

ANNUAL REPORT

For the year ended 30 June

2024

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WINGELLINA
NICKEL/COBALT PROJECT

ACN: 649 817 425

NiCo
NICO RESOURCES LTD

CONTENTS

Corporate Directory	2
Chairman's Letter	3
Directors' Report	4
Auditor's Independence Declaration	29
Consolidated Statement of Profit or Loss and Other Comprehensive Income	30
Consolidated Statement of Financial Position	31
Consolidated Statement of Changes in Equity	32
Consolidated Statement of Cash Flows	33
Notes to the Financial Statements	34
Consolidated Entity Disclosure Statement	57
Directors' Declaration	58
Independent Auditor's Report	59
ASX Additional Information	63
Interest in Exploration Tenements	65



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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BANKERS

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STOCK EXCHANGE

Australian Securities Exchange Limited
ASX Code: NC1

SHARE REGISTRY

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



CHAIRMAN'S LETTER

Dear Shareholders

It's my pleasure to present you the Nico Annual Report for the year ending June 30, 2024.

Suffice to say, that in the nickel sector it has been a difficult year. A rapid shift in the dynamics of supply from the traditional sulphide type ores to oxide-type ores has continued to unfold at pace. Such is the dynamic of the large oxide deposits and the size of these new pig nickel and HPAL plants coupled with their low and short-lead time mining parameters, that the supply shift has seen Indonesian Nickel go from essentially nowhere 10 years ago to now being around 75% of world nickel supply.

With this the market is in surplus and looks to be for the short-term also. This isn't all bad for our Wingellina Project, the cost, lead time and technological challenges with HPAL have been rapidly advanced and the process is now broadly accepted as low risk with build times, commissioning and to a certain degree costs of construction being reduced.

Our Wingellina Project remains one of the very few large quality nickel-cobalt oxide projects still to be developed in the world today and with that the protectionist aspects of non-Chinese security of supply within western-world critical mineral pacts keeps it front and centre.

Our team at Nico have done a terrific job during the year as we finesse the inherent detail of ore-types, mineralogy, ore sorting and chemical reactivity to lower operating costs before we move to definitive feasibility study. This last step has been prudently delayed whilst the nickel sector dynamics wash out.

I am convinced this is the best quality and longest life undeveloped nickel project in Australia for future supply. I thank our shareholders for their loyalty and sticking with us as we continue to work with our massive option on western-world nickel supply.

Yours faithfully

Peter Cook
Non-Executive Chairman

DIRECTORS' REPORT

The Directors present their report together with the financial statements of Nico Resources Limited ("the Company") and its controlled entities (referred to hereafter as "the Group" or "Nico" or "NC1") for the financial year ending 30 June 2024.

Review of Operations

Nico is exploring its flagship Wingellina Nickel-Cobalt Project located in Western Australia. The operations and results of the Company for the year ended 30 June 2024 are reviewed below.

Nico made significant strides in advancing its flagship Wingellina Nickel-Cobalt Project ("Wingellina" or the "Project") during the fiscal year 2023/24. Key operational developments focused on metallurgical test work, resource modelling, key environmental approvals and infrastructure advancements positioning the project for the next stage of its development. The successful completion of several key milestones, including bench-scale metallurgical tests, resource modelling, an extension to EPA approval and logistics planning, brings the Wingellina Project closer to a Definitive Feasibility Study (DFS) and long-term production.

Metallurgical Advancements

The metallurgical testing program throughout the year continued to be a major focus of the Company's efforts over the financial year. The Company continued working towards validating the suitability of High-Pressure Acid Leach (HPAL) technology for processing Wingellina ore. The metallurgical testwork program not only confirmed high nickel and cobalt recoveries but also demonstrated operational cost reductions achieved through optimized acid consumption and improved ore preparation processes.

