HALF YEAR **REPORT**

ENDED 31 DECEMBER 2023

NICO RESOURCES LTD

ACN: 649 817 425

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NCo
NICO RESOURCES
NORTHERN TERRITORY
WESTERN AUSTRALIA
SOUTH AUSTRALIA

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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AUDITORS

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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

The Directors present their Interim Financial Report of Nico Resources Limited (referred to hereafter as "**the Company**" or "**Nico**") and its subsidiaries for the half-year to 31 December 2023.

Directors

The name and details of the Company's Directors in office during the half-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
Mr Jonathan Shellabear – Managing Director
Mr Roderick Corps – Non-Executive Director
Mr Brett Smith – Non-Executive Director
Mr Stewart Findlay - Non-Executive Director

Principal Activities

The principal activity of the Company during the half-year was the exploration of the Central Musgrave Nickel Project (CMP).

Operating Results for the Period

The operating result of the Company for the half-year was a loss of $2,336,571 (Dec 2022 loss of : $1,323,774).

Dividends

No dividends were paid during the half-year and no dividend has been declared for the half-year ended 31 December 2023.

Significant Changes in State of Affairs

Other than those disclosed in this report, no significant changes in the state of affairs of the Company occurred during the half-year.

Significant Events after Reporting date

The Company has no matters or circumstances that have arisen since the end of the half-year 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.

Review of Operations

Nico is exploring its flagship Central Musgrave Nickel-Cobalt Project (CMP) located in Western Australia. The operations and results of the Company for the half-year ended 31 December 2023 are reviewed below.

Wingellina

During the half-year, Nico continued to focus on progressing the Wingellina Nickel-Cobalt Project ("Wingellina") within the CMP from PFS to DFS. Several critical components were advanced as detailed below. In addition, 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 Wingellina.

During the half-year market conditions significantly changed. 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. Wingellina is a world-class, globally significant project characterised by its long life, low production costs and high operating margins. At current nickel prices of around US$16,000/tonne, Wingellina would, if operational, be generating strong after-tax operating cashflows (refer to the Pre-Feasibility Study "PFS" released on 22 December 2022). Nico recognises the inherent unrealised value in Wingellina and will judiciously continue to advance the development of Wingellina for the benefit of all stakeholders.

The following advancements to Wingellina commenced during the half-year.

Bench Scale Metallurgical Testwork Program

ALS Laboratories was engaged to commence the bench scale metallurgical testwork program. These metallurgical programs will significantly contribute to the ongoing development of Wingellina and allow the commencement of the DFS. The testwork will generate relevant information for the DFS as listed below:

- 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.

Limonite ore characterisation and variability

Chemical analysis of 54 limonite sub-samples assessed payable metals like nickel and cobalt along with other elements to understand ore mineralogy and acid consumption during HPAL processing. Notably, high magnesium carbonate concentrations were found between 7 and 9 meters in both holes, with Hole 3 exhibiting higher Si values and Hole 4 higher Fe and Cr values. Combining samples from both holes provides a representative test sample.

Figure 1. Limonite Ore from Wingellina being prepared for testing

Table 1 shows the average grades for each Bauer hole from 3 to 30 meters.

Assay	Hole 3 (%)	Hole 4 (%)	HPAL Feed*
Ni	1.21	1.26	1.21
Co	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

54 samples were assayed which yielded 8,400 data points on elemental distribution by particle size. Active screening was employed to break up agglomerates and simulate the action of a scrubber, with 10 additional samples undergoing "natural screening" that highlighted the necessity of scrubbing. This data allowed the determination of payable metals (nickel and cobalt) and gangue elements distribution by size, with a Nickel Equivalent (Ni Eq) value calculated to assess their combined contribution. Gangue element concentrations like Al, Mg, Ca, Mn, and Fe was used to estimate potential sulphuric acid consumption during HPAL processing. The initial analysis focused on ore beneficiation potential pre-HPAL, with Figure 2 illustrating elemental distribution by size fraction for a typical sample.

