



NiS

NickelSearch
LIMITED

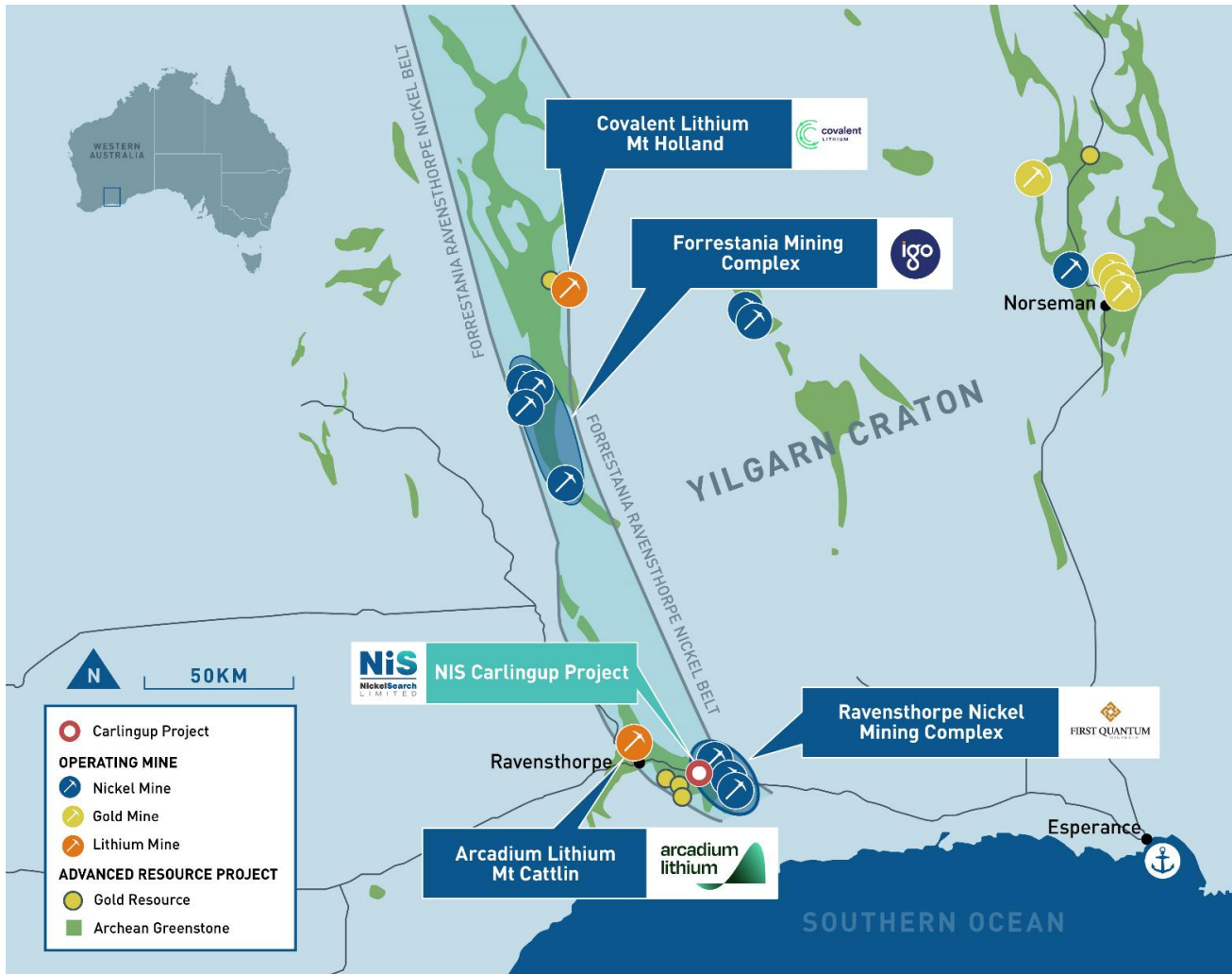
NiS | **NickelSearch**
LIMITED

Interim Financial Report

For the Half-Year Ended 31 December 2023

ASX:NIS
ABN 11 110 599 650

Positioned in the 'Battery Belt' of Western Australia



NickelSearch Limited
Corporate directory
31 December 2023

Directors	Mark Connelly - Non-Executive Chair Nicole Duncan - Managing Director Lynda Burnett - Non-Executive Director
Company secretary	Suzie Foreman
Registered office	Suite 14, 92 Walters Drive Osborne Park, WA 6017
Principal place of business	Suite 14, 92 Walters Drive Osborne Park, WA 6017
Share register	Automic Pty Ltd Level 5, 191 St Georges Terrace Perth, WA 6000 Telephone: 1300 288 664 Email: hello@automic.com.au
Auditor	Nexia Perth Audit Services Pty Ltd 3/88 William Street Perth, WA 6000 Telephone: +61 8 9463 2463 Email: info@nextiaperth.com.au
Stock exchange listing	NickelSearch Limited shares are listed on the Australian Securities Exchange (ASX code: NIS)
Contact	Telephone: +61 8 6184 4983 Email: information@nickelsearch.com Website: www.nickelsearch.com