Key Highlights

- **Production of Mixed Hydroxide Precipitate (MHP):** The successful production of a saleable nickel-cobalt MHP was achieved with low impurities. The ability to target specific Ni:Co ratios in the product further enhances the marketability of the output.
- **Nickel and Cobalt Recovery:** Metallurgical test work throughout the year consistently achieved nickel extraction rates of 94-95% and cobalt extraction rates of 93%. These results were achieved while reducing acid consumption by 12%, leading to substantial operational savings.
- **Ore Preparation Enhancements:** The ore preparation process saw significant advancements, with up to a 10% improvement in head grade through optimized scrubbing and beneficiation circuits. These enhancements are expected to contribute to higher overall recovery rates.
- **Chromite Removal by Limonite Scrubbing and Gravity Concentration:** Results showed that Cr occurs as a substitute within the crystal lattice and does not occur as a distinct mineral species. Chromite couldn't be separated as a concentrated stream and a chromite removal circuit isn't required for the Wingellina project.
- **Improvement of Primary Neutralisation Conditions:** Primary neutralisation ("PN") conditions with nickel losses of less than 1% can be achieved.
- **Neutralised Leach Test Work:** Neutralised leach residue thickening achieved up to 50 wt% solids which is at the higher end of similar nickeliferous oxide-type deposits. This will result in a continuous counter-current decantation ("CCD") train with high nickel recoveries and accordingly will have a modest positive impact on capital and operating costs.
- **First-Stage Secondary Neutralisation Test Work:** First-Stage Secondary Neutralisation ("SN1") conditions with less than 2% nickel losses can be achieved while removing iron and aluminium impurities.

DIRECTORS' REPORT

Metallurgical Process Flowsheet

During the year, Nico embarked on a test work program to generate sufficient data to underpin a continuous piloting flowsheet and engineering design for the Project. Since the Pre-Feasibility Study ("PFS") a stage of scrubbing and beneficiation has been included to the proposed flowsheet to enhance head grade and lower costs. The processing flowsheet consists of ore scrubbing and beneficiation, HPAL, neutralisation, CCD, two-stage secondary neutralisation for iron and aluminium impurity removal, MHP precipitation, tails neutralisation and storage. The current flowsheet will be further refined upon the completion of a continuous piloting program.

The Wingellina HPAL flowsheet showing major metallurgical processing steps within the nickel extraction process is shown below in Figure 1. Test work has been undertaken to prove DFS level design data which will allow the metallurgical process and the project to proceed to the next phase.

