 2022
Planned project expenditure commitments contracted for:		
Exploration Permits	585,671	1,283,342
	585,671	**1,283,342**
Payable:		
- not later than 12 months*	263,000	608,000
- between 12 months and 5 years	322,671	675,342
- more than 5 years	**-**	**-**
	585,671	**1,283,342**

*The Company has commercial leases over the tenements in which the mining operations are located. To maintain current rights to explore and mine the tenements, the Company is required to perform minimum exploration work to meet the expenditure requirements specified by the relevant state governing authority.

23. RELATED PARTY DISCLOSURES

Amounts Payable to Related Parties

(a) Parent entity
The ultimate parent entity within the Group is Nico Resources Limited.

(b) Subsidiaries
Interests in subsidiaries are set out in note 18.

(c) Compensation

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

	30 June 2023	30 June 2022 Restated*
Short-term employee benefits	696,444	343,290
Post-employment benefits	73,127	34,330
Non-cash benefits	6,878	-
Short Term Incentives	41,455	-
Share-based payments	829,547	415,334
	1,647,451	**792,954**

*Refer to note 4 for detailed information on restatement of comparatives

Other than the above, there were no other related party payables at the reporting date.

24. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2023.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risks

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets. The main risks the Group is exposed to through its financial instruments are interest rate risk and liquidity risk.

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security. Primary responsibility for the identification and management of financial risks rests with the Board.

Financial Instruments

	30 June 2023	30 June 2022
Financial Assets		Restated*
Cash and cash equivalents	4,439,771	689,679
Trade and other receivables	196,979	138,143
Other financial assets	40,000	9,420,000
Total financial assets	**4,676,750**	**10,247,822**
Financial Liabilities		
Trade and other payables	588,722	238,618
Lease liabilities	158,415	322,573
	747,137	**561,191**

*Refer to note 4 for detailed information on restatement of comparatives

i Liquidity risk

Liquidity risk refers to the risk that the Group will have insufficient funds to meet its operational requirements. The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business. The responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Group's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration and development activities over the next 12 months.

	1 year	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount assets/(liabilities)
As at 30 June 2023						
Financial Liabilities						
Trade and other payables	(588,722)	-	-	-	(588,722)	(588,722)
Lease Liabilities	(174,366)	-	-	-	(174,366)	(158,415)
Total	**(763,088)**	**-**	**-**	**-**	**(763,088)**	**(747,137)**

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	1 Year	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/liabilities
As at 30 June 2022						
Financial Liabilities						
Trade and other	(238,618)	-	-	-	(238,618)	(238,618)
Lease Liabilities	(185,826)	(174,336)	-	-	(360,162)	(322,573)
Total	**(424,444)**	**(174,336)**	**-**	**-**	**(598,780)**	**(561,191)**

ii Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash.

The Company's cash and cash equivalents at 30 June 2023 are fixed interest rate financial instruments. Therefore, they are not subject to interest rate risk.

iii Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting ion financial loss to the Group. The Group has no significant concentrations of credit risk other than cash at bank which is held with the National Australia Bank a AA- rated Australian bank. The maximum exposure to credit risk at reporting date is the carrying amount (net of provision of expected credit losses) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Group does not presently have any material debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained. Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.

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

Fair values

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

26. EVENTS AFTER REPORTING DATE

The Company issued 550,000 options issued to employees on 10 July 2023 with the following conditions:

- 183,333 Options with an exercise price of $0.64 with an expiry 9 July 2026 with no conditions.
- 183,333 Options with an exercise price of $0.69 with an expiry 9 July 2026 and with a 1 Year Service condition from the grant date.
- 183,334 Options with an exercise price $0.76 with an expiry 9 July 2026 and with a 2 Year Service condition from the grant date

The Company announced on 19 September 2023 a pro-rata non-renounceable entitlement offer (entitlement Offer) to raise $7.3 million (before costs).

The Entitlement Offer is fully underwritten by Blue Ocean Equities Pty Limited on the terms and conditions of an Underwriting Agreement with the Company. The Underwriter has entered into sub-underwriting agreements with Mr Peter Cook, Mr Jonathan Shellabear and Mr Stewart Findlay for sub-underwriting of up to 2.5 million New Shares for a total sub-underwriting commitment of $1 million.

The Director Sub-Underwriters have waived their respective sub-underwriting fees and will therefore not receive a fee for the Director Sub-Underwriting Commitment.

The fully underwritten entitlement is offering one (1) new Share for every five (5) Shares to eligible shareholders on the Record Date of 25 September 2023, at an issue price of $0.40 per New Share to raise approximately $7.3 million (before costs) issuing approximately 18,200,000 new ordinary shares. Closing date for the offer is 10 October 2023.

As at the date of the Entitlement Offer, Metals X Limited, Mr Peter Cook (Non-Executive Chairman) and Mr Jonathan Shellabear (Managing Director), have committed to take up the whole of their pro-rata entitlement under the Entitlement Offer totaling 3.13 million shares amounting to approximately $1.25 million. In addition, Mr Peter Cook, Mr Jonathan Shellabear and Non-Executive Director, Mr Stewart Findlay, have also provided general sub-underwriting for a further 2.5 million shares with a value of $1 million.

