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**ASX Announcement**  
**29 OCTOBER 2021**

## **QUARTERLY ACTIVITIES REPORT**

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### **EXPLORATION**

- Maiden first pass diamond drilling program of 2402.5m in six diamond drill holes designed to test for semi-massive to massive sulphides at the Fire Dragon and Silver Dragon nickel targets was successfully and safely completed.
- Drilling indicated the presence of massive sulphides within the Fire Dragon target and disseminated sulphides at the Silver Dragon target from inspection of the core.
- At Fire Dragon, 0.55m massive sulphide breccia interval contained within highly altered and deformed mafic from 262.2m to 273.7m in NKLDD004.
- At Silver Dragon, two styles of mineralisation were encountered in NKLDD005 from surface to the EOH depth of 408.4m:
  - minor narrow (1-10m) gabbro intervals cross-cutting the background gneissic sequence with trace disseminated sulphides; and
  - variably developed intervals of disseminated and remobilised stringer vein sulphides associated with granitic dykes and veins with magnetite-potassic feldspar-quartz-epidote alteration overprinting the gneissic and gabbroic lithologies.
- Downhole EM surveys contracted to test for off-hole conductors and potential follow up Diamond/RC drilling program at Fire Dragon and Silver Dragon.
- Core samples delivered to ALS Kalgoorlie with assays due as soon as practical.
- Reconciliation with geological model is ongoing
- Planning for the next stage of drilling at Fire Dragon and Silver Dragon is underway.
- The drilling program was supported by a \$150,000 WA Government drilling grant.
- 3D modelling of the Black Dragon and Red Dragon gold targets completed in preparation for a maiden drilling program to test for Tropicana-type structural gold (see ASX Announcement 3 June 2021 "High Grade Gold at Black Dragon").

### **CORPORATE**

- Completion of the preliminary build of the Company's nickel prospectivity database focussing on the Southwest and Southeast Yilgarn,
- The Company's nickel prospectivity database is supporting the Company's project generation activities and negotiations with 3<sup>rd</sup> parties for additional projects.
- Strong cash position of \$5.6 million.

**COMMENTING ON THE QUARTER, NICKELX MANAGING DIRECTOR MATT GAUCI SAID:**

*"The September quarter has been a notable period in the short history of NickelX in which the Company completed its first ever drilling campaign at the Fire Dragon and Silver Dragon nickel targets. The drilling has encountered sulphides in the emerging Albany Fraser Orogen region which will significantly advance our understanding of the NickelX tenure.*

*"Once assays are received and downhole Electromagnetic (DHEM) surveys are completed in the December Quarter we will incorporate those results into our geological model for planning of the next stage of drilling.*

*"Our nickel prospectivity database continues to guide our project generation and I am also pleased to note that NickelX has made significant advancements with its 3D modelling and targeting for structural gold at the Black Dragon target."*



**Figure 1. Fire Dragon Nickel-Copper Target drill rig preparation**

## Biranup Nickel Project Overview

Biranup is comprised of six granted exploration licenses (EL's) covering a total area of ~400km<sup>2</sup> and is located in the northeastern Albany Fraser Orogen (AFO). Previous work at Biranup has identified 20+ EM conductors that are considered highly prospective for magmatic nickel-copper mineralisation. The Fire Dragon nickel-copper target has been the subject of a SPECTREM AEM survey, ground MLEM surveys yet very limited drilling, which historically intersected narrow zones of semi-massive to massive sulphides (including pentlandite and chalcopyrite).

NickelX completed a maiden first pass diamond drilling program of 2402.5m in six diamond drill holes at 5 high priority targets at Biranup which were defined by robust conductivity anomalies at FD1, FD2 and FD4. The FD1 Target highlighted a strong basement conductor with a strike length of 800m. DDH1 completed this phase 1 program safely, on time and budget, and have been contracted for phase 2 diamond drilling program at Fire Dragon (nickel-copper), Silver Dragon (nickel-copper) and Black Dragon (gold), as soon as a rig becomes available.

