QUARTERLY REPORT DECEMBER 23

ASX ANNOUNCEMENT 29 JANUARY 2024



ASX: NC1

Board

Peter Cook
Non-Executive Chairman

Jonathan Shellabear

Managing Director/CEO

Rod Corps
Non-Executive Director

Stewart Findlay
Non-Executive Director

Brett Smith
Non-Executive Director

Issued Capital

109.20M shares on issue 43.10M unlisted options 3.00M Performance shares

Market Capitalisation

\$26.75 million

Enterprise Value

\$19.36 million

Cash at Bank (31-Dec-23)

\$7.39 million

Nico Resources Limited

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Nico Resources Limited ("**Nico**" or the "**Company**") is pleased to present a summary of activities for the guarter ended 31 December 2023.

The current weakness in the nickel market is principally due to the significant increase in supply from Indonesian laterite projects. It is estimated that at least half of global production (including some Indonesian production) is loss making at the current prices. The Company's Wingellina Project ("Wingellina" or the "Project") is a world-class, globally significant project that is characterised by its long life, low production costs and high operating margins. At current nickel prices of around US\$16,000/tonne the Project would, if operational, be generating strong after-tax operating cashflows¹. Nico recognises the inherent unrealised value in the Project and will judiciously continue to advance development of the Project for the benefit of all stakeholders.

The developments during the December quarter are discussed in more detail below.

KEY HIGHLIGHTS

- The results received to date from a comprehensive metallurgical testwork program at ALS Laboratories show that ore from the Wingellina has characteristics ideally suited for High Pressure Acid Leach ("HPAL") processing and that additional operating benefits are available which will provide a reduction in both operating and capital costs.
- The updated resource model is nearing completion following definition and interpretation of the geological and regolith domains for the Wingellina orebody. The resource model, when combined with data generated from the current and previous metallurgical testwork, will allow for the development of a geo-metallurgical model for the Project.
- Results from a representative selection of 300 existing reverse circulation ("RC") drill
 pulps from the Lewis Calcrete Deposit were received from Intertek Laboratories after
 Acid Neutralisation Capacity ("ANC") analysis. The calcrete resource at the Lewis deposit
 will provide enough neutralising agent for the HPAL process for at least the first 30 years
 of production.
- Nico has applied to the NT Government for a 10 hectare parcel of land at Brewer Estate, an Industrial Estate south of Alice Springs, for use as a logistics hub for the Project.
- The Giles-Mulga Park Road RAV 10 realignment and upgrade progressed during the quarter with consultants Wood completing the initial preliminary design. This design will provide the basis of consultations with the various stakeholders.
- The Company continued to engage under confidentiality agreements with potential strategic partners that have both the technical and financial capacity to assist with the development of the Project.

¹ Refer to ASX release 22 December 2022 "PFS confirms Wingellina as Tier 1 Nickel-Cobalt Project".



QUARTERLY ACTIVITIES

Summary of quarterly activities is presented below.

PROCESSING AND METALLURGY

During the December Quarter, ALS Laboratories continued the bench scale metallurgical testwork program which commenced in the September quarter. These metallurgical programs will significantly contribute to the ongoing development of the Wingellina project and allow the commencement of the DFS. The testwork will generate the following relevant information for the DFS:

- Metal recovery data;
- Stream composition data and physical property data (including rheology);
- Bulk solids materials handling properties;
- Key equipment sizing data;
- Materials of construction data;
- Reagent consumption and waste composition data; and
- Product specification and purity.

Samples for testwork

Samples for limonite testwork were sourced from a Bauer drilling campaign conducted in 2013. During this campaign four 30 meter holes were drilled to generate bulk samples for metallurgical testwork. Holes three and four were selected as sources for the current program since they represented areas of the deposit that were identified for early processing during prefeasibility studies and are representative of the predominant limonite ore type within the Wingellina deposit. The typical limonite ore is shown in Figure 1 below.

Limonite ore characterisation and variability

A total of 54 limonite sub-samples were subjected to chemical analysis. Elements tested included payable metals, nickel and cobalt, as well as other elements required to understand the mineralogical composition of the ore. Test work was also completed to assess the potential acid consumption during HPAL processing. Table 1 shows the average grades for each Bauer hole from 3 to 30 meters.

In both holes high magnesium carbonate concentrations were present in the sections between 7 and 9 meters. Hole 3 showed significantly higher Si values than Hole 4 with the latter having higher Fe and Cr values. However, the combination of samples from holes 3 and 4 provides a typical limonite ore sample for test work that demonstrates a reasonable representation of the overall orebody.

In summary, the Wingellina limonite ore is a high iron goethite which makes it extremely amenable to HPAL treatment. The ore is very similar to the Moa Bay nickel laterite deposit which has been extracting nickel from the HPAL process since the late 1950's.