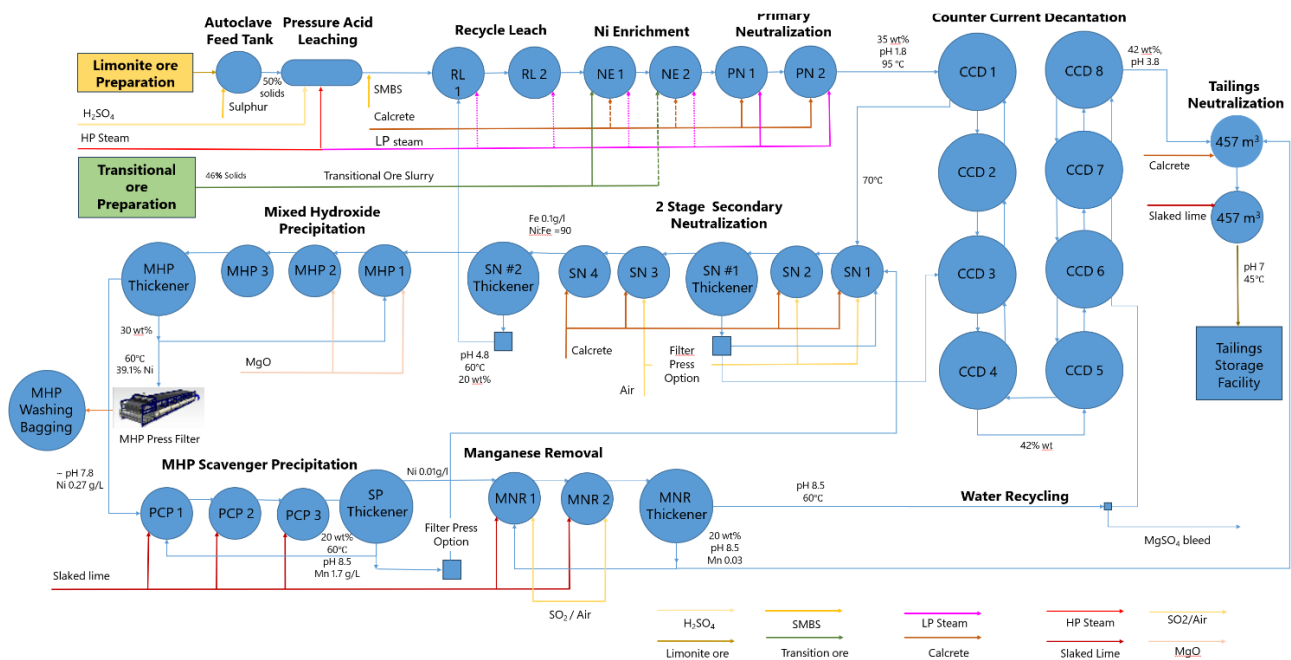


Figure 1: Wingellina HPAL flowsheet

Mixed Hydroxide Precipitation Test Work

During the year, the purified Secondary Neutralisation liquor was treated with calcined magnesia, to precipitate a mixture of nickel, cobalt and manganese as MHP (see Figure 2 below). The objective of the test work was to determine the conditions required to produce a saleable Mixed Hydroxide Product. The Company successfully demonstrated that these conditions were achieved.

Nico will be able to respond to prevailing market conditions by adjusting manganese content in the MHP according to customer requirements.