The AFO is still considered an emerging mineral belt as nickel-copper discoveries (e.g., the Silver Knight deposit (Creasy Group), Mawson's deposit (Legend Mining Limited) and the Orion target (IGO Limited)) continue to be made after only 10 years since the discovery of the Nova-Bollinger deposit. Total mineral endowment of the AFO is approximately 0.3Mt contained nickel-copper, whereas more mature belts, such as the Thompson Belt in Canada, have been explored for more than 40 years with total mineral endowment of 2.7Mt contained nickel.

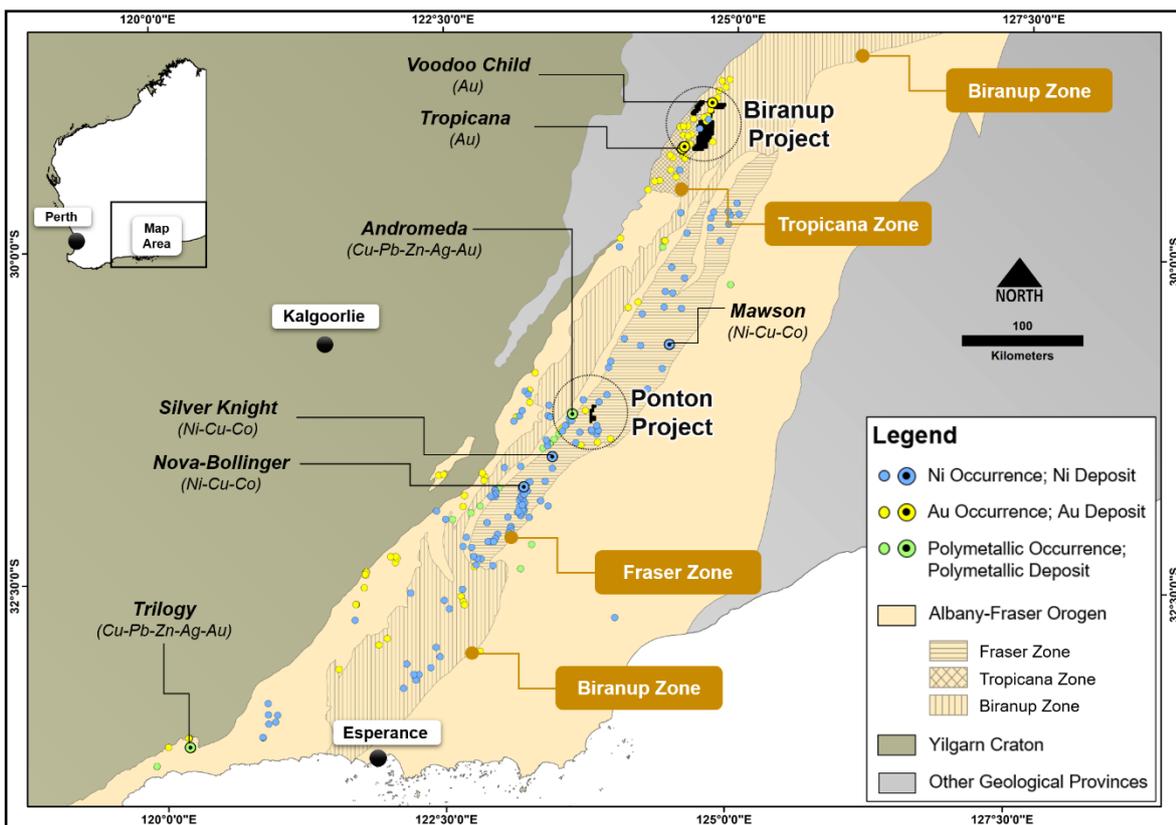


Figure 2. NickelX Biranup and Ponton Projects in the Albany Fraser Orogen

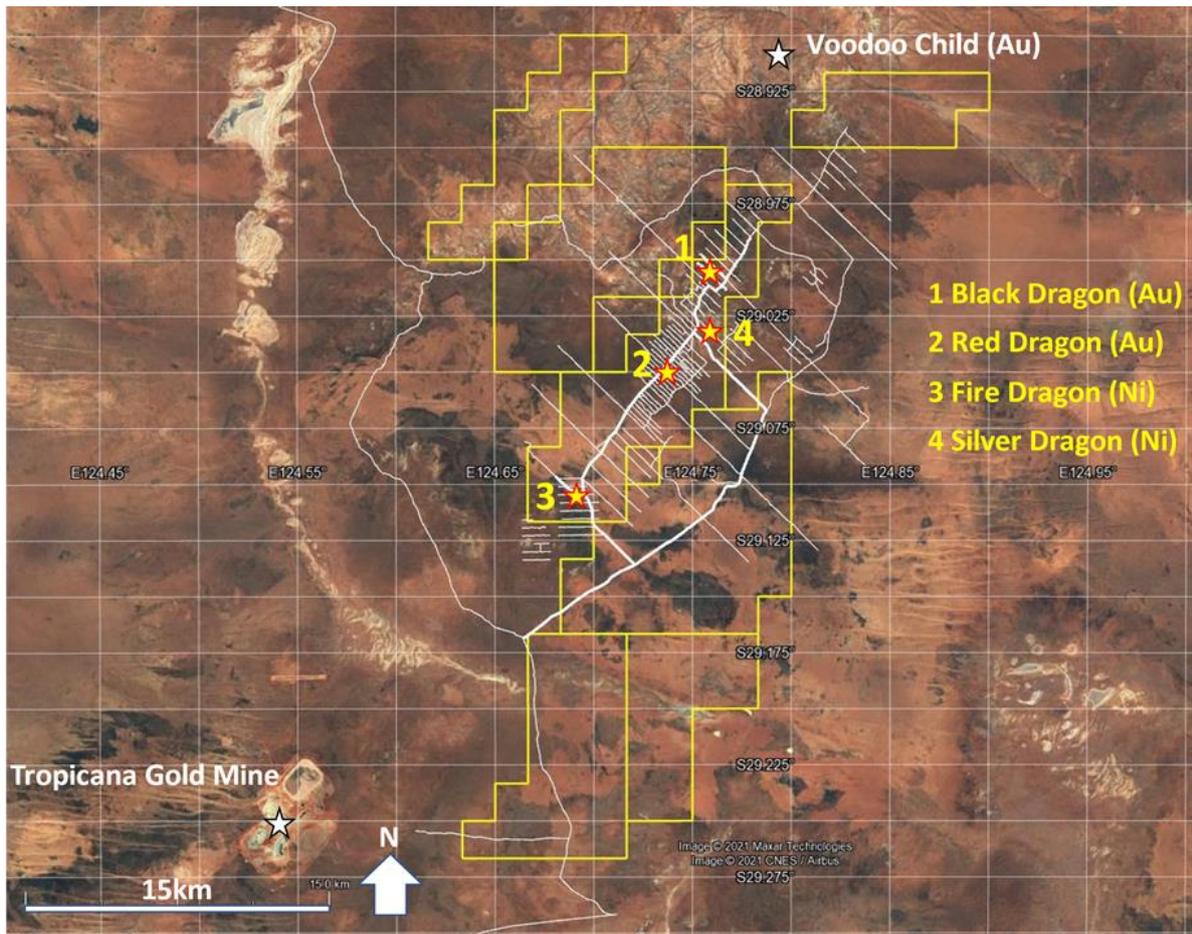


Figure 3. High priority nickel and gold target locations at Biranup

## Fire Dragon Nickel Target

At Fire Dragon, the Company's strategy is not only to locate thicker and potentially economic extensions of the nickel-copper bearing sulphides intersected in historical and current drilling (see VRX:ASX 17/01/2017 and NKL:ASX 14/10/21) but also to better understand the style of this mineralisation (i.e., whether magmatic or hydrothermal, or a tectonothermal modification of either). This will have important implications for nickel exploration at Biranup and throughout the AFO.

Hole NKLDD004 at the Fire Dragon 2 target has intersected 0.55 metres of massive breccia sulphides from 263.65 to 264.2m downhole depth. The downhole depth coincides with the target depth of the surface EM plate tested by the drill hole. The breccia sulphide interval is contained within a wider interval of highly altered and deformed mafic (amphibolite) gneiss interpreted to be deformed gabbro from 262.2m to 273.7m in NKLDD004 containing disseminated sulphides and minor remobilised sulphide veinlets. Sulphides are dominated by pyrrhotite with pyrite and lesser chalcopyrite