NickelSearch Limited
Contents
31 December 2023

Directors' report	5
Auditor's independence declaration	8
Condensed consolidated statement of profit or loss and other comprehensive income	9
Condensed consolidated statement of financial position	10
Condensed consolidated statement of changes in equity	11
Condensed consolidated statement of cash flows	12
Notes to the condensed consolidated financial statements	13
Directors' declaration	25
Independent auditor's review report to the members of NickelSearch Limited	26

NickelSearch Limited
Directors' report
31 December 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of NickelSearch Limited (referred to hereafter as the 'Company' or 'NickelSearch') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were Directors of NickelSearch Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mark Connelly	Non-Executive Chair
Nicole Duncan	Managing Director
Lynda Burnett	Non-Executive Director
Paul Bennett	Non-Executive Director (resigned 20 October 2023)
Norman Taylor	Non-Executive Director (resigned 24 November 2023)

Principal activities

The principal activity of the Group during the course of the half-year was the exploration for, and evaluation of, mineral deposits at the Company's Carlingup project in the southern region of Western Australia.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the Group after providing for income tax amounted to \$6,668,787 (31 December 2022: \$1,085,477).

As at 31 December 2023, the Group has net assets amounting to \$11,000,186 (30 June 2023: \$12,878,294), cash and cash equivalents of \$3,509,032 (30 June 2023: \$1,899,087) and had a working capital surplus of \$2,950,669 (30 June 2023: 1,200,886).

During the half-year the Group advanced in the following areas:

Exploration Focus

The Group confirmed the presence of lithium through grab sample assays of pegmatites located on the Carlingup Project, with highlights including:

- NSR04389 - **5.19% Li₂O**, and
- NSR04388 - **4.99% Li₂O**.

[Refer ASX Announcement 16 October 2023 – Assays over 5% Lithium Oxide (Li₂O) at Carlingup.]

Geochemical and geophysical analysis identified 30 areas of interest for lithium-caesium-tantalum (**LCT**) pegmatites across the tenement package, in the first stage of the work program.

Mapping and sampling programs were completed across five high priority areas of interest.

The mapping successfully identified outcropping pegmatites at a number of the areas of interest across the Carlingup Project. Assay results of soil sampling in and around the Quarry area were received post period end with the geochemical anomalism in the soils showing levels of LCT pegmatite metals well above background levels (between 2.7x and 15.6x background). [Refer ASX Announcement 13 February 2024 – Additional Priority Lithium Targets Identified North of the Quarry.] Drill program planning is underway to test these LCT anomalies.

Fourteen drill targets have now been identified from early work within and around the original 28 areas of interest.

Strategic Tenement Acquisition

During the half-year, the Company announced the acquisition of five Exploration Licences (E74/719, E74/744, E74/743, E74/762, E74/777) and one Prospecting Licence (P74/387), adding an additional 87.1km² of landholding prospective for lithium to the Ravensthorpe tenement portfolio. The Group now holds 194.5km² of landholding, of which 148.7 km² is for all mineral rights including lithium, and the remaining 45.8 km² is for nickel rights only.

NickelSearch Limited
Directors' report
31 December 2023

The new tenements are in proximity to the Group's flagship Carlingup Project and the Mt Cattlin lithium mine owned by Arcadium Lithium Limited [ASX: LTM]. The new landholding contains a continuation of structures northeast of the Mt Cattlin Mine and nearby to tenements held by Bulletin Resources Ltd [ASX: BNR], enhancing the potential of the lithium target pipeline.

Desktop analysis and planning is underway to inform the planning needed to accelerate lithium exploration programs at the newly acquired tenements.

Corporate

Capital Raise

During the half-year, the Company raised a total of \$3.65 million (before costs), comprising:

- \$1.20 million at \$0.045 per share via a share placement to existing shareholders including several high-net-worth, domestic, and international institutional investors;
- \$2.43 million through the exercise and underwriting of 34,754,946 options, at an exercise price of \$0.07; and
- \$12,997 through the exercise of 129,971 options, at an exercise price of \$0.10 each.

The funds are being directed to support the acceleration of the Group's lithium exploration workplan which is further advancing the Group's understanding of Carlingup's lithium potential.

Changes in the Company Board

During the half-year, and further to Medallion Metals Limited's reduction in substantial shareholding below 10%, Paul Bennett resigned as a Non-Executive Director from the Company's board. Norm Taylor also resigned as a Non-Executive Director but remains as a Special Advisor to the Board and continues to oversee critical Ravensthorpe stakeholder negotiations.

Significant changes in the state of affairs

During the half-year the Company acquired 100% of the Share Capital of Resource Standard Pty Ltd which had ownership of the tenements E74/743, E74/744 and E74/719 via a Share Purchase Agreement. The Group also acquired 100% interest in E74/762 and P74/387 from Mining Equities Pty Ltd.