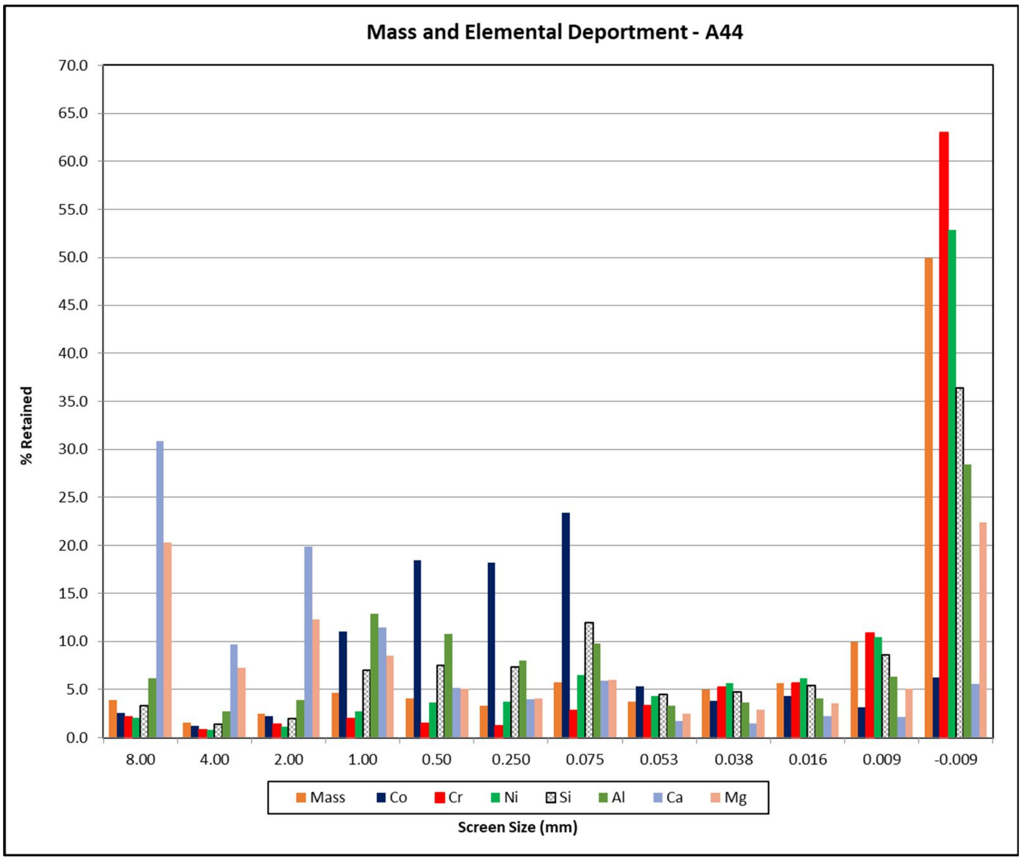

Figure 2. Typical Plot of Mass and Elemental Distribution by Size Fraction

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 microns containing nickel concentrations above the average grade with high Fe and Cr concentrations;
- Approximately 80% of the mass is below 75 microns with a slight upgrade in Ni Eq;
- Cobalt is concentrated in the intermediate-size fractions between 75 microns 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.

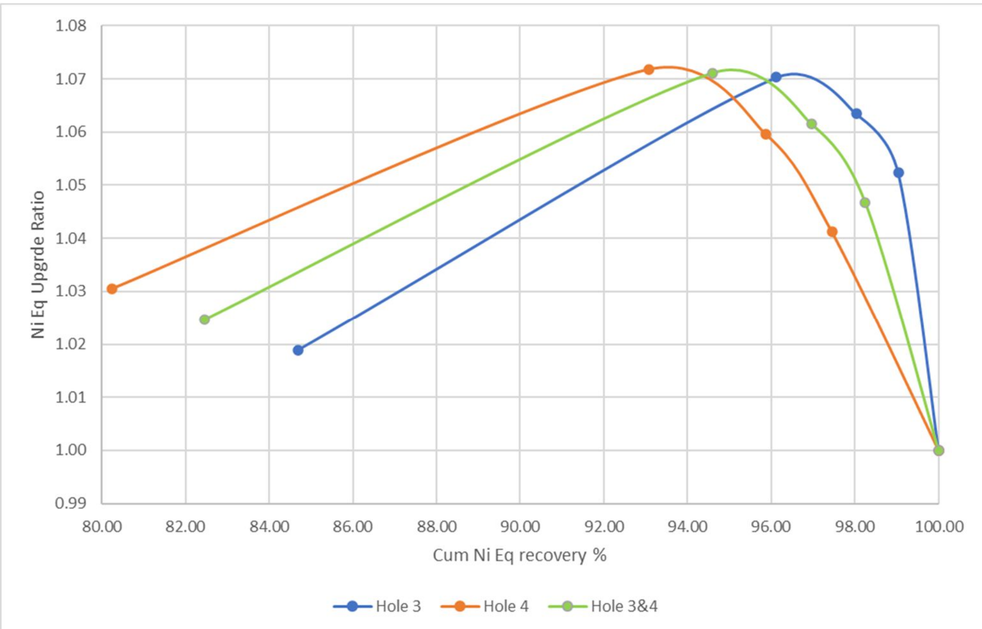

Figure 4. Calculated Ni Eq upgrade ratios for Holes 3 & 4 with increasing cut-off size (0.075 mm, 0.5 mm, 1.0 mm, 2.0 mm)

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, 15 samples underwent scrubbing, screening, and gravity concentration testing. Results showed chromite couldn't be separated as a concentrated stream which suggests that the presence of chrome in the ore body, is likely as a result of substitution within the goethite mineral lattice. Therefore, a chromite removal circuit isn't required for Wingellina . The absence of chromite within the orebody will significantly reduce equipment wear and ongoing maintenance costs.

HPAL bench scale testing sample

Two samples from holes 3 and 4 were selected and prepared as a composite for HPAL testing after scrubbing, screening, and grinding to a +75 micron fraction. The beneficiation process aimed to reject lower-grade fractions, resulting in improved acid efficiency by 12% and a 5.3% increase in the HPAL feed grade. Further enhancements are possible by rejecting at a lower cut size. The graph below (Figure 5) shows the theoretical cumulative grade-recovery relationship for the combined sample and the expected beneficiated Blend sample, based on individual cut-offs. The theoretical acid consumption has also been calculated.