Figure 1. Limonite Ore from Wingellina being prepared for testing

Assay	Hole 3 (%)	Hole 4 (%)	HPAL Feed*
Ni	1.21	1.26	1.21
Со	0.080	0.075	0.082
Fe	32.8	40.6	37.5
Si	10.6	3.1	6.8
Al	5.3	6.1	5.7
Mg	1.86	1.33	0.76
Ca	0.45	0.42	0.72
Cr	0.55	1.80	1.33
Mn	0.59	0.73	0.65
Ti	0.28	0.34	0.37
Na	0.25	0.15	0.04
C as CO3	2.79	3.19	-
LOI_1000	13.5	15.7	-

^{*} Beneficiated HPAL feed sample generated for Hydromet Bench Testwork.

Table 1. Limonite Average Concentrations in Holes 3 and 4



Limonite – Elemental Distribution by Size

Complete size-by-size assays on 54 samples generated 8,400 data points of assay vs particle size mass distribution. The method involved active screening, breaking up friable agglomerates in the process to emulate the action of a scrubber. A further 10 samples were also subjected to "natural screening" which clearly demonstrated the need for scrubbing to breakdown the agglomerated particles.

The size-by-size data also provides a means to determine the distribution of payable metals (nickel and cobalt) and gangue elements by size fraction. To appreciate the contribution of both nickel and cobalt, a Nickel Equivalent (Ni Eq) value was calculated using the formula: Ni Eq $\% = Ni\% + 1.5 \times Co\%$

The weighting of the contribution from cobalt is based on historical metal prices and potential recovery and refining credits from MHP refining. Importantly the concentration of gangue elements such as Al, Mg, Ca, Mn and Fe in the various samples and size fractions can also be assessed and used to estimate the potential sulphuric acid consumption during HPAL processing.

Initial analysis of the size-by-size assays focussed on the potential for beneficiation of the ore prior to HPAL. Figure 2 provides a typical plot of elemental distribution by size fraction for one of the samples.

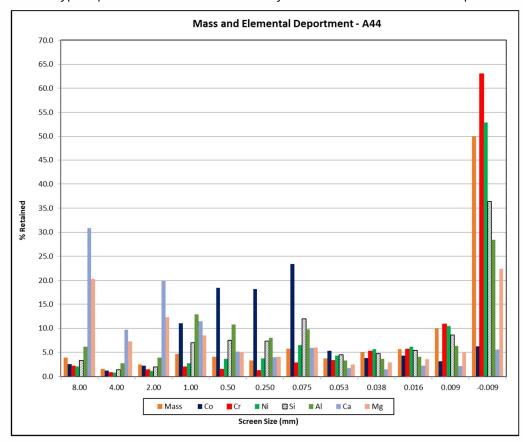


Figure 2. Typical Plot of Mass and Elemental Distribution by Size Fraction



Although there was significant variation between individual samples, each representing a 1-meter section, the following trends were witnessed:

- Approximately 50% of the mass is below 10 micron containing nickel concentrations above the average grade with high Fe and Cr concentrations;
- Approximately 80% of the mass is below 75 micron with a slight upgrade in Ni Eq;
- Cobalt is concentrated in the intermediate size fractions between 75 micron and 2 mm, therefore these intermediate size fractions typically display an elevated Ni Eq;
- Coarse fractions are increasingly depleted of nickel and cobalt, and enriched with acid consumers Al, Mg and Ca, with increasing particle size. The acid consuming minerals were found to be gibbsite, magnesite and calcite;
- Coarse fractions can be rejected based on Ni Eq grade. Ideal cut-off screen size for rejection varies between sections from 0.5 to 1.0 and 2.0 mm;
- Coarse fractions mainly consist of calcite and magnesite with elevated gibbsite values. See Figure 3 below for a photo of the typical coarse fraction after scrubbing.



Figure 3. Coarse Material containing calcite, magnesite and gibbsite.

Figure 4 shows the mathematically calculated "grade-recovery" curves for the combined samples from holes 3 and 4. On average, upgrades of up to 7% (0.5mm cut-off), 6% (1mm cut-off) and 4-5% (2 mm cut-off) can theoretically be obtained with only minor loss of nickel and cobalt to the coarse reject fraction.

It is envisaged that the ore preparation pilot plant will be assembled to allow flexible operation to enable rejection of the coarse fraction at different screen sizes and optimization for the ore variability.



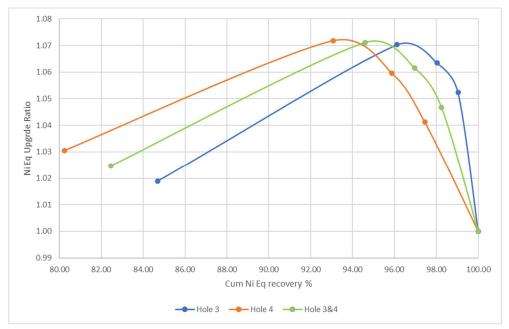


Figure 4. Calculated Ni Eq upgrade ratios for Holes 3 & 4 with increasing cut-off size (0.075 mm, 0.5 mm, 1.0 mm, 2.0 mm)

Chromite Removal by Limonite Scrubbing and Gravity Concentration

Some HPAL processing plants suffer excessive wear of equipment due to the presence of chromite mineral particles in the ore. To assess the potential for chromite removal, 25 kg of each of 15 selected samples were subjected to scrubbing and screening, followed by gravity concentration testing of the intermediate size fraction on a Wilfley table. The results indicated that chromite mineral particles could not be separated as a concentrated stream from the ore. Consequently, it was concluded that the ore body contained insignificant amounts of chromite and that the chrome is a substitute and is contained within the goethite mineral lattice.