E74/743, E74/744 and E74/719

The Company acquired 100% of the issued capital of Resource Standard Pty Ltd, which had ownership of the tenements E74/743, E74/744 and E74/719 via a Share Purchase Agreement. Material terms of the acquisition are:

- **Upfront share consideration:** \$575,000 in NIS shares issued at settlement, based on the 30-day VWAP in the shares in the lead up to the execution of the Term Sheet.
- **Deferred share consideration – Milestone 1:** \$125,000 in NIS shares issued at the 30-day VWAP upon the announcement of five (5) rock chip samples greater than 1% Li₂O.
- **Deferred share consideration – Milestone 2:** \$125,000 in NIS shares issued at the 30-day VWAP upon the announcement of drill result of 10m @ 1.0% Li₂O.
- **Net Smelter Return (NSR) Royalty:** the Vendor's nominee company is granted a 1.5% NSR royalty over lithium won from the tenements up to a limit of \$10,000,000. NickelSearch may reduce the royalty to 0.75% by paying to the nominee company \$2,500,000.

The deferred share consideration payments for Milestones 1 and 2 are subject to shareholder approval. If shareholder approval is not obtained or expires, Group will pay the cash amount in lieu of the shares.

E74/762 and P74/387

The Group acquired 100% interest in E74/762 and P74/387 from Mining Equities Pty Ltd on 13 December 2023, transfer of E74/762 is subject to Ministerial consent, which has been received. Material terms of the acquisition are:

- **Upfront share consideration:** \$600,000 in NIS shares which were issued at settlement based on the 30-day VWAP before the announcement of the acquisition; and
- **NSR Royalty:** Mining Equities are granted a 1.00% NSR royalty over lithium won from the tenements. NickelSearch may reduce the royalty to 0.50% by paying Mining Equities \$5,000,000.

Impairment

The Group recorded an impairment charge of \$5.7 million against nickel assets, being its nickel laterite assets, following the reduction in nickel prices and the announcement by nearby processors to significantly reduce their operating activities at the Ravensthorpe Nickel Operation (RNO) in Western Australia; and against its nickel sulphide resources, primarily due to the decline in nickel prices during the period.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 12 January 2024, Danielle Muto resigned as joint company secretary.

401,168 Performance Rights lapsed on 22 January 2024, due to the condition becoming incapable of being satisfied.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Competent person statement

The information in this half year report that relates to previously reported exploration results for NickelSearch are extracted from the ASX Announcements referred to, which are also available on the Company's website at www.nickelsearch.com and the ASX website www.asx.com under the code NIS. NickelSearch Limited confirms that it is not aware of any new information or data that materially affects the information included in the relevant Company announcement, and ongoing results are published as further assays are received.

Auditor's independence declaration

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

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Nicole Duncan
Managing Director

14 March 2024

To the Board of Directors of NickelSearch Limited

Auditor's independence declaration under section 307C of the Corporations Act 2001

As lead auditor for the review of the financial statements of NickelSearch Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely



Nexia Perth Audit Services Pty Ltd



Justin Mulhair
Director

Perth, Western Australia
14 March 2024

Advisory. Tax. Audit.

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

NickelSearch Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Revenue			
Other income	5	68,242	21,855
Expenses			
Corporate and administrative expenses	6	(402,286)	(502,621)
Exploration expenditure	7	(190,253)	(104,019)
Employee benefits expense		(250,470)	(357,125)
Depreciation and amortisation expense		(44,788)	(38,495)
Impairment of exploration assets	10	(5,700,000)	-
Interest expenses		(11,009)	(3,939)
Share based payment expense	23	(138,223)	(101,133)
Loss before income tax expense		(6,668,787)	(1,085,477)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of NickelSearch Limited		(6,668,787)	(1,085,477)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of NickelSearch Limited		(6,668,787)	(1,085,477)
		Cents	Cents
Basic loss per share		(4.23)	(1.04)
Diluted loss per share		(4.23)	(1.04)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

NickelSearch Limited
Condensed consolidated statement of financial position
As at 31 December 2023

	Note	31 Dec 2023 \$	30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents		3,509,032	1,899,087
Trade and other receivables		73,017	156,022
Other		23,592	44,834
Total current assets		3,605,641	2,099,943
Non-current assets			
Property, plant and equipment	9	182,297	200,417
Right-of-use assets	8	99,013	128,717
Exploration and evaluation	10	10,064,640	13,534,620
Total non-current assets		10,345,950	13,863,754
Total assets		13,951,591	15,963,697
Liabilities			
Current liabilities			
Trade and other payables		531,870	793,971
Lease liabilities	11	60,757	57,501
Provisions	12	62,345	47,585
Total current liabilities		654,972	899,057
Non-current liabilities			
Lease liabilities	11	44,032	75,342
Provisions	12	2,111,004	2,111,004
Other	13	141,397	-
Total non-current liabilities		2,296,433	2,186,346
Total liabilities		2,951,405	3,085,403
Net assets		11,000,186	12,878,294
Equity			
Issued capital	14	20,487,230	16,085,125
Reserves	15	1,535,072	1,146,498
Accumulated losses		(11,022,116)	(4,353,329)
Total equity		11,000,186	12,878,294