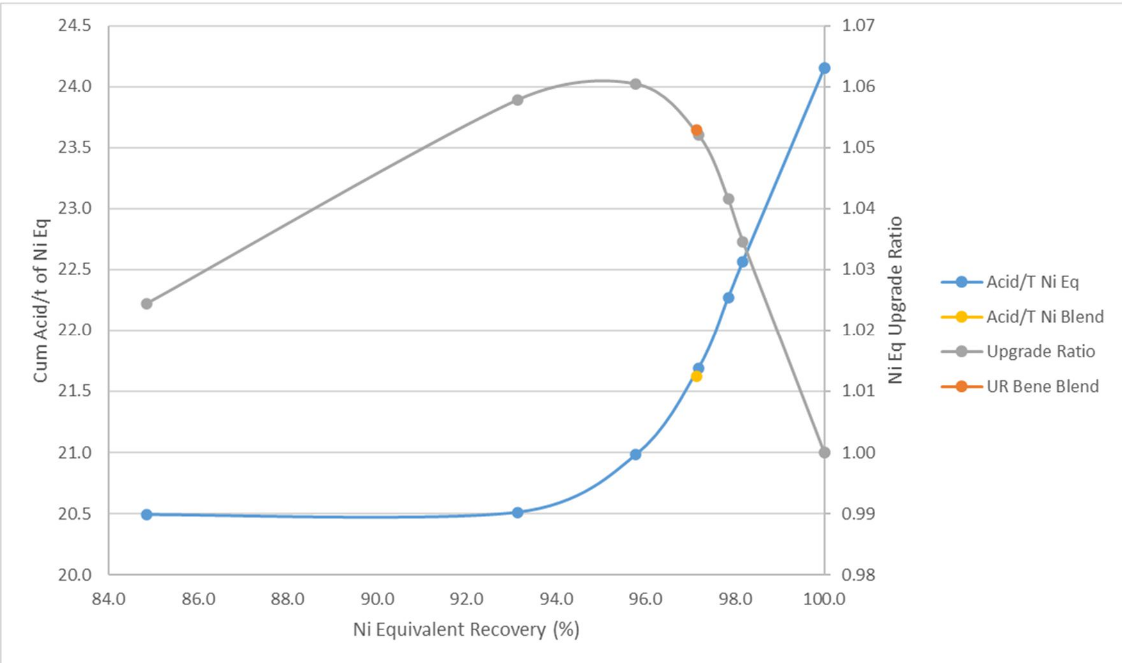

Figure 5. Calculated Ni Eq upgrade ratios for Holes 3 & 4 with increasing cut-off size

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.

Essay	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 the 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 have 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

Lewis Calcrete, crucial for neutralizing acidity in the HPAL process, serves as a locally sourced alternative to imported lime, thereby reducing operational expenses significantly. A preliminary resource estimate by CSA Global for the nearby Lewis Calcrete deposit indicates it can meet project needs for calcrete throughout its lifespan. Initial calculations suggest that there is enough calcrete for at least 30 years of production, ensuring long-term sustainability.

Domain	Tonnage (Mt)	CaO (%)	MgO (%)	Al_2O_3 (%)	Fe_2O_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 half-year 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_2O_3	%	2.7
$MgCO_3$	%	2.5
Fe_2O_3	%	1.4
K_2O	%	0.6
Acid Neutralizing Capacity	kg H_2SO_4 / t	633

Table 4. Calcrete test sample characteristics

The calcrete samples obtained by reverse circulation drilling were screened and size-by-size assays were 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 ($CaCO_3$), while the < 75-micron fraction was also enriched with calcite relative to quartz (SiO_2). 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.

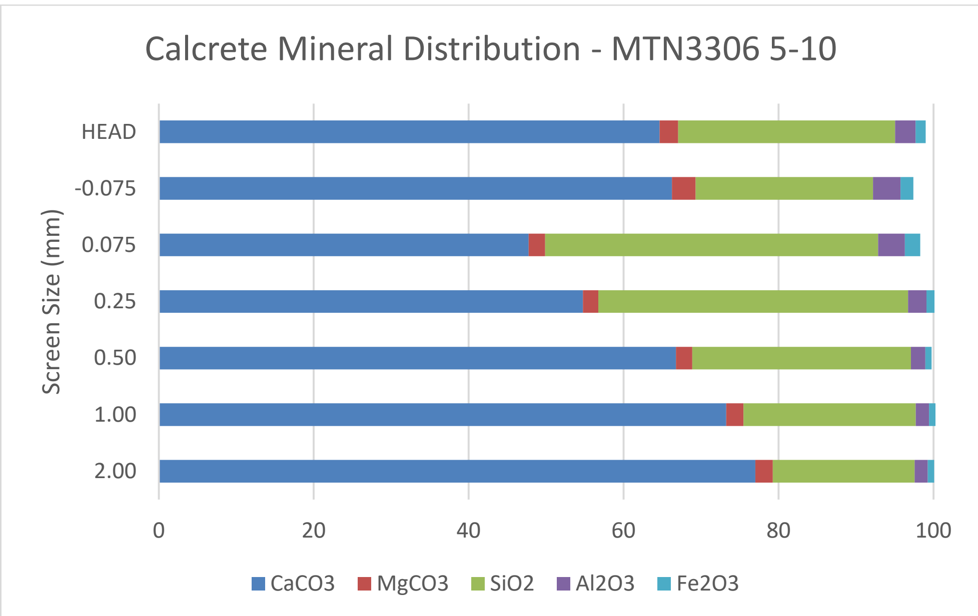

Figure 6. Typical Mineral Distribution in Calcrete RC Chip samples

Quicklime Generation at Wingellina

A testwork program at Simulus Laboratories was undertaken on calcrete samples from the Lewis deposit which resulted in the feasibility of producing quicklime from the Lewis calcrete for use in the HPAL process at the Wingellina Project. Simulus conducted tests to determine optimal calcine temperature and kiln residence time through bench scale muffle furnace and rotary kiln experiments. Titration and slaking tests confirmed quicklime reactivity, indicating around 65% CaO content at 1000°C. These findings were validated at the pilot plant scale, ensuring lime production readiness for the HPAL pilot campaign. Ongoing process testing aims to optimize lime slaking for smooth operation during the campaign, underscoring the significant cost benefits of on-site calcrete sourcing and quicklime production.