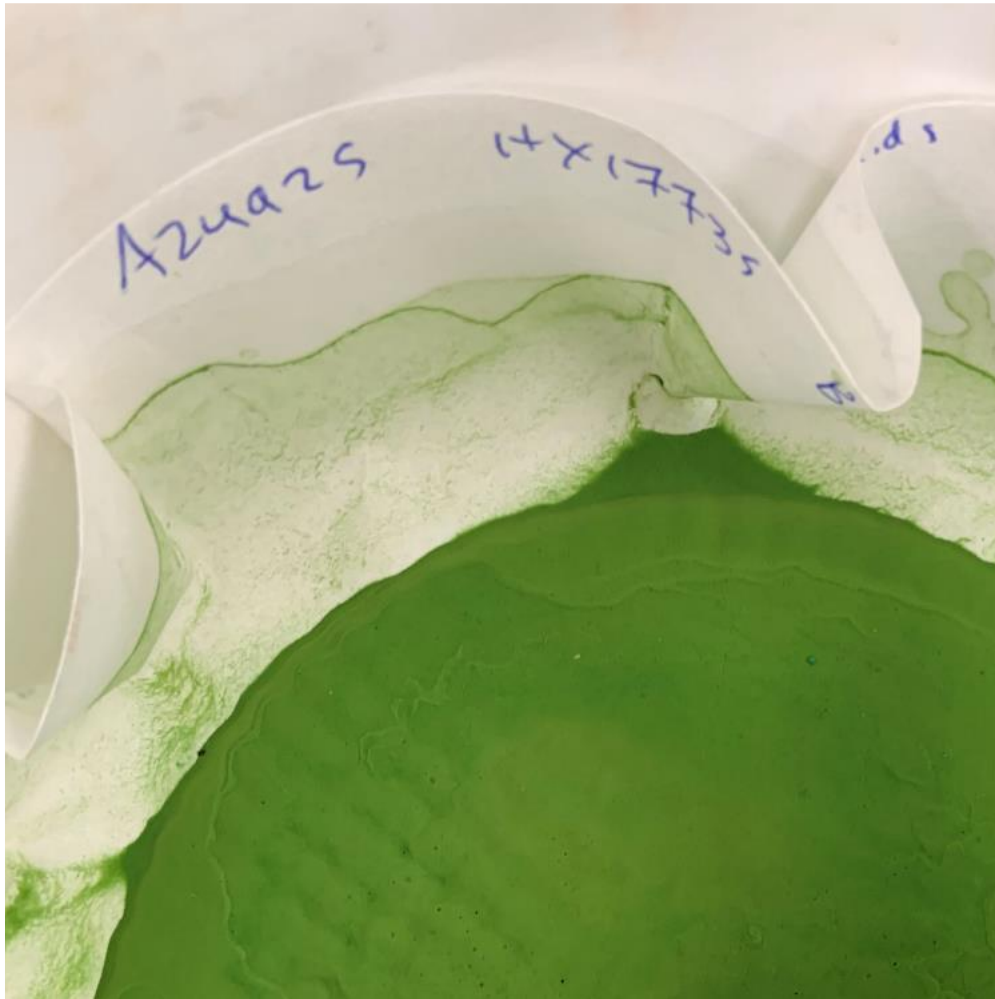


Figure 2: Wingellina MHP Produced at Bench Scale

HPAL Optimisation Test Work

Throughout the year Nico has been able to optimise HPAL conditions to realise a 12% lower acid consumption than that previously assumed (300kg/tonne of sulphuric acid per tonne of ore) in the December 2022 Pre-feasibility study.

Nico continues to validate these findings and incorporate the revised HPAL conditions into the future plant design. This will further enhance the project's value by minimising acid consumption which in turn reduces ongoing operating expenditure. A decline in acid usage of 12% can result in a material reduction in total annual operating costs, ultimately strengthening the economic credentials of the Project.

Optimised Acid injection

Throughout the year, Nico has determined acid doses higher than 210kg/t ore provide greater than 94% nickel extraction. Under laboratory conditions, nickel extraction kinetics for acid doses from 210kg/t to 330kg/t indicate maximum extraction is achieved after 60 minutes. At HPAL conditions of $T=255^{\circ}\text{C}$ and 240kg $\text{H}_2\text{SO}_4/\text{t}$ ore, nickel extraction of 95%, cobalt extraction of 93% and free acid concentration 39g $\text{H}_2\text{SO}_4/\text{L}$ was achieved (Figure 3 below).