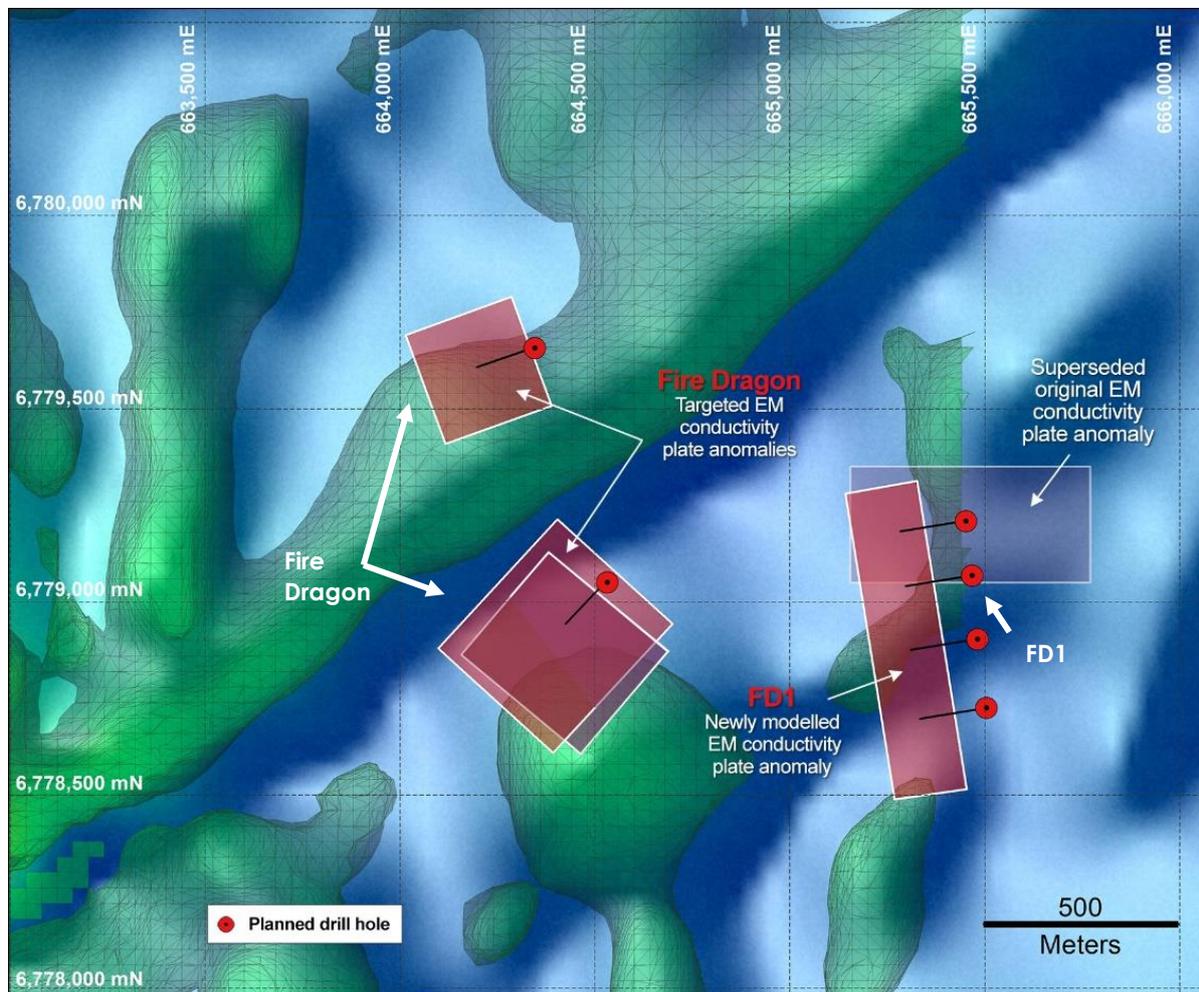
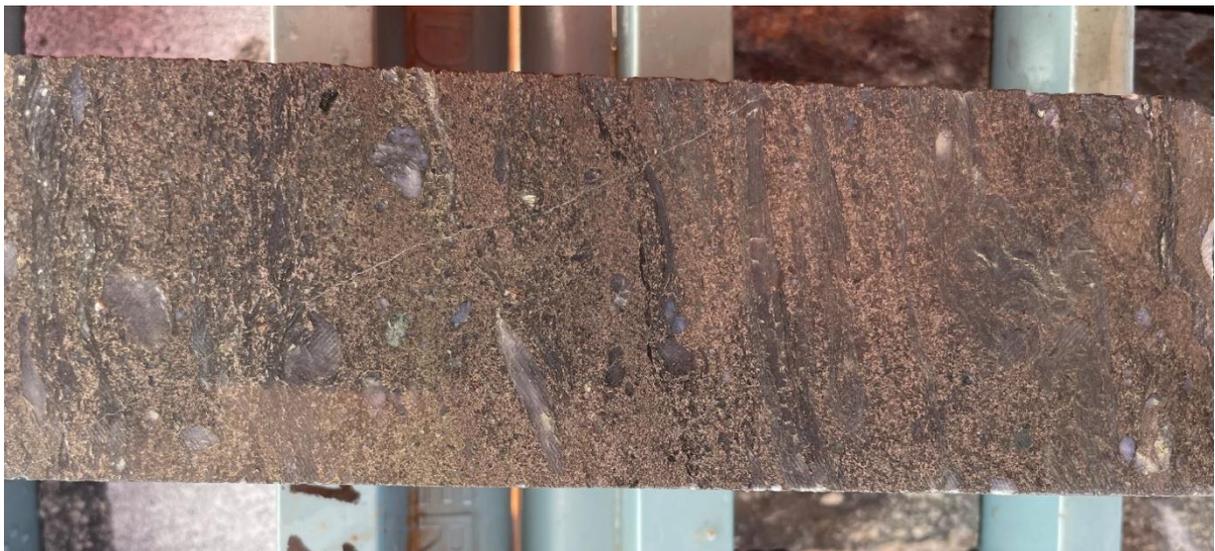