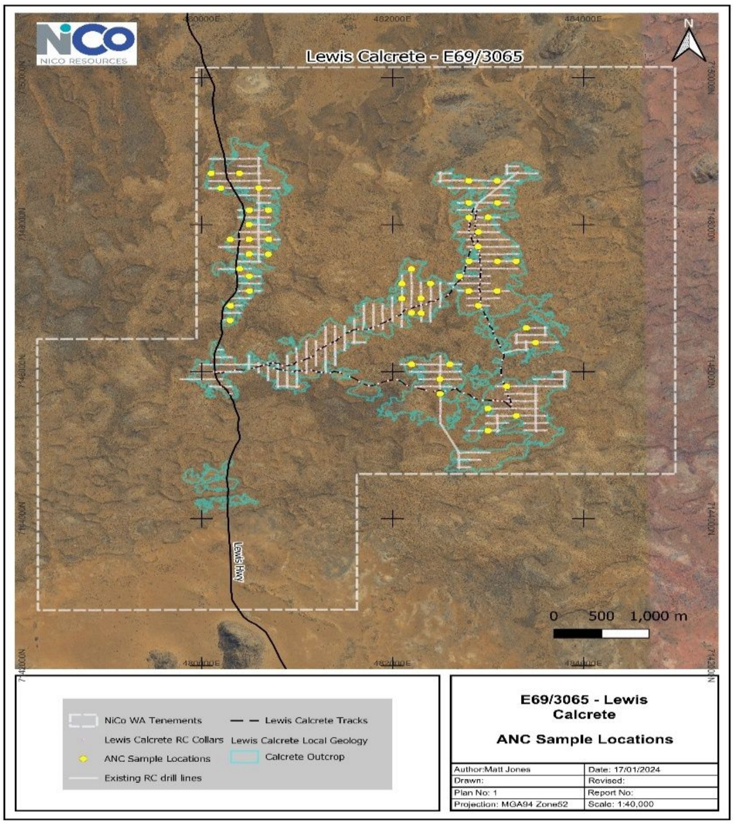

Figure 7. Location of Lewis Calcrete ANC samples

Non-Process Infrastructure

Nico has made progress in its logistics operations by applying for a 10-hectare parcel of land at Brewer Estate, following engagement with government bodies such as Infrastructure Northern Territory and the Northern Territory Department of Infrastructure, Planning, and Logistics. Brewer Estate, an Industrial Park situated around 20km southwest of Alice Springs, offers proximity to key infrastructure like the Stuart Highway, Amadeus gas pipeline, and the Adelaide to Darwin railway, positioning Nico favourably to develop its logistics hub in line with broader operational objectives. To ensure efficiency and cost-effectiveness, the company has conducted extensive logistics modelling and costing exercises, focusing on elements such as rail sidings, LiDAR surveys, and aerodrome development. Ongoing discussions aim to finalise modelling options and costing strategies, culminating in a comprehensive document for the forthcoming Definitive Feasibility Study (DFS).

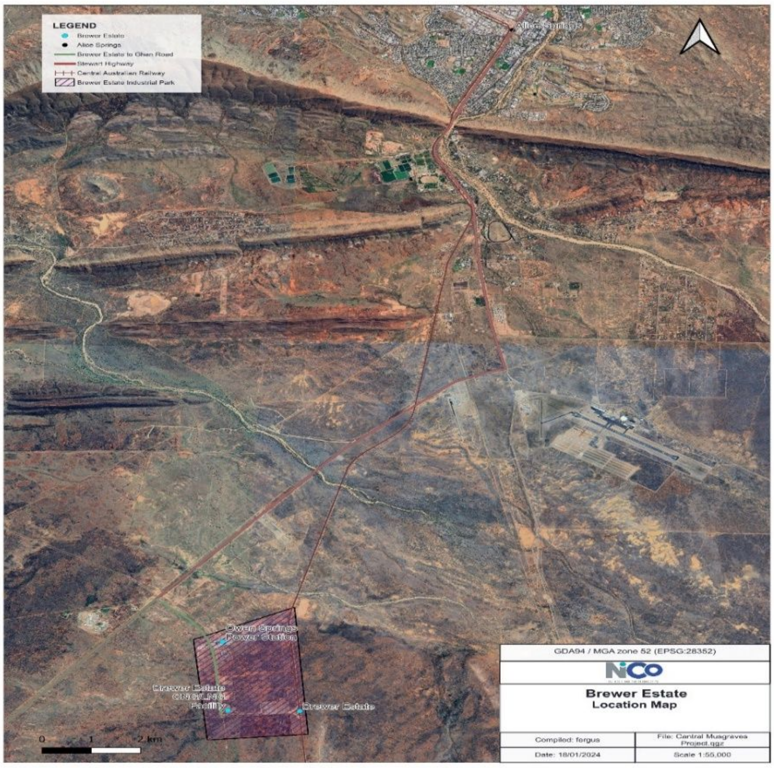

Figure 8. Brewer Estate Location Map

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 km^2 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.