It is therefore unlikely that a chromite removal circuit would be required for the Project due to the lack of chromite within the Wingellina orebody. This will also significantly reduce mineral abrasion wear rates on equipment and result in a reduction in on-going maintenance costs.

HPAL bench scale testing sample

Two samples from hole 3 and hole 4 each were selected to prepare a composite for HPAL testing. The samples were initially individually subjected to scrubbing and screening, to reject the lower grade coarse fractions. Grinding to a +75 micron fraction was then completed prior to combination to make a beneficiated blend for the HPAL bench testwork. The assay of the feed sample prepared for HPAL tests (HPAL Feed) is shown in Table 1.

The effect of beneficiation of these samples was calculated from the combination of test data from the individual samples. The graph below (Figure 5) shows the theoretical cumulative grade-recovery relationship for the combined sample and for the expected beneficiated Blend sample, based on individual cut-offs. The theoretical acid consumption has also been calculated.



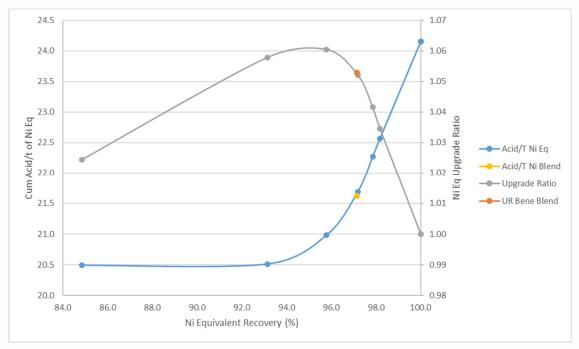


Figure 5. Calculated Ni Eq upgrade ratios for Holes 3 & 4 with increasing cut-off size

As a result of the beneficiation the results in Table 2 are calculated to be achievable. The rejection of the coarser, low Ni Eq grade and high acid consuming fractions results in an increase in acid efficiency of 12% while increasing the HPAL feed grade by 5.3%. There is potential to improve the HPAL feed acid intensity further by rejecting at a lower cut size.

Assay	Units	Unbeneficiated	Beneficiated	Improvement
Acid Consumption	Kg/t	318	300	6.0%
Mass recovery	%	100	92.3	7.7%
Ni Eq recovery	%	100	97.1	-2.9%
Ni Eq Feed Grade	%	1.33	1.40	5.3%
Ni Eq Upgrade ratio	-		1.053	5.3%
Acid Intensity	t Acid/t Ni	24.2	21.6	12.0%

Table 2. Implied HPAL Feed improvements through Beneficiation of composite sample

HPAL bench scale testing

The rheological behaviour of laterite ores greatly influences the viability of any HPAL project. The main technical challenges relate to the flowability of laterite slurries during pipeline transport, liquid-solid separation processes, indirect heat exchange processes and equipment design and high temperature sulfuric acid leaching.

Rheology testing on Wingellina ore confirmed that the feed slurry would be pumpable at a solids concentration of 48% compared to that of around 40% observed at other HPAL plants. This is principally a result of the minimal clay content of the Wingellina ore. The high solids content of Wingellina ore has a significant benefit to both the capital and operating costs of the Project.



A series of preliminary bench scale HPAL tests has also been performed on the beneficiated composite sample. The following preliminary conclusions can be drawn:

- Nickel and cobalt extractions above 95% are achievable at a temperature between 245 to 260 °C and acid addition of between 270 and 330 kg/t; and
- The leach is essentially completed within 60 minutes.

The tests confirm the acid addition regime and temperatures that lead to satisfactory nickel and cobalt extractions. Further optimisation and confirmatory tests are planned after the geo-metallurgical model has been finalised.

The Lewis Calcrete Deposit

Calcrete is an important consumable in the HPAL process and is used as a neutralization agent. The Lewis Calcrete deposit is located approximately 25 kilometres north of the Project and the use of a locally sourced calcrete will significantly reduce the operating costs by minimising the cost of imported lime. During the September quarter, CSA Global completed a preliminary resource estimate for the Lewis Calcrete deposit which is summarised (at a 36% CaO cut-off grade) in Table 3 below.

The Lewis Calcrete deposit should provide all the calcrete requirements for the life of the project and the initial resource will provide enough calcrete for at least the first 30 years of production.