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

NickelSearch Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital \$	Option Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	14,320,478	377,069	(2,274,758)	12,422,789
Loss after income tax expense for the half-year	-	-	(1,085,477)	(1,085,477)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,085,477)	(1,085,477)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 23)	29,000	72,133	-	101,133
Balance at 31 December 2022	14,349,478	449,202	(3,360,235)	11,438,445
	Issued capital \$	Option Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	16,085,125	1,146,498	(4,353,329)	12,878,294
Loss after income tax expense for the half-year	-	-	(6,668,787)	(6,668,787)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(6,668,787)	(6,668,787)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity (note 14)	3,645,843	-	-	3,645,843
Shares issued for acquisition (note 10 and 14)	1,175,000	-	-	1,175,000
Costs of capital raise	(418,738)	250,351	-	(168,387)
Share based payments expense (note 23)	-	138,223	-	138,223
Balance at 31 December 2023	20,487,230	1,535,072	(11,022,116)	11,000,186

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

NickelSearch Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(724,574)	(868,303)
Interest received		36,462	19,165
Interest and other finance costs paid		(6,788)	(3,939)
R&D tax rebate		25,875	-
Net cash used in operating activities		(669,025)	(853,077)
Cash flows from investing activities			
Payments for property, plant and equipment	9	(1,412)	(7,361)
Payments for exploration and evaluation		(1,460,074)	(1,250,888)
Proceeds from disposal of property, plant and equipment		5,400	-
R&D tax rebate		289,875	-
Net cash used in investing activities		(1,166,211)	(1,258,249)
Cash flows from financing activities			
Proceeds from issue of shares	14	3,645,844	-
Share issue transaction costs		(168,388)	-
Repayment of lease liabilities		(32,275)	-
Net cash from financing activities		3,445,181	-
Net increase/(decrease) in cash and cash equivalents		1,609,945	(2,111,326)
Cash and cash equivalents at the beginning of the financial half-year		1,899,087	4,607,478
Cash and cash equivalents at the end of the financial half-year		3,509,032	2,496,152

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

Note 1. General information

The interim financial report covers NickelSearch Limited as a Group consisting of NickelSearch Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is NickelSearch Limited's functional and presentation currency.

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

Suite 14, 92 Walters Drive
Osborne Park, WA 6017

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 14 March 2024.

Note 2. Material accounting policy information

This general purpose interim financial report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This general purpose interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Research and development tax rebate

Research and development tax rebates from the government are recognised at their fair value where there is a reasonable assurance that the rebate will be received, and the Group will comply with all attached conditions. The rebates are recognised to match them with the costs that they are intended to compensate.

New or amended Accounting Standards and Interpretations adopted

The Group 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.

Note 2. Material accounting policy information (continued)

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the half-year ended 31 December 2023, the Group recorded a loss of \$6,668,787 (31 Dec 2022: \$1,085,477). At the close of the half-year, the Group has net assets amounting to \$11,000,186 (30 June 2023: \$12,878,294), cash and cash equivalents of \$3,509,032 (30 June 2023: \$1,899,087) and had a working capital surplus of \$2,950,669 (30 June 2023: 1,200,886).

The Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- there is sufficient cash available at balance date for the Group to continue operating; and
- the Director's manage discretionary expenditure in line with the Group's cash flow and do not consider there are any valid reasons as to why future capital funding will not be available and remain confident that sufficient funding will be obtained when required for a minimum of 12 months from the date of this report.

Note 3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Impairment of assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Deferred consideration

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The Group applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Exploration and evaluation asset

Exploration and evaluation expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or sale, of the respective areas of interest. The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Asset acquisition v's business combination

AASB 3 Business Combinations defines a business as being 'An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.'

For the acquisition of Resource Standard Pty Ltd and its wholly owned subsidiary Proton Resources Pty Ltd, as noted above, the Directors have determined that this transaction does not meet the definition of a business per AASB 3 Business Combinations and, thus, has been treated as an Asset Acquisition.

Note 4. Operating segments

The Group operates entirely in the mineral exploration industry, within Australia. The Group has therefore identified only one operating and reporting segment and no further disclosures are required.