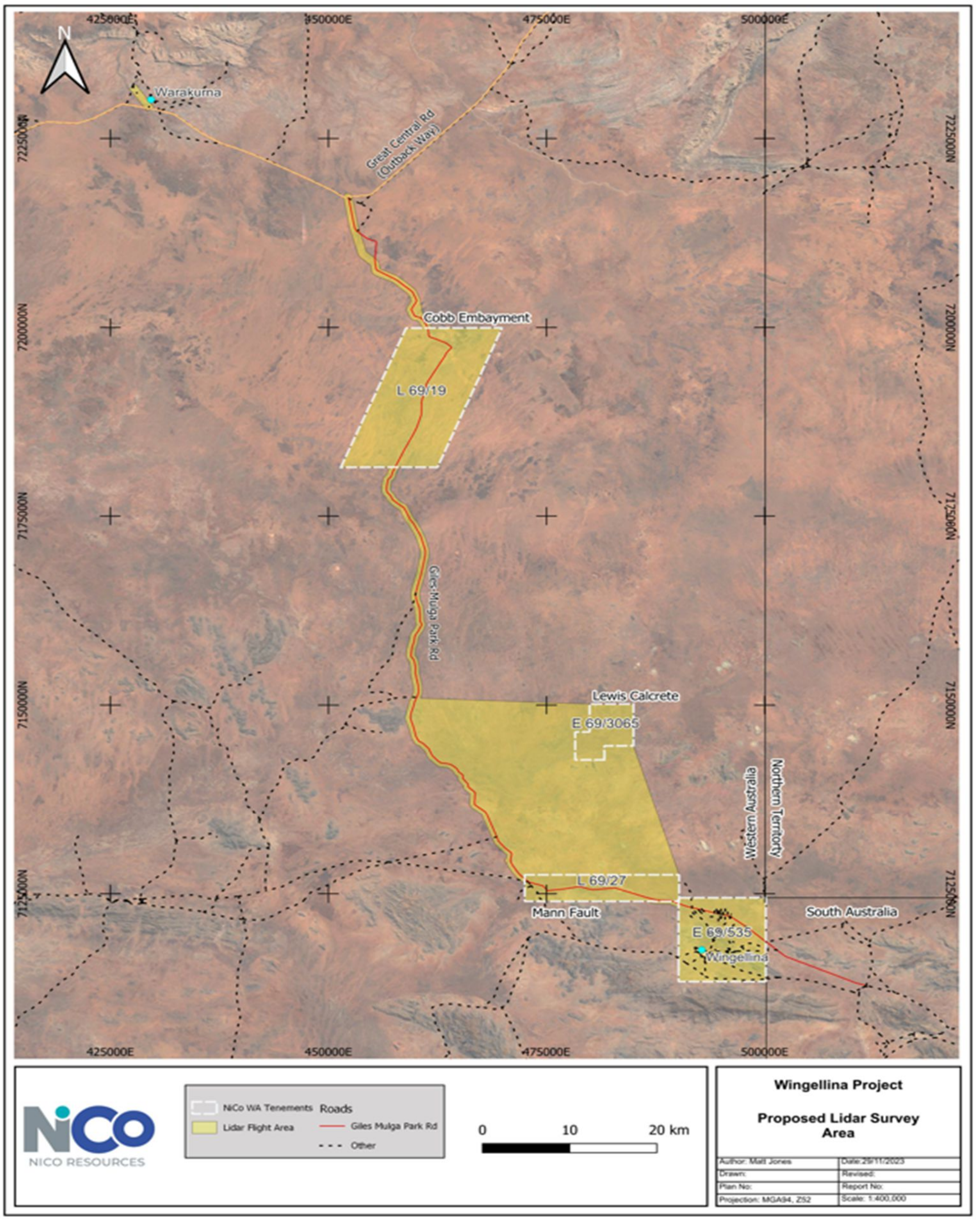

Figure 9. Proposed LiDAR Survey area

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

Figure 10. Existing airstrip

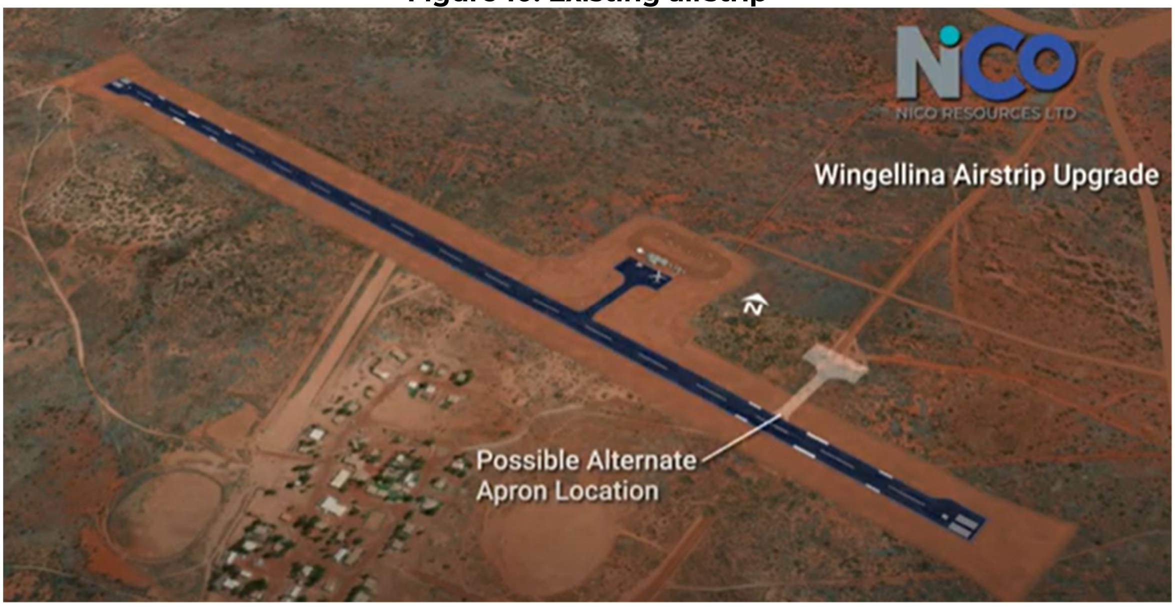

Figure 11. New proposed code 4C airstrip

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 half-year, Nico continued work on the planned Giles-Mulga Park Road upgrade to RAV 10 standard in conjunction with consultants, Wood. Wood has 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 before completion of the LiDAR survey has resulted in an overall reduction in the LiDAR Survey area, potentially reducing the survey requirements from 944 km^2 to 525 km^2. This is largely due to the improved definition of the road corridor. The work completed by Wood includes a 2D arrangement drawing and a 3D flyover model. The overall realignment of the road is shown in Figure 12 below.