Domain	Tonnage (Mt)	CaO (%)	MgO (%)	Al ₂ O ₃ (%)	Fe ₂ O ₃ (%)	SiO ₂ (%)	LOI (%)
Area 1	10.7	42.7	1.0	1.2	0.7	19.3	34.8
Area 2	14.5	38.8	1.1	1.8	1.0	36.0	32.3
Area 3	6.7	42.8	1.0	1.6	0.9	17.8	35.2
Area 4	17.4	42.5	1.2	1.4	0.8	18.6	34.9
Total	44.8	42.5	1.1	1.4	0.8	22.6	34.9

Table 3. Lewis Calcrete Inferred Resource

Calcrete Characterization

During the quarter sub-samples of calcrete from the Lewis deposit were taken to produce a composite sample for bench scale testwork with a 35.1% CaO assay and the following characteristics as shown in Table 4 below.

	Units	Value
Composition		
CaCO ₃	%	62.8
SiO ₂	%	29.2
Al ₂ O ₃	%	2.7
MgCO ₃	%	2.5
Fe ₂ O ₃	%	1.4
K ₂ O	%	0.6
Acid Neutralizing Capacity	kg H ₂ SO ₄ /t	633

Table 4. Calcrete test sample characteristics



The calcrete samples obtained by reverse circulation drilling were screened and size-by size assays performed on selected samples. The mass distribution for these samples was similar with typically 20% in the +2mm fraction, 11%, 11% and 12% in each of the +1.0mm, +0.5mm and +0.25mm fractions, 17% in the +75 micron fraction and 28% in the -75 micron fraction.

Figure 6 below shows the mineral distribution per size fraction. The +2mm fraction retained the highest concentration of calcite (CaCO₃), while the <75 micron fraction was also enriched with calcite relative to quartz (SiO₂). Quartz had the highest relative concentration in the +75 minus 250 micron fraction. This indicates potential differential breakage characteristics of the calcite and quartz.

Calcrete neutralization testwork up to pH 5 demonstrated the suitability of the Lewis calcrete for hydrometallurgical processing.

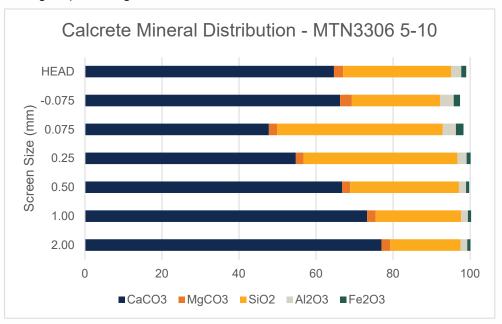


Figure 6. Typical Mineral Distribution in Calcrete RC Chip samples

Acid Neutralising Testwork

During the quarter work also continued to better understand the variability and neutralisation capacity of the Lewis Calcrete Deposit. A representative selection of 300 existing reverse circulation RC drill pulps were sent to Intertek Laboratories to undergo Acid Neutralisation Capacity ("ANC") analysis. Subsequent to the end of the quarter the results were received and are currently being assessed. The results vary up to 942 kg of acid/tonne of calcrete with the average results approximating the result of the composite sample shown in Table 4 above. When results are finalised a further 10 samples will be subject to simulated neutralisation testwork.

The results of these analyses will be used, along with existing geochemical analyses, to build the predicted neutralising capacity into the existing Lewis Calcrete Resource Model. Further work on the Lewis Calcrete deposit will include additional drilling, both extensional drilling (to increase volume of the resource), infill drilling (to confirm continuity of the resource) and some twinned holes (for QA/QC purposes).



Quicklime Generation at Wingellina

Selected samples of high-grade calcrete (target 44.5 % CaO, 40% CaO cut-off) from the Lewis deposit, were combined for a testwork program at Simulus Laboratories. The results received show that calcrete from the Lewis deposit could be calcined to produce quicklime for use in the hydromet flowsheet at Wingellina. The cost benefits of sourcing calcrete and producing quicklime on-site at Wingellina are significant.

Initial bench scale testwork in muffle furnaces and small rotary kilns were used to determine calcine temperature and kiln residence time. Titration with acid and slaking tests were conducted on the calcined calcrete to confirm the reactivity of the lime produced. Both methods indicate that at 1000 °C the Lewis calcrete produced quicklime with a CaO content of around 65%.

The results were confirmed at pilot plant scale when a continuous rotary kiln run was performed to generate samples to verify reactivity and generate a bulk sample for the HPAL pilot campaign. Further slaking tests and bench scale process testing is currently being performed to ensure smooth operation of lime slaking during the HPAL pilot plant campaign.

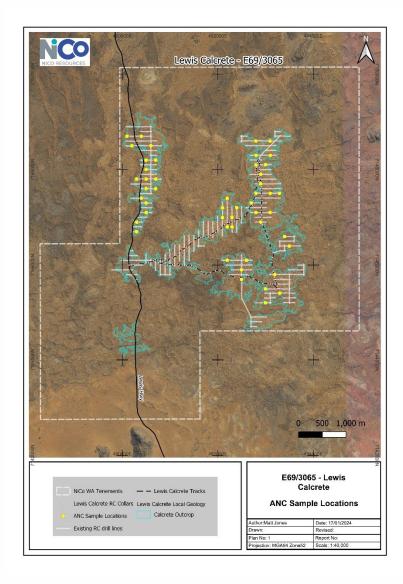


Figure 7. Location of Lewis Calcrete ANC samples



Ongoing metallurgical testwork

Scrubbing Testwork

Testwork has commenced on a 50 kg batch scrubbing test program. The material is a blend of 29 interval samples from holes 3 and 4 to determine the energy requirements for effective scrubbing and break-up of agglomerates. The results will be used to design a continuous ore preparation pilot plant which will provide feed material for the HPAL pilot plant. Data from the continuous ore preparation plant will be used for the final plant design.