Note 5. Other income

	31 Dec 2023	31 Dec 2022
	\$	\$
Net gain on disposal of property, plant and equipment	952	-
R&D tax rebate	25,875	-
Sundry recoveries	4,953	2,690
Interest	36,462	19,165
Other income	68,242	21,855

Note 6. Corporate and administrative expenses

	31 Dec 2023	31 Dec 2022
	\$	\$
Management fees	150,931	127,901
Marketing and promotion	84,649	146,284
Legal expenses	28,725	28,865
Occupancy expense	3,567	16,862
Insurance	20,049	19,423
Consulting fees	23,665	42,903
Other	90,700	120,383
	402,286	502,621

Note 7. Exploration expenditure

	31 Dec 2023	31 Dec 2022
	\$	\$
Tenement fees	133,916	94,140
Other	56,337	9,879
	190,253	104,019

NickelSearch Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 8. Right-of-use assets

	31 Dec 2023	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	178,223	178,223
Less: Accumulated depreciation	(79,210)	(49,506)
	99,013	128,717

Reconciliations

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

	\$
Balance at 1 July 2022	-
Additions	178,223
Depreciation expense	(49,506)
Balance at 30 June 2023	128,717
Depreciation expense	(29,704)
Balance at 31 December 2023	99,013

Note 9. Property, plant and equipment

	31 Dec 2023	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Land - at cost	137,406	137,406
Plant and equipment - at cost	61,971	61,408
Less: Accumulated depreciation	(32,940)	(23,503)
	29,031	37,905
Office equipment - at cost	42,278	52,692
Less: Accumulated depreciation	(26,418)	(27,586)
	15,860	25,106
	182,297	200,417

Note 9. Property, plant and equipment (continued)

Reconciliations

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

	Land & buildings \$	Plant & equipment \$	Office equipment \$	Total \$
Balance at 1 July 2022	137,406	53,086	31,015	221,507
Additions	-	4,318	11,270	15,588
Depreciation expense	-	(19,499)	(17,179)	(36,678)
Balance at 30 June 2023	137,406	37,905	25,106	200,417
Additions	-	562	850	1,412
Disposals	-	-	(4,448)	(4,448)
Depreciation expense	-	(9,436)	(5,648)	(15,084)
Balance at 31 December 2023	137,406	29,031	15,860	182,297

Note 10. Exploration and evaluation

	31 Dec 2023 \$	30 June 2023 \$
<i>Non-current assets</i>		
Exploration and evaluation	10,064,640	13,534,620

Reconciliations

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

	\$
Balance at 1 July 2022	9,348,447
Expenditure during the year	3,739,461
Increase in rehabilitation asset	446,712
Balance at 30 June 2023	13,534,620
Additions ²	1,346,398
R&D Tax rebate allocated to exploration	(289,875)
Expenditure during the half-year	1,173,497
Impairment of assets ¹	(5,700,000)
Balance at 31 December 2023	10,064,640

1. Impairment

The Group recorded an impairment charge of \$5.7 million against nickel assets, being its nickel laterite assets, following the reduction in nickel prices and the announcement by nearby processors to significantly reduce their operating activities at the Ravensthorpe Nickel Operation (RNO) in Western Australia; and against its nickel sulphide resources, primarily due to the decline in nickel prices during the period.

2. Acquisition of Mt Cattlin Lithium Tenements

The Group acquired four Exploration Licences on 13 December 2023, E74/719, E74/744, E74/743, E74/762 and one Prospecting Licence P74/837. Two Agreements were entered into for the acquisition of the tenements, being an Asset Acquisition agreement and Share Purchase Agreement.

Note 10. Exploration and evaluation (continued)

E74/743, E74/744 and E74/719

The Company acquired 100% of the issued capital of Resource Standard Pty Ltd, which had ownership of the tenements E74/743, E74/744 and E74/719 via a Share Purchase Agreement. Material terms of the acquisition are:

- **Upfront share consideration:** \$575,000 in NIS shares issued at settlement, based on the 30-day VWAP in the shares in the lead up to the execution of the Term Sheet.
- **Deferred share consideration – Milestone 1:** \$125,000 in NIS shares issued at the 30-day VWAP upon the announcement of five (5) rock chip samples greater than 1% Li₂O.
- **Deferred share consideration – Milestone 2:** \$125,000 in NIS shares issued at the 30-day VWAP upon the announcement of drill result of 10m @ 1.0% Li₂O.
- **Net Smelter Return (NSR) Royalty:** the Vendor's nominee company is granted a 1.5% NSR royalty over lithium won from the tenements up to a limit of \$10,000,000. NickelSearch may reduce the royalty to 0.75% by paying to the nominee company \$2,500,000.

The deferred share consideration payments are subject to shareholder approval. If shareholder approval is not obtained or expires, Group will pay the cash amount in lieu of the shares.

For the acquisition of Resource Standard Pty Ltd and its wholly owned subsidiary Proton Resources Pty Ltd, as noted above, the Directors have determined that this transaction does not meet the definition of a business per AASB 3 Business Combinations and, thus, has been treated as an Asset Acquisition.