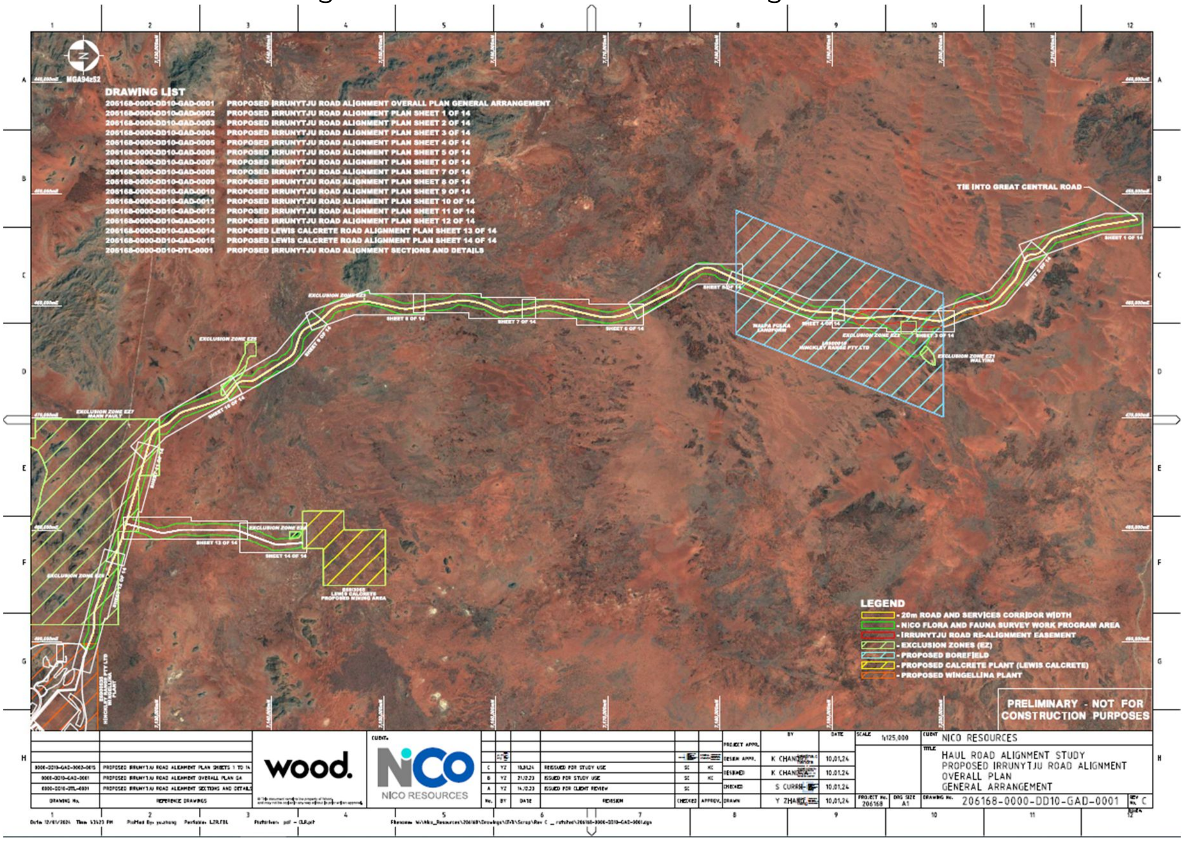

Figure 12. Giles-Mulga Park Road realignment preliminary design

Wingellina Resources Modelling

CSA Global continued the 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 in the Canning Basin, located about 70 km northwest of Wingellina, offers the most economically viable water supply option for the project due to shallow bore depths and better water quality compared to the Officer Basin, with total dissolved solids (TDS) ranging between 1,000 to 3,100 mg/L. Previous studies have confirmed the presence of good-quality water, instilling confidence in meeting project water requirements. Nico's recent passive seismic survey at the Cobb Embayment marks a significant advancement in mapping water resources and guiding future exploration drilling plans. Collaborating with Rockwater Hydrogeological consultants, Nico has defined the next phase of water exploration drilling, scheduled for later in 2024 pending approvals. Additionally, investigations into the Nyikukura area for potential additional water sources, particularly during the project's construction phase, are ongoing. An exploratory drilling program has been proposed to test the paleochannel aquifer, with plans submitted to the Anangu Pitjantjatjara Yankunytjatjara ("APY") land council as part of the approval process.

Environmental, Social and Governance

The Company continued to develop policies, systems, and processes to meet its ESG responsibilities in preparation for the next phase of Wingellina 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 ("**DEMIRS**") 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. 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/) 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 on an open, transparent and collaborative basis.

Auditor Independence

A copy of the auditors independence declaration as required under Section 307C of the Corporations Act 2001 is set out on Page 18.

Signed in accordance with a resolution of the directors:

Jonathan Shellabear
Managing Director
Dated this 14 March 2024

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 review of Nico Resources Limited for the half-year ended 31 December 2023 there have been:

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

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

KPMG

KPMG

Glenn Brooks
Partner
Perth
14 March 2024

NICO RESOURCES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR 31 DECEMBER 2023

	Note	31 December 2023 $	31 December 2022 $
Other Income	4(a)	315,500	82,997
Salary and wages expense		(1,150,434)	(475,860)
Corporate and administrative expenses	4(b)	(629,367)	(447,893)
Depreciation expense		(93,671)	(104,836)
Finance expenses		(5,785)	-
Share based payments expense	12	(772,814)	(378,182)
Profit/(loss) before income tax		**(2,336,571)**	**(1,323,774)**
Income tax expense		-	-
Net profit/(loss) for the period		**(2,336,571)**	**(1,323,774)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		**(2,336,571)**	**(1,323,774)**
Loss per share for the half-year (cents per share)		**(2.41)**	(1.45)
Diluted Loss per share for the half-year (cents per share)		**(2.41)**	(1.45)

The accompanying notes form part of these financial statements

NICO RESOURCES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	31 December 2023 $	30 June 2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	7,220,462	4,439,771
Trade and other receivables	6	318,945	196,979
Inventories	7	46,036	48,217
Other financial assets	8	168,337	168,337
TOTAL CURRENT ASSETS		**7,753,780**	4,853,304
NON-CURRENT ASSETS			
Property, plant and equipment		113,042	73,659
Right-of-use-assets		76,318	152,636
Exploration and evaluation expenditure	16	11,593,829	8,959,340
TOTAL NON-CURRENT ASSETS		**11,783,189**	9,185,635
TOTAL ASSETS		**19,536,969**	14,038,939
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	821,028	588,722
Lease liabilities		81,702	158,415
Provisions		113,951	71,365
TOTAL CURRENT LIABILITIES		**1,016,681**	818,502
TOTAL LIABILITIES		**1,016,681**	818,502
NET ASSETS		**18,520,288**	13,220,437
EQUITY			
Issued capital	11	40,423,576	33,559,968
Reserves	13	2,438,500	1,665,686
Accumulated losses		(24,341,788)	(22,005,217)
TOTAL EQUITY		**18,520,288**	13,220,437

The accompanying notes form part of these financial statements.