Figure 4. Fire Dragon, FD1 and FD2 Phase 1 drill hole locations over conductors



**Figure 5. 0.55m massive breccia sulphides intersected at 263.55m depth in drill hole NKLDD004 at the Fire Dragon 2 target.**



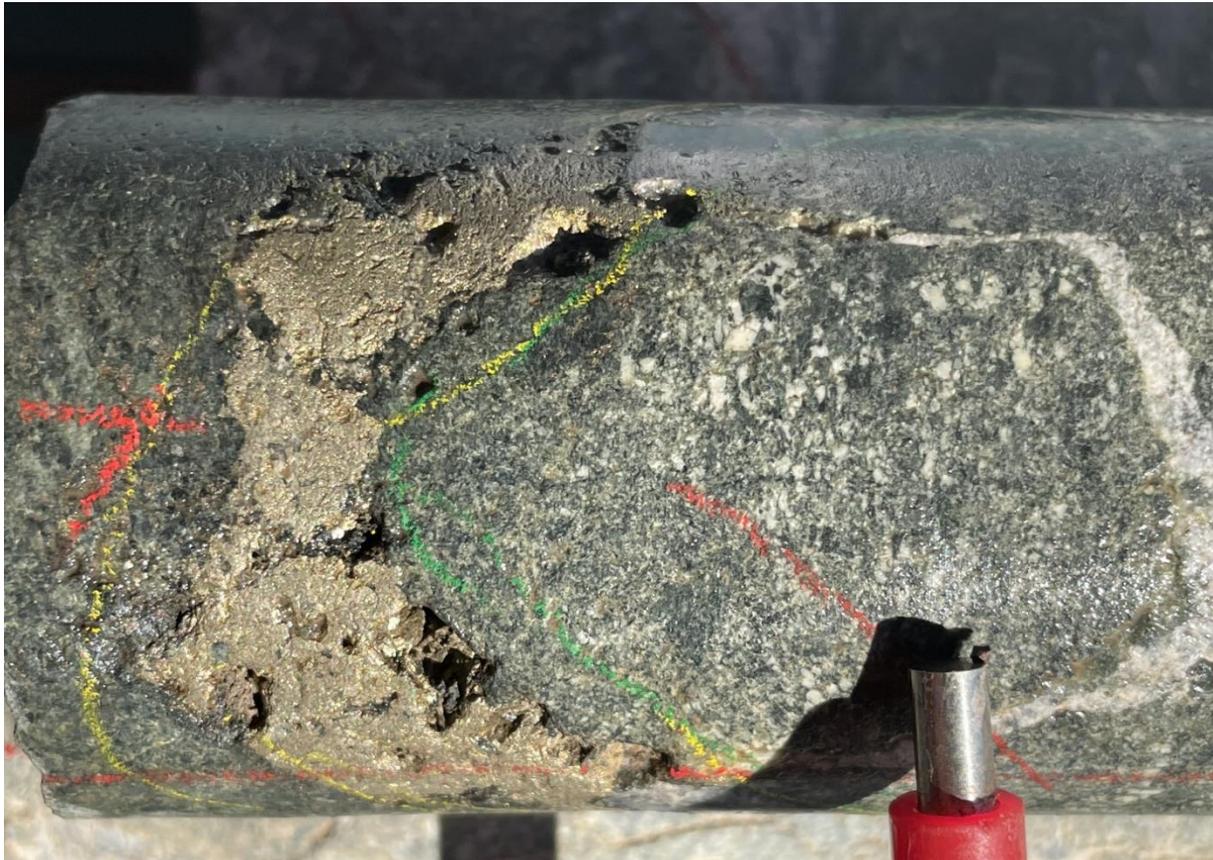
**Figure 6. Massive pyrrhotite-chalcopyrite breccia at 263.65 to 263.9m in drill hole NKLDD004 at the Fire Dragon 2 target.**