Hydrometallurgical Bench Scale test work

Several bulk HPAL leaches have been conducted to generate slurry for downstream testing. Currently ongoing testing includes verification of the performance criteria for primary neutralization, CCD, secondary neutralization, MHP precipitation, scavenging and Mn removal.

Saprolite and Transitional ore Test work

A bench scale test work program has commenced to assess the beneficiation and leaching potential of saprolite and transitional ore samples for potential incorporation into the process flowsheet.

Pilot Plant testing

Organisation of hydrometallurgical piloting and bulk sample preparation will commence on completion of the bench scale testwork. The pilot plant campaign is currently scheduled for Q3 2024.



NON-PROCESS INFRASTRUCTURE

Nico has made significant progress in its logistics activities with the application for a 10-hectare parcel of land at Brewer Estate following engagement with government organisations, Infrastructure Northern Territory ("Infrastructure NT") and the Northern Territory Department of Infrastructure, Planning, and Logistics ("DIPL"). Brewer Estate is an Industrial Park located approximately 20km south-west of Alice Springs close to the Stuart Highway, the Amadeus gas pipeline and the Adelaide to Darwin railway.

This progress positions Nico favourably to advance the Brewer Estate logistics hub which aligns with its broader operational goals. To ensure efficient logistics and cost-effective operations, the Company has continued to undertake extensive logistics modelling and costing exercises. Nico focused on logistical planning, rail sidings, LiDAR survey's, aerodrome development and various other critical components. Regular discussions are ongoing to finalize the modelling options and costing strategies to further enhance the project's economics which will be compiled into a comprehensive document for the upcoming Definitive Feasibility Study (DFS).

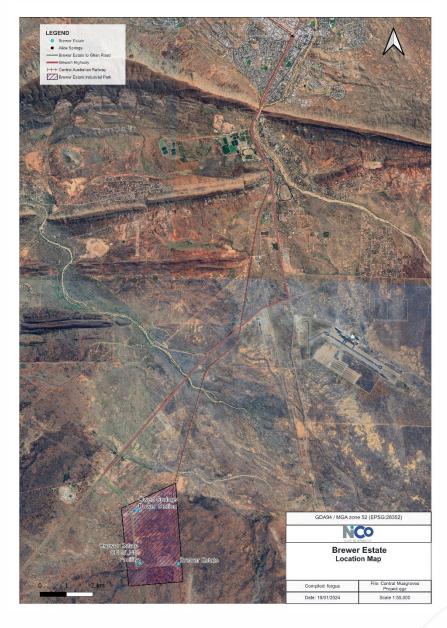


Figure 8. Brewer Estate Location Map



The ongoing review of logistics requirements, especially storage at Darwin Port and Brewer Estate, indicated a strategic evaluation of delivery outcomes. Exploration of transport methods showcased a commitment to efficient and sustainable logistics practices.

A 944 km² area was nominated for the proposed LiDAR survey which included areas around the proposed process plant location, Cobb Embayment, the Giles-Mulga Park Road, Aerodrome, and the Lewis Calcrete deposit. A map of the region to undergo the LiDAR is shown in Figure 9 below.

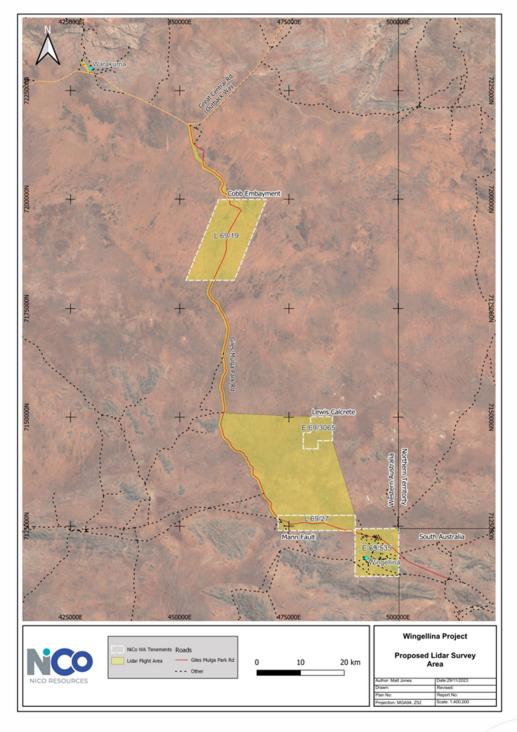


Figure 9. Proposed LiDAR Survey area



The existing Aerodrome at Wingellina will be required to be nominally upgraded to a code 4C aerodrome. Visual representation of the proposed modifications required are shown below in Figure 10 and Figure 11.