E74/762 and P74/387

The Group acquired 100% interest in E74/762 and P74/387 from Mining Equities Pty Ltd on 13 December 2023, transfer of E74/762 is subject to Ministerial consent, which will be sought immediately. Material terms of the acquisition are:

- **Upfront share consideration:** \$600,000 in NIS which were issued at settlement based on the 30-day VWAP before the announcement of the acquisition; and
- **NSR Royalty:** Mining Equities are granted a 1.00% NSR royalty over lithium won from the tenements. NickelSearch may reduce the royalty to 0.50% by paying Mining Equities \$5,000,000.

Details of the acquisitions are as follows:

	\$
Non-refundable cash deposit paid to the vendors of Resources Standard Pty Ltd	30,000
7,077,990 fully paid ordinary shares at \$0.081 each issued to the vendors of Resource Standard Pty Ltd	575,000
5,893,910 fully paid ordinary shares at \$0.102 each issued to Mining Equities Pty Ltd for tenements E74/762 and P74/387	600,000
Deferred share consideration - Milestone 1	87,195
Deferred share consideration - Milestone 2	54,203
	1,346,398

The valuation model inputs used to determine the present value of the deferred share consideration, are as follows:

Assumptions	Milestone 1	Milestone 2
Face value	\$125,000	\$125,000
Probability	75%	50%
Discount Rate	3.691%	3.625%
Term	2 years	4 years
Present value	\$87,195	\$54,203

Note 11. Lease liabilities

	31 Dec 2023	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Lease liabilities	60,757	57,501
<i>Non-current liabilities</i>		
Lease liabilities	44,032	75,342
	104,789	132,843
Balance at the beginning of the period	132,843	-
Lease liabilities recognised at inception	-	176,223
Add: Finance charges	4,221	9,097
Less: Payments	(32,275)	(52,477)
	104,789	132,843

During the financial year ended 30 June 2023, the Company entered into an agreement to lease corporate office space for a minimum period of 3 years on standard commercial terms.

Right of use assets are measured at amounts equal to the carrying value of their respective lease liabilities on the inception date, adjusted for incentives, accruals and prepayments relating to the contractual agreement. Right of use assets are amortised over the shorter of the asset's useful life and the lease term on a straight term basis. Right of use assets have been disclosed as part of property, plant and equipment in the statement of financial position, refer to note 8 for further detail.

Lease liabilities are measured at amounts equal to the net present value of lease payments over the remaining term of the lease, discounted at the Company's incremental borrowing rate. The discount rate used in calculating the carrying value of lease liabilities considers the circumstances applicable to the underlying leased assets, in particular the lease value, the term of the lease and the economic environment.

Note 12. Provisions

	31 Dec 2023	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Annual leave	62,345	47,585
<i>Non-current liabilities</i>		
Mine restoration	2,111,004	2,111,004
	2,173,349	2,158,589

Note 13. Other

	31 Dec 2023	30 June 2023
	\$	\$
<i>Non-Current liabilities</i>		
Deferred consideration	141,397	-

See note 10 for details.

NickelSearch Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 14. Issued capital

	31 Dec 2023 Shares	30 June 2023 Shares	31 Dec 2023 \$	30 June 2023 \$
Ordinary shares - fully paid	213,542,448	139,018,964	20,487,230	16,085,125

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	104,064,018		14,320,478
Appointment issue to Managing Director		200,000	\$0.145	29,000
Entitlement offer		34,754,946	\$0.070	2,432,827
Capital raising costs				(697,180)
Balance	1 July 2023	139,018,964		16,085,125
Exercise of \$0.07 entitlement options ¹		34,754,946	\$0.070	2,432,846
Exercise of \$0.10 underwriter options ²		129,971	\$0.100	12,997
Share Placement Plan Tranche 1 ³		20,908,346	\$0.045	940,876
Share Placement Plan Tranche 2 ³		5,758,321	\$0.045	259,124
Issued as consideration for tenements acquired ⁴		7,077,990	\$0.081	575,000
Issued as consideration for tenements acquired ⁵		5,893,910	\$0.102	600,000
Capital raising costs				(418,738)
Balance	31 December 2023	213,542,448		20,487,230

- (1) On the 3 May 2023, the Company announced an entitlement offer to all shareholders, subscribers to the offer received one free attaching option for every new share issue. During the half-year, all of those options were exercised at \$0.07 each converting to ordinary shares.
- (2) As part of the same entitlement offer, the Company issue a further 34 million underwriting options exercisable at \$0.10 each. During the half-year 129,971 of those options were exercised at \$0.10 each converting to ordinary shares.
- (3) On 16 October 2023, the Company announced a placement to raise \$1.2 million across 2 tranches, which was concluded following shareholder approval.
- (4) On 12 December 2023, the Company acquired additional tenements via a share purchase acquisition funded via the issue of 7,077,990 fully paid ordinary shares at \$0.081 each (being the NIS 30-day VWAP prior to 14/11/2023 when non-binding terms were agreed) see note 10.
- (5) On 12 December 2023, the Company acquired additional tenements funded via the issue of 5,893,910 fully paid ordinary shares at \$0.102 (being the NIS 30-day VWAP prior to the announcement of the transaction) each see note 10.