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

27. CASHFLOW INFORMATION

	30 June 2023	30 June 2022 Restated*
Reconciliation from the net profit/loss after tax to the net cash flows from operations		
Net profit/(loss) for the period	(3,815,270)	(486,708)
Non-cash		
Share based payment expense	1,183,931	415,334
Depreciation	197,821	29,993
Changes in assets and liabilities:		
Trade and other receivables	(58,836)	(89,158)
Inventories	2,294	(21,810)
Deferred Tax Assets	-	57,573
Deferred tax Liabilities	-	(1,350,340)
Provisions	28,207	28,158
Trade and other payables	268,085	435,250
Net cash from/(used in) operating activities	**(2,193,768)**	**(981,708)**

*Refer to note 4 for detailed information on restatement of comparatives, only restatement C relates to this note

28. PARENT NOTE

The following information has been extracted from the books and records of the legal parent, Nico Resources Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Nico Resources Limited has been prepared on the same basis as the consolidated financial statements.

Investments in subsidiaries
Investments in subsidiaries, are accounted for at cost in the financial statements of the parent entity.

	30 June 2023	30 June 2022 Restated*
Consolidated Statement of Financial Position		
Assets		
Current assets	4,596,208	10,610,431
Non-current assets	7,707,592	$4,497,302
Total Assets	**12,303,800**	**15,107,733**
Liabilities		
Current liabilities	578,989	310,340
Non-current liabilities	-	163,703
Total Liabilities	578,989	474,043
Net Assets	**11,724,811**	**15,581,776**
Equity		
Issued capital	16,883,220	16,883,220
Accumulated losses	(9,209,033)	(4,168,137)
Share Based Payments Reserve	4,050,624	2,866,693
Total Equity	**11,724,811**	**15,581,776**
Consolidated Income Statement		
Total loss for the year	(7,492,529)	(1,601,880)
Total comprehensive loss	**(7,492,529)**	**(1,601,880)**

*Refer to note 4 for detailed information on restatement of comparatives, only Restatement A, B, D and E affects Note 28

DIRECTORS DECLARATION

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

1. In the opinion of the Directors:

   (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date.

      (ii) complying with Australian Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board and *Corporations Regulations 2001*.

   (b) There are reasonable grounds to believe that the Group's will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001*.

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

Jonathan Shellabear
Managing Director and CEO

Dated this 29 day of September 2023

Independent Auditor's Report

To the shareholders of Nico Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Nico Resources Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- 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
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises the:

- Consolidated statement of financial position as at 30 June 2023
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- The Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Exploration and evaluation expenditure capitalised.
- Restatement of comparative information

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.

Exploration and evaluation expenditure capitalised ($8,959,340)	
Refer to Note 15 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Exploration and evaluation expenditure capitalised (E&E) relating to the Central Musgrave project is a key audit matter due to: • the significance of the balance (being 64% of total assets); and • the greater level of audit effort to evaluate the Group's application of the requirements of the accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*. This includes the analysis of the conditions allowing capitalisation of relevant expenditure and in particular the assessment of the presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed. In assessing the conditions allowing capitalisation of relevant expenditure, we focused on the determination of its area of interest, documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group's intention and capacity to continue the relevant E&E activities. In assessing the presence of impairment indicators, we focused on: • the Group's determination of the expectation of E&E to be recovered in full through successful development of the area of interest, or alternatively, by its sale; and • the ability of the Group to fund the continuation of activities.	Our procedures included: • evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; • assessing the Group's determination of its areas of interest for consistency with the definition in the accounting standard. • assessing the Group's current rights to tenure for the Central Musgrave project by checking the ownership of the relevant licenses to government registries. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses; • testing the Group's additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard; • evaluating documents, such as minutes of Board meetings and ASX announcements for consistency with their stated intentions for continuing E&E activities. We challenged this through interviews with key operational and finance personnel; • analysing the Group's determination of recoupment through successful development and exploitation of the Central Musgrave project by evaluating the Group's documentation of planned future/continuing activities including project and corporate budgets; • assessing the Group's cash flow budget including planned expenditure for the Central Musgrave Project, for evidence of the Group's ability to fund continued E&E activities based on current funding levels and expected future cash flows for the 2024 financial year.