Figure 10. Existing air strip



Figure 11. New proposed code 4C airstrip

The development of the aerodrome is intricately linked with the completion of the LiDAR study, reflecting a comprehensive strategy in infrastructure planning by Nico. The data acquired through the LiDAR survey holds crucial significance as it serves as a primary input for various site planning activities.



During the quarter Nico continued work on the planned Giles-Mulga Park Road upgrade to RAV 10 standard in conjunction with consultants, Wood. Wood has diligently completed the 2D drawings and 3D models of the road proposal. These detailed drawings and models have undergone thorough reviews by Nico, and comments have been exchanged to ensure alignment with project specifications. Completion of the road design prior to completion of the LiDAR survey has resulted in an overall reduction in the LiDAR Survey area, potentially reducing the survey requirements from 944 km² to 525 km². This is largely due to the improved definition of the road corridor. The work completed by Wood includes 2D arrangement drawing and a 3D fly over model. The overall realignment of the road is shown in Figure 12 below.

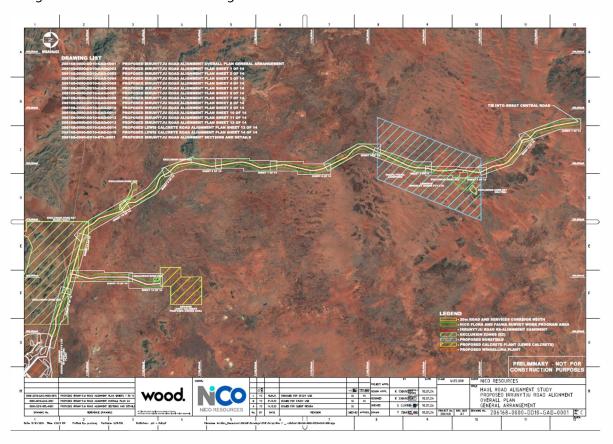


Figure 12. Giles-Mulga Park Road realignment preliminary design

Nico has continued to make progress during the December Quarter on sulphur supply and engaged with global sulphur suppliers from both the Middle East and North America. The ongoing discussions continue to demonstrate month-on-month softening of the sulphur prices. This is critical for the Project where elemental sulphur is a key reagent.



EXPLORATION & GEOLOGY

Wingellina Resources Modelling

CSA Global continued their work required to complete an update of the Wingellina resource model which will incorporate the results from the 2022 drill program. After a thorough review of existing geochemical and geological data, the interpretation of the geological and regolith domains for the Wingellina Deposit is nearing completion. This will provide the key framework for the resource update and geo-metallurgical model to follow. Once the updated resource model is completed, a geo-metallurgical model will then be constructed utilising the results from previous and current metallurgical testwork and the updated resource model. The geo-metallurgical model will be used for mine scheduling and further optimisation studies.

Water Resources

The Cobb Embayment of the Canning Basin lies approximately 70 kms north-west of Wingellina and sedimentary strata of Permian age lie within the embayment to a depth of at least 140 metres. The Cobb Embayment provides the most economically attractive water supply option for the project due to shallower bore depths and better quality water (between 1,000 to 3,100 mg/L TDS) compared with the Officer Basin.

Previous work undertaken at the Cobb Embayment indicate the presence of good quality water and there is a high level of confidence that the water requirements for the project will be achieved. In the previous quarter, Nico conducted a thorough passive seismic survey at the Cobb Embayment, marking a significant step forward in attempts to map the water resources in the basin. The passive seismic survey aimed to constrain the specific water supply target areas as part of the planning process for the next phase of water exploration drilling.

In the December Quarter, the data collected from the passive seismic survey was reviewed by Nico in collaboration with Rockwater Hydrogeological consultants. The next phase of water exploration drilling has now been defined and is planned to be executed later in 2024, following the receipt of the necessary approvals.

Nico has also continued investigations into the Nyikukura area (Mann Fault - South Australian extension) which was previously explored by Metals X Limited in 2011. The Company is assessing future exploration options for this potential additional water source particularly for water during the construction stage of the project. In the December Quarter, existing data was reviewed by Nico and Rockwater Hydrogeological consultants, with the outcome being the definition an exploratory drilling program to test the palaeochannel aquifer in this part of the Mann Fault Zone. The proposed drilling has been submitted to the Anangu Pitjantjatjara Yankunytjatjara ("APY") land council as part of the approvals process.

The Company is committed to implementing responsible water management practices in alignment with environmental regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

During the quarter the Company continued to develop policies, systems and processes to meet its ESG responsibilities in preparation for the next phase of Project development. In health and safety, Nico developed and implemented a Mine Safety Management System aligned with updated statutory requirements. The engagement with the Department of Energy, Mining, Industry Regulation and Safety ("**DMIRS**") for the mandatory Work Health and Safety ("**WHS**") examination for statutory position holders and the initiation of WHS training underscored a commitment to employee safety and well-being. During the quarter, a WHS survey was completed by all staff and contractors and received overwhelmingly positive responses, demonstrating a positive safety culture within the organisation.