**Figure 7. Massive pyrite-pyrrothite breccia at 263.9 to 264.2m in drill hole NKLDD004 at the Fire Dragon 2 target.**



**Figure 8. Disseminated and remobilised sulphide in altered mafic (amphibolite) gneiss interpreted to represent deformed gabbro at 263.4 metres in NKLDD004.**



**Figure 9. Coarse remobilised sulphide in altered mafic (amphibolite) gneiss interpreted to represent deformed gabbro at 267.9 metres in NKLDD004.**

### Silver Dragon Nickel Target

Hole NKLDD005 on the Silver Dragon target was terminated at 408.4m downhole depth. The hole intersected two different styles of sulphide mineralisation.

The first sulphide population consisted of trace disseminated sulphide (pyrrhotite-pyrite) present within narrow intervals of deformed and metamorphosed gabbro and leucogabbro encountered consistently down the hole that crosscut the background country rock assemblage of intermediate composition gneisses.

The second sulphide assemblage comprised pyrite-pyrrhotite-chalcopyrite disseminations and minor stringer veinlets associated with a variably developed alteration assemblage of magnetite-alkali feldspar-quartz-epidote-sauserite, affecting all lithologies and in close spatial association with numerous narrow fine-grained felsic (granitic) dykes that crosscut all other lithologies in the hole.

Both styles of mineralisation were encountered from the base of oxidation to the end of hole at 408.6m.