NICO RESOURCES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	Issued Capital	Reserves	Accumulated Losses	Total
		$	$	$	$
Balance at 1 July 2023		**33,559,968**	**1,665,686**	**(22,005,217)**	**13,220,437**
Loss for the period		-	-	(2,336,571)	(2,336,571)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		**-**	**-**	**(2,336,571)**	**(2,336,571)**
Transactions with equity holders in their capacity as owners					
Share Based Payments	12	-	772,814	-	772,814
Issue of shares		7,280,230	-	-	7,280,230
Less Capital Raising costs		(416,622)			(416,622)
Balance at 31 Dec 2023		**40,423,576**	**2,438,500**	**(24,341,788)**	**18,520,288**
		$		**$**	**$**
Balance at 1 July 2022		**33,559,968**	**440,918**	**(18,149,110)**	**15,851,776**
Loss for the period		-	-	(1,323,774)	(1,323,774)
Other comprehensive income		-	-	**-**	**-**
Total comprehensive loss for the period		**-**	**-**	**(1,323,774)**	**(1,323,774)**
Transactions with equity holders in their capacity as owners					
Share Based Payments		-	378,182	-	378,182
Balance at 31 Dec 2022		**33,559,968**	**819,100**	**(19,472,884)**	**14,906,184**

The accompanying notes form part of these financial statements

NICO RESOURCES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023 $	31 December 2022 $
Cash flows from operating activities			
Receipts from Customers		208,881	-
Interest Received		65,223	27,044
Interest Paid		(5,785)	(3,597)
Payments to suppliers and employees		(1,780,580)	(720,480)
Net cash flows (used in) operating activities		(1,512,261)	(697,033)
Cash flows from investing activities			
Payments for Plant and Equipment		(56,047)	(32,737)
Payments for exploration and evaluation expenditure		(2,437,896)	(1,978,725)
Increase/(decrease) in short term investments		-	2,880,000
Net cash flows from/(used in) investing activities		**(2,493,943)**	**868,538**
Cash flows from financing activities			
Principal payments of lease liabilities		(76,713)	(78,841)
Proceeds from the issue of shares		7,280,230	-
Capital raising costs		(416,622)	-
Net cash flows from/(used in) financing activities		**6,786,895**	**(78,841)**
Net increase in cash and cash equivalents		2,780,691	92,664
Cash and cash equivalents at the beginning of the period		4,439,771	689,679
Cash and cash equivalents at the end of the period		**7,220,462**	**782,343**

The accompanying notes form part of these financial statements

NICO RESOURCES

1. CORPORATE INFORMATION

This Interim Financial Report of Nico Resources Limited ("Company" or "Nico") was authorised for issue in accordance with a resolution of the directors on 14 March 2024.

Nico is a for profit public listed company, incorporated and domiciled in Australia. The Interim Financial Report is as at and for the half-year ended 31 December 2023 and comprises of the Company and its subsidiaries (together referred to as the Group).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These condensed consolidated half-year financial statements for the interim reporting period 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. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value.

These condensed consolidated half year financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2023 and any public announcements made by Nico during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules. The accounting policies adopted in the preparation of the interim financial report are consistent with those adopted in the annual financial report for 30 June 2023.

(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 loss for the period of $2,336,571 (Dec 2022: loss of $1,323,774) and net cash operating outflows of $1,512,261 (Dec 2022 outflows of: 697,033).

As at 31 December 2023, the Company has a working capital surplus of $6,737,099 (June 2023: $4,034,802) and a cash balance of $7,220,462 (June 23: 4,439,771).

Based on the cashflow forecasts prepared and other factors referred to above 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) 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. 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 period are discussed below.

Share based payments

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

The fair value of options 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.

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 12 for further details on estimates used.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision 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. INCOME AND EXPENSES

		31 December 2023 $	31 December 2022 $
(a)	**Income**		
	Rental Income	210,830	42,381
	Interest Income	99,815	40,616
	Other Income	4,855	-
		315,500	**82,997**
(b)	**Expenses**		
	Corporate and Administrative Expenses		
	Accounting Expenses	71,370	61,405
	ASX Fees	44,257	58,285
	Auditor Fees	15,675	31,950
	Consulting Fees	199,861	24,472
	Company Secretary expenses	69,870	50,745
	Insurance	39,189	22,523
	Legal Fees	22,946	13,502
	Meetings/Conferences	-	44,941
	Travel expenses	30,649	71,387
	Share Registry	44,257	11,491
	Software expenses	42,809	-
	Other	48,485	57,192
		629,368	**447,893**

5. CASH AND CASH EQUIVALENTS

	31 December 2023 $	30 June 2023 $
Cash at bank and on hand	7,220,462	4,439,771
	7,220,462	**4,439,771**

Cash at bank and on 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 classified as other financial assets (refer note 8).

6. TRADE AND OTHER RECEIVABLES

Current	31 December 2023 $	30 June 2023 $
Accounts Receivables	42,381	19,349
GST Receivable	153,675	44,394
Interest Receivable	54,199	19,606
Prepayments	62,101	77,401
Other	6,589	36,229
	318,945	**196,979**

7. INVENTORIES

	31 December 2023 $	30 June 2023 $
Stores	46,036	48,217
	46,036	**48,217**

8. OTHER FINANCIAL ASSETS

	31 December 2023 $	30 June 2023 $
Short term investments	40,000	40,000
Bank Guarantee	128,337	128,337
	168,337	**168,337**

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.