Ordinary shares

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

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

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

Note 15. Reserves

	31 Dec 2023 \$	30 June 2023 \$
Options reserve	1,535,072	1,146,498

Note 15. Reserves (continued)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial half-year are set out below:

	Share based payments reserve \$
Balance at 1 July 2022	377,069
Options expensed to profit and loss	299,974
Options recognised as cost of share capital	469,455
Balance at 30 June 2023	1,146,498
Options expensed to profit and loss	138,223
Options recognised as cost of share capital*	250,351
Balance at 31 December 2023	1,535,072

* 5,000,000 Lead Manager Options issued the advisors of the capital raising, at an exercise price of \$0.0675 on or before 31 October 2027. A value of \$250,351 was recognised as a capital raising cost.

Movement in the number of share options during the half-year and prior financial year:

	31 Dec 2023 Number	30 June 2023 Number
Balance at the beginning of the period	88,297,085	8,700,000
Options granted	31,666,667	80,230,710
Options exercised	(34,884,917)	-
Options cancelled	-	(533,625)
Options lapsed	-	(100,000)
	85,078,835	88,297,085

Note 16. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 17. Contingent assets

A third party, First Quantum Minerals (FQM), hold the rights to any lateritic nickel on some of the tenements that the Company holds. Should any lateritic nickel be mined on these tenements then a royalty is payable to NickelSearch. No mining of lateritic nickel has been undertaken to date.

The Group has an agreement with Alpha Fine Chemicals Limited, a related entity of previous Director Norman Taylor, granting right of first refusal to purchase nickel product if derived from certain of the Group's tenements.

Note 18. Contingent liabilities

At the date of this report, there are no claims or contingent liabilities that are expected to materially impact, either individually or in aggregate, the Group's financial position or results from operations, other than as set out below.

Note 18. Contingent liabilities (continued)

From 5 October 2021 the Group assumed various liabilities pursuant to the acquisition of certain assets from Medallion Metals Limited (MM8) (the MM8 Assets), including but not limited to the RAV8 Royalty Agreement, any third party agreements relating to the MM8 Assets (MM8 Third Party Agreements) and the Group has also indemnified MM8 from and against all claims and loss that MM8 may suffer or incur as a result of any breach of any MM8 Third Party Agreement.

From the date of acquisition, any environmental and rehabilitation obligations pertaining to the MM8 Assets, are the responsibility of the Group.

From 5 October 2021 the Group has assumed various liabilities from the Mineral Rights Deed with MM8, including State and third party royalties payable on any future activity on the Mineral Rights Tenements, rehabilitation obligations, heritage surveys and any native title obligations.

The Group also has a range of royalty commitments payable to various parties on certain of its tenements if the sale of certain prescribed mineral product is achieved.

The Group has also entered into a Native Title Agreement with the Wagyl Kaip People and Southern Noongar People in relation to exploration tenements under the Nindilbillup project. A fee of \$5,000 is payable each year subject to the Ravensthorpe Nickel Project being in production and capped at \$50,000 in total. These obligations have been accrued to date. Additional amounts totalling \$100,000 are also payable subject to receiving certain approvals and making sales. Royalty payments of 0.35% of revenue are also payable from the sale of product.

As part of the agreement to purchase certain tenements in 2021, the Group has agreed to pay the sellers a royalty from the sale of commodities other than Nickel, Cobalt and Platinum Group Metals until the tenements are sold, surrendered, or otherwise relinquished.

On 12 December 2023 the Group acquired 100% of the issued capital of Resource Standard Pty Ltd, which had ownership of the tenements E74/743, E74/744 and E74/719. Terms of the acquisition included:

- Deferred share consideration – Milestone 1: \$125,000 in NIS shares issued at the 30-day VWAP upon the announcement of five (5) rock chip samples greater than 1% Li₂O.
- Deferred share consideration – Milestone 2: \$125,000 in NIS shares issued at the 30-day VWAP upon the announcement of drill result of 10m @ 1.0% Li₂O.
- NSR Royalty: the Vendor's nominee company is granted a 1.5% net smelter royalty (NSR) over lithium won from the tenements up to a limit of \$10,000,000. NickelSearch may reduce the royalty to 0.75% by paying to the nominee company \$2,500,000.

The Deferred consideration shares have been brought to account in the half-year report of the Group as a liability. The NSR Royalty has been classified as a contingent liability.

The Group acquired tenements E74/762 and P74/387 from Mining Equities Pty Ltd, under the agreement Mining Equities are granted a 1.00% NSR royalty over lithium won from the tenements. The Company may reduce the royalty to 0.50% by paying Mining Equities \$5,000,000.

Note 19. Commitments

The Group is required to meet minimum expenditure commitments in respect of its exploration tenements or obtain expenditure exemptions from respective jurisdictional departments to maintain those tenements in good standing. If the relevant tenement is relinquished the expenditure commitment also ceases.