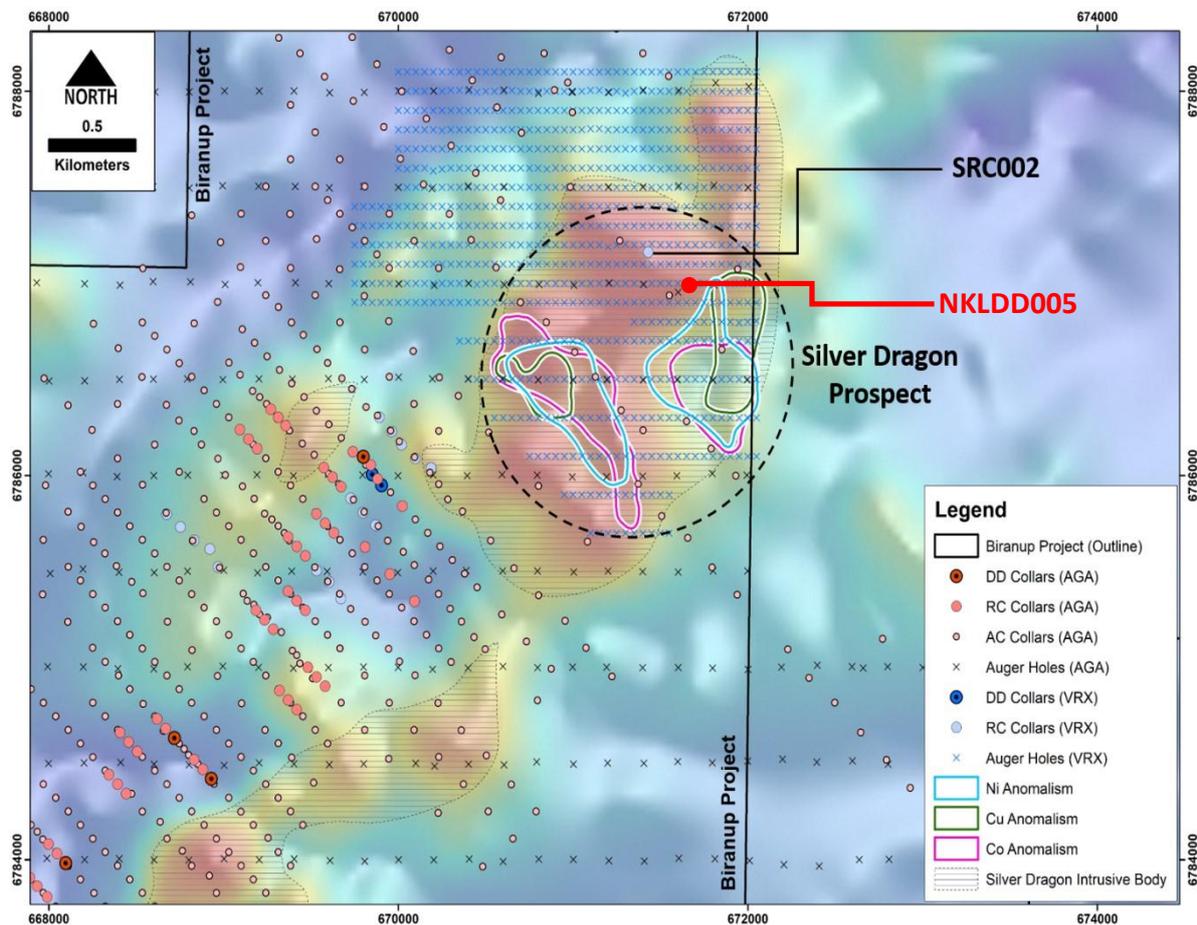


Figure 10. Silver Dragon drill hole locations over significant magnetic feature and auger geochemistry

### Next Steps

All holes drilled at Fire Dragon and Silver Dragon have been PVC lined and Wireline Services Group is mobilising to site to complete borehole EM geophysical surveys. The Company looks forward to updating the market with results as they become available.

All sulphide-bearing intervals observed in the six diamond drill holes completed were sampled with cut core and all samples taken were submitted to ALS Laboratories in Kalgoorlie for multi-element analysis. Assays are pending and the Company looks forward to updating the market with results as they become available.

The company is updating its geological data model of the targets with the results of drilling, with borehole EM results and assay data to be added as they become available. NickelX is developing further targets for follow up drilling and will announce plans for further exploration plans once all the new data results have been analysed and interpreted.

## **Corporate**

NickelX completed the preliminary build of the Company's nickel prospectivity database focussing on the Southwest and Southeast Yilgarn, WA. The Company's nickel prospectivity database is supporting the Company's project generation activities and negotiations with 3<sup>rd</sup> parties for additional projects in these jurisdictions.

The Company is in strong cash position of \$5.6 million.

## **Compliance**

For the purpose of Listing Rule 5.3.1, details of the Company's group exploration activities for the quarter, including any material developments or material changes in those activities, and a summary of the expenditure incurred on those activities is detailed above and below.

For the purpose of Listing Rule 5.3.2, the Company confirms that there were no mining production and development activities during the quarter by the Company or its subsidiaries.

Pursuant to Listing Rule 5.3.4, the Company provides the following comparison of its actual group expenditure on the individual items in the "use of funds" statement in its IPO prospectus since the date of its admission to ASX's official list against the estimated expenditure on those items in the "use of funds" statement in the prospectus and an explanation of any material variances.

## **Corporate**

### **Cash**

As at 30 September 2021, NickelX held \$5.6 million in Cash.