DIRECTORS' REPORT

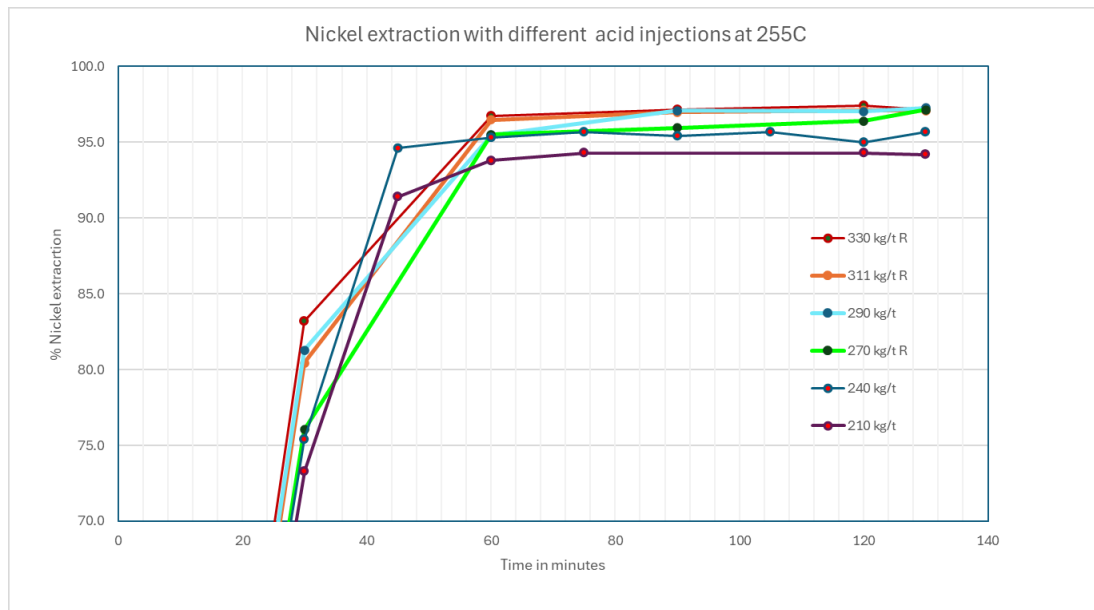


Figure 3: Nickel extraction versus acid dose

Aluminium extraction demonstrated a high sensitivity to acid addition. At 349kg H₂SO₄/t ore, aluminium extraction was nearly 25% while at 210kg H₂SO₄/t ore it was less than 5%. Aluminium extraction kinetics for acid doses from 210 kg/t up to 330 kg/t indicate aluminium reprecipitates after 60 minutes of residence time at HPAL conditions. However, a reduction in acid dose has more impact on reducing aluminium extraction than residence time (see Figure 4 below). Minimising aluminium extraction has several positive economic impacts on the project, such as a reduction in acid consumption, calcrete usage and a reduction in slurry disposal equipment size.

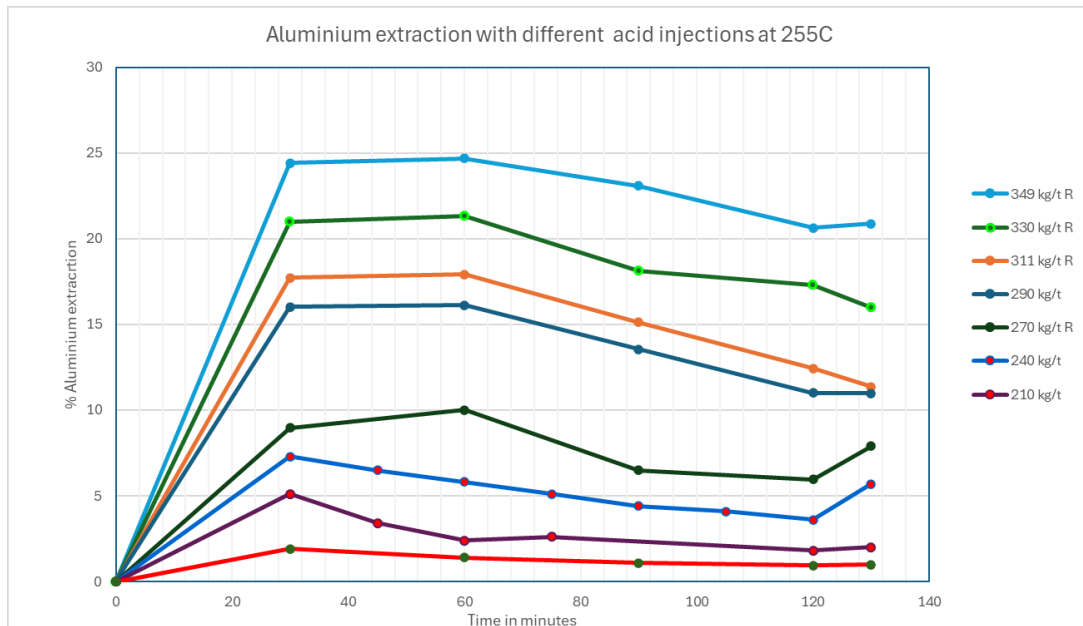


Figure 4: HPAL Aluminium extraction at various acid doses

Calcrete Characterisations

During the year sub-samples of calcrete from the Lewis deposit were taken to produce a composite sample for bench scale test work with a 35.1% CaO assay and the following characteristics as shown in Table 1 below.