The following commitments for the next 5 years exist at the reporting date but have not been brought to account. Additional commitments exist through to the expiry dates of the tenements that range from 2029 to 2039:

	31 Dec 2023	30 June 2023
	\$	\$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	599,320	492,400

Note 19. Commitments (continued)

In the current and prior years, the Group has received some exemptions in respect of required expenditure.

As part of the agreement to purchase certain tenements in 2021, the Group has agreed to pay Medallion Metals Limited (a shareholder of the Company) a royalty from the sale of commodities other than Nickel, Cobalt and Platinum Group Metals until the tenements are sold, surrendered, or otherwise relinquished.

Note 20. Related party transactions

Parent entity

NickelSearch Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 21.

Transactions with related parties

The following transactions occurred with related parties:

	31 Dec 2023	31 Dec 2022
	\$	\$
Other income:		
Reimbursement received from Alpha Fine Chemicals Ltd (i) for shared office accommodation, equipment, IT and office maintenance	2,731	2,690
Payment for other expenses:		
Reimbursement to Alpha Fine Chemicals Ltd (i) for shared office accommodation, equipment, and financial/administrative support personnel.	2,687	31,548

(i) Former Director Norman Taylor is a director and substantial shareholder of Alpha Fine Chemicals Ltd. Transactions with Alpha Fine Chemicals Ltd are reported until his resignation on 24 November 2023.

Terms and conditions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 21. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2023 %	30 June 2023 %
AML (Ravensthorpe) Pty Ltd	Australia	100%	100%
AML Employee Equity Plan Pty Ltd	Australia	100%	100%
Phanerozoic Energy Pty Ltd	Australia	100%	100%
Resource Standard Pty Ltd	Australia	100%	-
Proton Resources Pty Ltd	Australia	100%	-

Note 22. Events after the reporting period

On 12 January 2024, Danielle Muto resigned as joint company secretary.

401,168 Performance Rights lapsed on 22 January 2024, due to the condition becoming incapable of being satisfied.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 23. Share-based payments

The Company has established an Employee Securities Incentive Plan (the Plan) which was approved by shareholders at the annual general meeting held on 23 November 2022. All directors, officers, employees and consultants (whether full or part-time) are eligible to participate in the Plan at the Boards discretion.

The allocation of Awards under the Plan is at the discretion of the Board. The exercise price or performance targets of options granted will be determined by the Board and will be equal to, or higher than the market value of the Company's shares at the time the Board resolves to issue the options.

Options are forfeited one month after the holder ceases to be employed by the Group however the terms of the Option Plan allow the Board to exercise its discretion as to whether options are forfeited.

All Company options granted are over ordinary shares in NickelSearch Limited, which confer a right of one ordinary share per option. The options hold no voting or dividend rights.

It was approved at the Company's AGM on 28 November 2023 to issue 5,000,000 Lead Manager Options to the advisors of the capital raising at an exercise price of \$0.0675 on or before 31 October 2027, \$250,351 was recognised as a capital raising cost.

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Number of options	3,920,315	1,079,685
Valuation date	20 October 2023	4 December 2023
Expiry date	31 October 2027	31 October 2027
Share price at valuation date	\$0.0510	\$0.0900
Exercise price	\$0.0675	\$0.0675
Volatility	140%	140%
Dividend yield	0%	0%
Risk-free interest rate	4.02%	4.03%
Fair value at valuation date	\$0.0424	\$0.0781
Value	\$166,022	\$84,329

Options with vesting conditions issued in prior years are being expensed over their vesting periods, \$138,223 (31 December 2022: \$101,133 was recognised as share based payment expense.

	31 Dec 2023	31 Dec 2022
Share based payment expense	\$	\$
Director Options issued June 2023	11,446	-
Managing Director Options approved November 2022	31,869	11,009
Performance options issued to staff December 2022	53,557	8,866
Director and Manager options issued October 2021	16,214	27,121
Consultant options issued March 2022	25,137	25,137
Issue of 200,000 shares to Managing Director Nicole Duncan on appointment	-	29,000
	138,223	101,133

NickelSearch Limited
Directors' declaration
31 December 2023

In the Directors' opinion:

- the attached interim financial report and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached interim financial report and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Nicole Duncan
Managing Director

14 March 2024

Independent Auditor's Review Report

To the members of Nickelsearch Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Nickelsearch Limited ("the Company") and its controlled entities ("the Group"), which comprises the Condensed Consolidated Statement of Financial Position as at 31 December 2023, the 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 comprising significant accounting policy information and other explanatory information, and the Directors' Declaration.

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 Nickelsearch Limited does not comply with the *Corporations Act 2001* including:

- i) 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 of the consolidated entity; and
- iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 & 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 the Code.

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

Responsibility of the Directors for the 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* and for 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.

Advisory. Tax. Audit.

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

Auditor's Responsibility for the Review of the 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 is not in accordance 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 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.

NPAS

Nexia Perth Audit Services Pty Ltd



Justin Mulhair
Director

Perth
14 March 2024