STAKEHOLDER RELATIONS

Nico also progressed the development of its cultural heritage systems with the release of the Traditional Owner Engagement Policy (https://nicoresources.com.au/corporate-governance-policies/) during the quarter and significant progress was achieved on the Cultural Heritage Management Plan ("**CHMP**") ready for consultation with and review by Traditional Owners and their representatives in 2024. The ongoing engagement with Traditional Owners, through the Ngaanyatjarra Council ("**NgC**"), continues to be undertaken in an open, transparent and collaborative basis.

Effective stakeholder engagement remains a cornerstone of Nico's strategy. Nico is continuously engaging with the NgC and Traditional Owners which reflects a commitment to fostering positive relationships with indigenous communities and making a positive difference. Community updates and meetings with external stakeholders, such as the CEO of Gascoyne Esperance Development Commission, indicated a proactive stance in addressing concerns and maintaining transparent communication with all stakeholders. Nico maintained an engagement with APY Lands ahead of the submission of a series of work programs for review. These included ongoing efforts toward heritage clearance surveys and archaeological surveys that showcased the company's respectful and collaborative approach.

Ongoing consultation during the quarter with NgC and Traditional Owners included the planned 2024 water and calcrete drilling programs, and the consultation framework for 2024. In addition, Nico is also planning exploration activities (subject to approvals by Traditional Owners and government regulators) on its tenements in APY Lands in South Australia. A work program proposal to initiate consultation with traditional owners, cultural heritage clearances, archaeological surveys and flora and fauna surveys was submitted to the APY Lands Council for consideration at their next Board meeting in Q1, 2024.

Northeast Asian markets also continue as focal points for Nico and the Company participated in the KOMIR (Korea Mine Rehabilitation and Mineral Resources Corporation) conference during the December quarter.

FUTURE WORK PROGRAM

During the March 2024 quarter Nico will focus on the following activities:

- Continue the bench scale testwork at ALS to confirm the robust project flowsheet design which is expected to be completed at the end of the March quarter.
- Further exploration and associated work on the Lewis calcrete deposit.
- Complete the required works on the potential water supply from the Cobb Embayment in preparation for the drilling of additional bores in 2024 and commence approvals on the Mann Fault extension.
- Continue the logistics studies for the Project including discussions with the NT Government regarding the Brewer Estate logistics hub.
- Complete the updated mineral resource estimate and commence the geo-metallurgical model for the Wingellina orebody to assist in identification of orebody variability and mine planning and scheduling.
- Progress engagement with government agencies and other key stakeholders, including the local community and Ng Council.
- Continue the scope and definition documentation for the DFS.
- Continue engagement with a number of potential strategic partners that may assist in the development and funding of the Project.



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CORPORATE AND FINANCIAL

Financial

Nico closed the quarter with cash and working capital of \$7,388,798. Exploration and Evaluation expenditure during the quarter was \$1,505,870.

Capital Raising

During the quarter the Company finalised a fully underwritten non-renounceable entitlement offer ("the Entitlement Offer") to eligible shareholders to acquire one new share for every five shares at issue price of \$0.40 per New Share to raise approximately \$7.3 million (before costs). The Offer closed on the 18th October and was fully underwritten by Blue Ocean Equities Pty Limited.

The Company received applications for 5.32 million New Shares from eligible shareholders which represented approximately 29% of all New Shares offered under the Entitlement Offer and shortfall securities amounting to 12.8 million new shares giving rise to 18,200,573 shares being allotted in two tranches on Monday 30th October and Thursday 2 November 2023.

Capital Structure² as at 31 December 2023

Description	Number
Fully paid ordinary shares	109,200,575
Unlisted options exercisable at \$0.25 on or before 3 November 2024	25,000,000
Unlisted options exercisable at \$0.25 on or before 29 July 2024	9,000,000
Unlisted options Lead Manager Options exercisable at \$0.30 on or before 17 January 2025	800,000
Unlisted Director options exercisable at \$0.644 on or before 23 March 2026	3,000,000
Unlisted Employee options (various)	5,300,000

Major Shareholders

The current major shareholders of the Company (as at 31 December 2023) are:

•	Blackstone Minerals Limited	12.59%
•	Mr Rod Corps	9.49%
•	Mr Peter Cook	9.05%
•	Metals X Limited	8.46%

Related Party Transactions

Related party payments for the quarter, are as outlined in the attached Appendix 5B at section 6.1, total \$150,500 and includes amounts paid to directors including director's fees and statutory superannuation.

The following related parties participated in the fully underwritten non-renounceable entitlement offer.

Description	No of Shares	Value
Mr Peter Cook	2,517,748	\$1,007,099
Mr Jonathan Shellabear	672,163	\$268,865
Mr Stewart Findlay	533,874	\$213,549

ASX Announcement Released 29 January 2024

² See various 3B announcements for details.