9. TRADE AND OTHER PAYABLES

	31 December 2023 $	30 June 2023 $
Trade Creditors	529,950	384,133
Accrued Expense	179,521	95,128
Payroll Liabilities	111,557	109,461
	821,028	**588,722**

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

10. PROJECT EXPENDITURE COMMITMENTS

	31 December 2023 $	30 June 2023 $
Planned project expenditure commitments contracted for:		
Exploration Permits	1,788,076	585,671
	1,788,076	**585,671**
Payable:		
- not later than 12 months*	591,000	263,000
- between 12 months and 5 years	1,197,076	322,671
- more than 5 years	-	-
	1,788,076	**585,671**

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

11. ISSUED CAPITAL

	31 December 2023
Ordinary shares	
Issued and fully paid	109,200,575

Movement in ordinary shares on issue	**No.**	**$**
Opening balance fully paid ordinary shares of at 30 June 2023	91,000,002	33,559,968
Movement during half-year:		
Non-Renounceable Rights Issue Oct 2023 at $0.40 per share	18,200,573	7,280,230
Less capital raising costs		(416,622)
Closing balance at 31 December 2023	**109,200,575**	**40,423,576**

12. SHARE BASED PAYMENTS

As at 31 December 2023 43,100,000 unlisted options were on issue. On 10 July 2023 550,000 options were granted as incentives to employees: with expiry three years from the date of grant.

As at 31 December 2023 3,000,000 Performance rights were on issue, these performance rights were issued on 3 April 2023 but granted by obtaining shareholder approval at the AGM on 22 November 2023.

The above granted options over unissued shares were all granted under the employee incentive plan adopted on 10 November 2021.

The fair value of the share based payment was based on the value of securities granted as the value of services is not otherwise reliably measurable.

Valuation Assumptions

All options granted during the period were valued using the Black-Scholes option valuation pricing model and Performance rights were valued with the Monte Carlo simulation using the Hoadley's ESO Hybrid- Model Single Share Price Target Consec Days model.

DATE GRANTED	DATE OF VESTING	NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE	RISK FREE INTEREST RATE	VOLATILITY	UNDER LYING SHARE PRICE	FAIR VALUE PER OPTIONS
OPTIONS								
10 JULY 2023(i)	10 Jul 2023	183,833	$0.64	9 Jul 2026	4.33%	100%	$0.485	$0.284
10 JULY 2023(ii)	10 Jul 2024	183,833	$0.71	9 Jul 2026	4.33%	100%	$0.485	$0.274
10 JULY 2023(iii)	10 Jul 2025	183,334	$0.79	9 Jul 2026	4.33%	100%	$0.485	$0.263
PERFORMANCE RIGHTS								
22 Nov 2023(ii)*	3 April 2024	250,000	N/A	3-Apr-24	N/A	N/A	$0.36	$0.36
22 Nov 2023(iii)*	3 April 2025	250,000	N/A	3-Apr-25	N/A	N/A	$0.36	$0.36
22 Nov 2023(iv)*	3 April 2028	834,000	N/A	3-Apr-28	4.14%	94.6%	$0.465	$0.27
22 Nov 2023(v)*	3 April 2028	833,000	N/A	3-Apr-28	4.14%	94.6%	$0.465	$0.25
22 Nov 2023(vi)*	3 April 2028	833,000	N/A	3-Apr-28	4.14%	94.6%	$0.465	$0.24

(i)The grant doesn't include any service conditions so vests immediately.
(ii)The grant includes service conditions that vest after 1 year of service.
(iii)The grant includes service conditions that vest after 2 years of service.
(iv)The grant includes share price target of $0.75 (5 day vwap)
(v)The grant includes share price target of $1.00 (5 day vwap)
(vi)The grant includes share price target of $1.25 (5 day vwap)
*Granted at 22 November 2023 AGM after obtaining shareholder approval

The above granted this half-year options have a total value of $150,769. and performance rights total value of $728,455. Of this valuation $226,592 has been expensed this half-year. A further $546,222 was expensed this half-year for options granted in the year ended 30 June 2023 (refer to the 30 June 2023 Annual Report for terms of these options granted). The total amount expensed this half-year was $772,814 through the Statement of Profit or Loss and Other Comprehensive.

13. RESERVES

	31 December 2023 $	30 June 2023 $
Share Based Payments Reserve	2,438,500	1,665,686
Total Reserves	**2,438,500**	**1,665,686**
Share Based Payments Reserve		
Opening balance	**1,665,686**	**481,755**
Share based payments expense	772,814	1,183,931
Total Reserves	**2,438,500**	**1,665,686**

The share-based payments reserve records items recognised as expenses on valuation of employee share options. Share options are issued for nil consideration. The exercise price of the share options is determined by the Directors in their absolute discretion.

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 an Option Exercise Notice accompanied by the payment of the exercise price.

14. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities, and the results of the following subsidiaries:

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%

15. CONTINGENT LIABILITIES

There have been no additional contingent liabilities or contingent assets recognised since the end of the previous annual reporting period, 30 June 2023.

16. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2023 $	30 June 2023 $
A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:		
Carrying amount at the beginning of the period	8,959,340	4,471,191
Exploration and Expenditure during the half-year	2,634,489	1,166,372
Carrying Value at the end of the period	**11,593,829**	**5,637,563**

The use of expenditure during the half-year was a continued focus on progressing Wingellina from PFS to DFS. Several critical components were advanced including Bench scale metallurgical test work, as well as Lewis Calcrete deposit and updating the resources modelling.

17. RELATED PARTIES

Transactions with related parties

Other than those stated in note 12 and 13 above there were no related party transactions during the half-year period.

18. EVENTS AFTER BALANCE DATE

The Company has no matters or circumstances that have arisen since the end of the half year 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.

DIRECTORS DECLARATION

In the opinion of the Directors of Nico Resources Limited:

1. The Interim Financial Report and notes, are in accordance with the Corporations Act 2001 and:

    a) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    b) give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.

2. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Jonathan Shellabear
Managing Director

Dated 14 March 2024

Independent Auditor's Review Report

To the shareholders of Nico Resources Limited

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Nico Resources Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Nico Resources Ltd does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 31 December 2023;
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises Nico Resources Ltd (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Glenn Brooks
Partner
Perth
14 March 2024

NICO RESOURCES LTD

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