DIRECTORS' REPORT

Table 1: Calcrete test sample characteristics

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

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

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

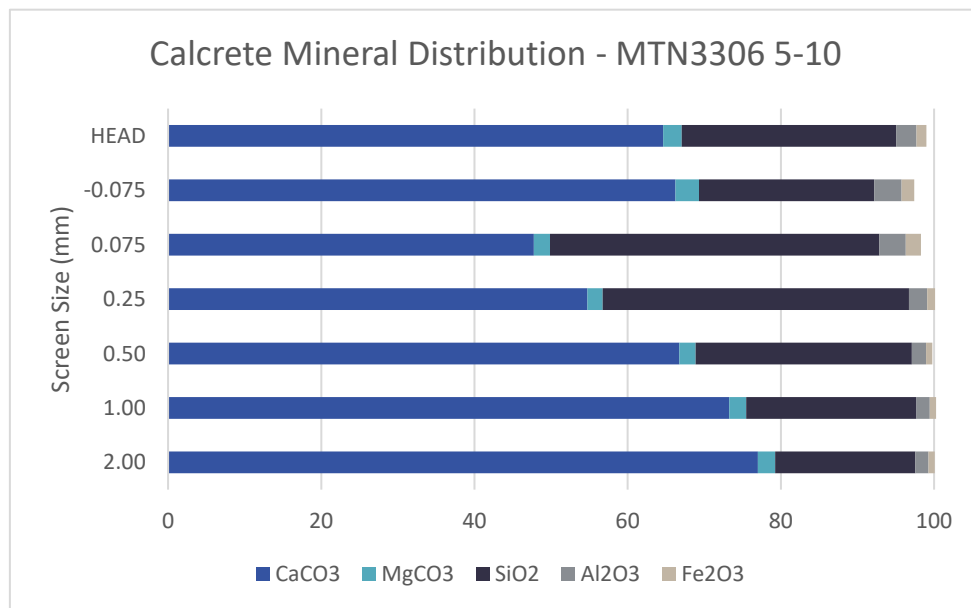


Figure 5: Typical Mineral Distribution in Calcrete RC Chip samples

Lewis Calcrete Quicklime Generation

A test work program at Simulus Laboratories was undertaken on calcrete samples from the Lewis deposit (sample locations below in Figure 6). The results demonstrated a positive outcome in producing quicklime from the Lewis calcrete samples. 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.