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Use Of Funds³

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

Expenditure	Funds allocated under Prospectus	Actual to 31 Dec 2023	Variance
Exploration Expenses	\$4,023,000	\$5,273,126	\$1,250,126
Studies and Reviews	\$622,000	\$830,083	\$208,083
Directors Fees	\$800,000	\$995,442	\$195,442
Working Capital	\$1,396,000	\$3,697,964	\$2,301,964
Costs of offer	\$1,063,000	\$1,148,764	\$85,764
Future acquisition costs	\$1,350,000	-	(\$1,350,000)
Total	\$9,254,000	\$11,945,379	\$2,691,379

This announcement has been authorised for release by the Board.

CONTACTS

For more information, please visit our website rte or email info@nicoresources.com.au.

Jonathan Shellabear

Managing Director/CEO

Amanda Burgess

Company Secretary

ASX Announcement
Released 29 January 2024

³ The Use of Funds table is a statement of current intentions, investors should note that the allocation of funds set out in the table may change depending on a number of factors including the results of exploration, outcome of development activities, regulatory developments and market and general economic conditions.



SUMMARY OF MINING TENEMENTS

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



ABOUT NICO RESOURCES LIMITED

Nico Resources Limited is an Australian company focusing on Australian nickel projects.

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

Central Musgrave Project (CMP)

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

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

The project tenure is approximately 1,469km² located within Western Australia and South Australia adjoining the Surveyor Generals Corner (the junction between Western Australia, the Northern Territory and South Australia).

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

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

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

COMPETENT PERSON'S STATEMENT

Exploration

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

Resources

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



Ore Reserves

The information in this report that relates to ore reserves is based on information compiled by Mr Michael Poepjes, who was a previous employee of Metals X in 2016, a member of the AusIMM at the time and a "Competent Person". Mr Poepjes has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to Qualify as a "Competent Person" as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Poepjes consents to the inclusion in this announcement of the matters based on his information and in the form and context in which it appears.

PFS CAUTIONARY STATEMENT

The production target and forecast financial information derived from the production target referred to is based on 100% of the material 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 "Nico Resources Nickel-Cobalt Project" prepared by CSA Global Mining Industry Consultants as part of the "Nico Resources Replacement Prospectus Initial Public Offer" dated 23 November as at 2021. The mineral resource and ore reserve estimates underpinning the production target were prepared by Competent Persons in accordance with the JORC Code 2012.

FORWARD-LOOKING STATEMENTS:

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

PREVIOUS DISCLOSURE

The information in this quarterly activities report is based on the Nico Resources Limited Prospectus and Prefeasibility study, which are available from the Nico Resources Limited website www.nicoresources.com.au and the ASX website www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus and that all material assumptions and technical parameters underpinning the Prospectus continue to apply and have not materially changed.

Appendix 5B

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

Name of entity	
Nico Resources Limited	
ABN	Quarter ended ("current quarter")
80 649 817 425	31 Dec 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development		
	(c) production		
	(d) staff costs	(587)	(1,083)
	(e) administration and corporate costs	(344)	(749)
1.3	Dividends received (see note 3)		
1.4	Interest received	28	65
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)	21	36
1.9	Net cash from / (used in) operating activities	(882)	(1,731)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(52)	(61)
	(d) exploration & evaluation	(1,506)	(2,278)
	(e) investments	-	-
	(f) other non-current assets	-	-

Con	solidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1,558)	(2,339)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities) 7,28		7,280
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(429)	(429)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	-	-
	Funds received in the prior quarter for capital allotted in the current quarter		
3.10	Net cash from / (used in) financing activities	6,851	6,851

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,978	4608
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(882)	(1,731)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,558)	(2,339)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,851	6,851
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,389	7,389

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	220	809
5.2	Call deposits	7,169	2,169
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,389	2,978

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	151
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
	f any amounts are shown in items 6.1 or 6.2, your quarterly activity report must includation for, such payments.	de a description of, and an

7.	Financing facilities Note: the term "facility' includes all fo arrangements available to the entity. Add notes as necessary for an under sources of finance available to the entity.	rms of financing amountstanding of the	al facility It at quarter end A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		_	-
7.2	Credit standby arrangements		-	_
7.3	Other (please specify)		-	-
7.4	Total financing facilities		-	-
7.5	Unused financing facilities	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.			
8.	Estimated cash available	for future operating a	activities	\$A'000
8.1	Net cash from / (used in) ope	rating activities (item 1.9)		(882)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))		(1,558)	
8.3	Total relevant outgoings (item	al relevant outgoings (item 8.1 + item 8.2)		(2,440)
8.4	Cash and cash equivalents at	h and cash equivalents at quarter end (item 4.6)		7,389
8.5	Unused finance facilities avail	Unused finance facilities available at quarter end (item 7.5)		-
8.6	Total available funding (item 8.4 + item 8.5)		7,389	
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)		3.03	
	Note: if the entity has reported positiv Otherwise, a figure for the estimated	e relevant outgoings (ie a net ca quarters of funding available m	ash inflow) in item t ust be included in	3.3, answer item 8.7 as "N/A". item 8.7.
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:			
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?			
	Answer:			
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?			
	Answer:			
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?			
	Answer:			
	Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.			

Compliance statement

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

Date: 29 January 2024

Authorised by: The Board of Nico Resources Limited

Notes

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