Restatement of comparative information	
Refer to Note 4 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The financial report of the Group for the year ended 30 June 2022 was audited by another auditor who issued an unmodified opinion on that financial report on 30 September 2022. During our first year as auditor, we identified errors in the comparative information. These errors included: • the accounting for the acquisition of Metals Exploration Pty Ltd and its controlled subsidiaries ("Metals Exploration") from Metals X Ltd treated as a reverse acquisition with an inaccurate calculation of the transaction consideration for the purchase of the identifiable net assets of the Company; • the accounting for an equity characterised shareholder loan forgiveness through profit and loss; • the classification of a significant balance of short-term investments as cash and cash equivalents. Comparative information is presented in the financial report to provide context to current year numbers. If we become aware of a possible material misstatement in the prior year, we perform additional procedures to determine whether a material misstatement exists. This is considered to be a key audit matter due to the significant impact on the financial report and the Group's consideration of revising the presentation of these transactions in the financial report. This includes the consideration of restatement of prior year amounts using AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, which we consider to be fundamental to users understanding of the financial report. Our opinion is not modified in respect of this matter.	Our procedures included: • obtaining and reading the underlying contractual agreements related to the areas subject to restatement, such as the Purchase and Sale Agreement for Metals Exploration and Shareholder Loan forgiveness Deed. • comparing the conditions in the contractual agreements to the relevant accounting standards, examining key features for their input to interpretations and judgements of the standards. • reassessing the Group's stated interpretation of the Metals Exploration transaction against the accounting principles of Australian Accounting Standards, including AASB *2 Share-based Payment*; • reassessing the Group's valuation of the transaction consideration to acquire the net assets of the Company with respect to the underlying fair value of those individual assets and liabilities as well as an assessment of whether any unidentifiable goods or services were transferred as part of the transaction; • reperforming the calculation of the required adjustments including share capital, share based payments reserve and corporate restructuring expense, to assess consistency with the accounting treatment and checking mathematical accuracy; • reassessing the Group's accounting treatment of the shareholder loan forgiveness against the requirements of accounting standards; • obtaining the contractual terms of balances held at bank as at 30 June 2022, reassessing the Group's classification in the financial report against the accounting principles of Australian Accounting Standards, including AASB 107 *Statement of Cash Flows*; • assessing the adequacy of associated disclosures in the financial report against the requirements of the accounting standards, including AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors for the restatement of prior year amounts.

Other Information

Other Information is financial and non-financial information in Nico Resources Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error
- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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 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

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

Emphasis of matter – Restatement of comparative balances

We draw attention to page 27 to the Remuneration Report, which describes the effect of the restatement of share-based payments disclosed as comparatives.

Our opinion is not modified in respect of this matter.

The Remuneration Report of the Group for the year ended 30 June 2022 was audited by another auditor who issued an unmodified opinion on that Remuneration Report on 30 September 2022.

Directors’ 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 responsibilities

We have audited the Remuneration Report included in pages 24 to 31 of the Directors’ report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Glenn Brooks

Partner

Perth

29 September 2023

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 22 September 2023.

Voting Rights

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.

Options

No voting rights.

Distribution of Equity Security Holders

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	344	198,171	1.00%
above 1,000 up to and including 5,000	1,056	2,517,226	2.77%
above 5,000 up to and including 10,000	342	2,666,178	2.93%
above 10,000 up to and including 100,000	487	14,900,456	16.37%
above 100,000	77	70,717,971	77.71%
Totals	2,306	91,000,002	100.00%

Unmarketable Parcel of Ordinary Shares

	Minimum Parcel Size	Holders	Units
Minimum 500 parcel at $0.4050 per unit	1235	501	373,211

Top 20 Largest Shareholders

Position	Name	Units	% Units
1	BLACKSTONE MINERALS LIMITED	13,750,000	15.11%
2	MR RODERICK PAUL CORPS	11,336,061	12.46%
3	METALS X LIMITED	7,700,000	8.46%
4	AJAVA HOLDINGS PTY LTD	4,600,000	4.95%
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT DRP>	4,424,036	4.86%
6	FARJOY PTY LTD	3,158,669	3.47%
7	MR PETER GERARD COOK + MRS JOAN CHRISTINE COOK <COJO SUPER FUND A/C>	2,500,000	2.75%
8	MRS LEONIE MARY HALLAM + MR WARREN SHAYE HALLAM <THE HALLAM S/F A/C>	2,000,001	2.20%
9	ALLOY CONSULTING PTY LTD	1,796,531	1.97%
10	NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>	1,650,000	1.81%
11	GOEN PTY LTD <JEFF A/C>	1,500,000	1.65%
12	PANTON NOMINEES PTY LTD	1,483,738	1.63%
13	BNP PARIBAS NOMS PTY LTD <DRP>	1,305,679	1.43%
14	JINCHUAN GROUP LTD	1,212,541	1.33%
15	CITICORP NOMINEES PTY LIMITED	1,103,859	1.21%
16	MR JONATHAN NICHOLAS SHELLABEAR	691,445	0.76%
17	QY LONG RIVER PTY LTD	500,000	0.55%
18	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	400,985	0.44%
19	78 QUARRY ROAD PTY LTD <DAVID FERGUSSON FAMILY A/C>	383,267	0.42%
20	MR FRANCOIS CHARLES SCHMID	370,000	0.41%
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**61,866,812**	**67.99%**
Total Remaining Holders Balance		**29,133,190**	**32.01%**

Securities exchange listing

The Company is listed on the Australian Securities Exchange under NC1 ASX code.

Address

The address of the principal place of business in Australia is Level 6 190 ST Georges Tce Perth WA 6000, and its registered office is Level 8, 216 St Georges Terrace Perth WA 6000.

Option Equity Securities as at 21 September 2023
Total options on issue 43,400,000

INTEREST IN EXPLORATION TENEMENTS

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

NICO RESOURCES LTD

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