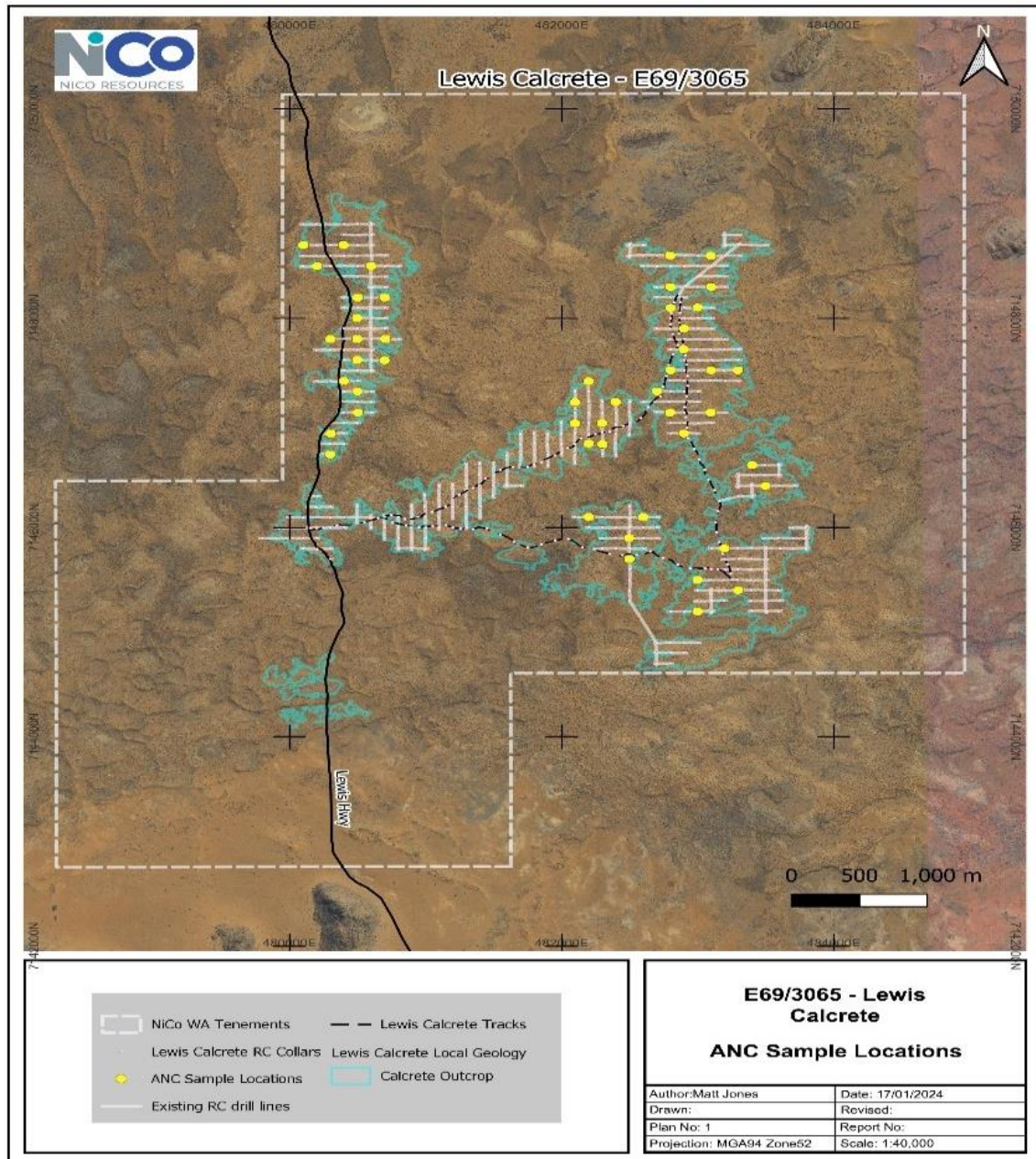


Figure 6: Location of Lewis Calcrete samples

Resource Modelling and Geology

During the year Nico achieved significant advancements in resource modelling for the Wingellina Nickel-Cobalt deposits, the Lewis Calcrete deposit, and ongoing water exploration efforts. The updated resource modelling for Wingellina, conducted in collaboration with ERM Australia (formerly CSA Global), reinforced the robustness of the deposit, with new data integrating seamlessly into the existing resource framework.

At the Lewis calcrete deposit, resource estimates confirmed the deposit's viability as a sustainable source of neutralizing material, essential for the HPAL process.

Additionally, water exploration activities, particularly at the Cobb Embayment, yielded promising results, with passive seismic surveys and hydrogeological studies identifying potential water sources crucial for the project's future development. These advancements collectively strengthen the project's foundation, ensuring that Nico is well-prepared for the next phases of development.

DIRECTORS' REPORT

Key Developments:

- **Wingellina Resource Estimate:** The resource estimate for the Wingellina Project remained robust, with preliminary results confirming alignment with the 2016 estimates. The modelling confirmed over 1.56 million tonnes of nickel reserves, reinforcing the project's status as a Tier 1 asset.
- **Lewis Calcrete resource Estimate:** The maiden resource model for Lewis Calcrete demonstrated a resource with significant life defining over 44Mt with an inferred resource calcification.
- **Cobb Embayment Water Exploration:** Advancements in the subsurface understanding of the Cobb Embayment were progressed in an effort to delineate and refine Project water targets.