### **Appendix 5B – Quarterly Cashflow**

Cash outflows for the September 2021 Quarter (not including capital raising fees) totalled \$380k across administration, staff and corporate costs (64%) exploration activity (36%).

Cash inflows for the September 2021 Quarter totalled \$48k consisting GST tax receivable.

### **Appendix 5B – Payments to related parties and their associates**

Payments to related parties and their associates during the quarter totalled \$79k consisting of Executive and Non-Executive Directors fees and salaries, and superannuation payments.

Use of Funds	Estimate for the first two years after ASX admission (as per Prospectus dated 16 March 2021)	Actual Use Up to 30 September 2021	Variance Under/(Over)
Exploration at Biranup Project	\$4,055,000	\$487,270	\$3,567,730
Exploration at Ponton Project	\$605,000	\$41,850	\$563,150
Administration costs & working capital	\$2,133,321	\$597,507	\$1,535,814
Expense of the Offer	\$678,603	\$755,812	-\$77,209
<b>TOTAL</b>	<b>\$7,471,924</b>	<b>\$1,882,440</b>	<b>\$5,589,484</b>

\*The material variances above are as a result of the Company listing on the 6th May 2021 and, at the end of that quarter, being less than 6 months into the 24-month budget.

### Tenement Summary

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 June 2021. The Company and its subsidiaries did not enter into any farm-in or farm-out agreements during the quarter.

Tenement ID	Holder	Percentage held
<b>Biranup Project</b>		
E38/3191	Ventnor Gold Pty Ltd	100%
E38/3294	Ventnor Gold Pty Ltd	100%
E39/1828	Ventnor Gold Pty Ltd	100%
E39/2000	Ventnor Gold Pty Ltd	100%
E39/2001	Ventnor Gold Pty Ltd	100%
E39/2003	Ventnor Gold Pty Ltd	100%
<b>Ponton Project</b>		
E28/2779	Black Dragon Energy (Aus) Pty Ltd	100%

This announcement is authorised for release by the Board of Directors.

**ENDS**

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**ABOUT NICKELX LIMITED**

NickelX Limited is an Australian, ASX listed, Nickel and Copper exploration company primarily exploring for high-grade Nova-type magmatic Nickel-Copper deposits, as well as large scale Tropicana-type structural Gold deposits in the world class Albany Fraser Belt (AFO), located in Western Australia.

The Company owns 100% interest in its 6 granted Exploration Licenses (EL's) at the Biranup Project in the Albany Fraser Orogen, including numerous high priority targets at Fire Dragon, Silver Dragon, Black Dragon and Red Dragon, as well as additional priority targets which comprise the projects.

**Competent Person's Statement**

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Tony Donaghy who is a Registered Professional Geoscientist (P.Geo) with the association of Professional Geoscientists of Ontario (PGO), a Recognised Professional Organisation (RPO). Mr Donaghy is an employee of CSA Global, an ERM Company, and is contracted as Exploration Management Consultant to Nickel X Limited. Mr Donaghy has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Donaghy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Forward Looking Statements**

Some statements in this announcement regarding estimates or future events are forward-looking statements. Forward-looking statements include, but are not limited to, statements preceded by words such as "planned", "expected", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "could", "nominal", "conceptual" and similar expressions. Forward-looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Statements regarding plans with respect to the Company's mineral properties may also contain forward looking statements.

Forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward-looking statements may be affected by a range of variables that could cause actual results to differ from estimated results expressed or implied by such forward-looking statements. These risks and uncertainties include but are not limited to liabilities inherent in exploration and development activities, geological, mining, processing and technical problems, the inability to obtain exploration and mine licenses, permits and other regulatory approvals required in connection with operations, competition for among other things, capital, undeveloped lands and skilled personnel; incorrect assessments of prospectivity and the value of acquisitions; the inability to identify further mineralisation at the Company's tenements, changes in commodity prices and exchange rates; currency and interest rate fluctuations; various events which could disrupt exploration and development activities, operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions; the demand for and availability of transportation services; the ability to secure adequate financing and management's ability to anticipate and manage the foregoing factors and risks and various other risks. There can be no assurance that forward-looking statements will prove to be correct.