Wingellina Resource Model

In partnership with ERM Australia, Nico worked towards completing significant advancements in resource modelling for the Wingellina Project. The year saw substantial progress in the integration of historical and new drilling data into a comprehensive resource model. This updated model will underpin the upcoming DFS and inform future mine planning and ore body optimization efforts.

The 2024 Wingellina global MRE, within the limits of drilling information and the envelope of nickel mineralisation, at a cut-off of 0.4% Ni, is **187.3Mt at 0.91% Ni and 0.06% Co for 1.7Mt of contained nickel metal** (Table 2).

Table 2: Mineral Resource Statement for Wingellina Nickel-Cobalt Project, 0.4% Ni cut-off

CLASSIFICATION	TONNES (MT)	NI (%)	NI METAL (KT)	CO (%)	CO METAL (KT)
INDICATED	164.1	0.93	1,531	0.06	98
INFERRED	23.3	0.72	166	0.03	7.3
TOTAL	187.4	0.91	1,697	0.06	105.3

Note:

1. Heritage Exclusion areas have been excluded
2. Minor discrepancies may occur due to rounding of appropriate significant figures.

The Lewis Calcrete Deposit

During the year CSA Global completed a preliminary resource estimate for the Lewis Calcrete deposit, located approximately 25 kilometres north of the Project. The Lewis Calcrete resource, crucial for neutralizing acidity in the HPAL process, serves as a locally sourced alternative to imported lime, thereby significantly reducing operational costs. A preliminary resource estimate by CSA Global for the nearby Lewis Calcrete deposit indicates that it is likely to meet the required calcrete needs of the project for the life of mine. Initial calculations suggest that there is enough calcrete for at least 30 years of production, ensuring long-term sustainability (see Table 3 below for reference).

Table 3: Lewis Calcrete Inferred Resource

DOMAIN	TONNAGE (MT)	CAO (%)	MGO (%)	AL2O3 (%)	FE2O3 (%)	SIO2 (%)	LOI (%)
AREA 1	10.7	42.7	1.0	1.2	0.7	19.3	34.8
AREA 2	10.0	42.0	1.0	1.26	0.76	36.4	34.6
AREA 3	6.7	42.8	1.0	1.6	0.9	17.8	35.2
AREA 3	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

Note:

1. Minor discrepancies may occur due to rounding of appropriate significant figures.

DIRECTORS' REPORT

Water Resource Exploration

Passive seismic surveys and hydrogeological assessments were conducted to identify potential water sources for the project's construction and operational phases with a key target being the Cobb Embayment. 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 the project's water requirements.

Subsurface mapping via multiple passive seismic surveys was completed throughout the year. The interpreted results have contributed to targeting for the next water drill program to occur in the coming year.

Environmental, Social, and Governance (ESG)

Nico remains committed to advancing its operations with a focus on sustainability, community engagement and regulatory compliance. The year was marked by significant progress in securing environmental approvals and reinforcing stakeholder support for project development.

Approval of Ministerial Statement No. 1223

A major highlight of the year was the extension of the Environmental Protection Authority (EPA) approval for the Wingellina Nickel-Cobalt Project, as granted by the Minister for Environment, Hon. Reece Whitby, in June 2024. This extension is a critical step in progressing the project toward development, providing Nico with a five-year term to implement the project under renewed conditions.

Key Details of the EPA Approval

- **Extended Environmental Permit:** The EPA's decision, documented in Ministerial Statement No. 1223, extends the environmental permit for the project by five years from June 2024. This extension ensures that Nico has the necessary regulatory framework to move forward with the project's development.
- **Removal of Previous Conditions:** The approval also included the removal of conditions related to the conservation of a specific flora species, *Goodenia* sp. aff. *quasilibera*, which was previously thought to be of higher conservation significance. This condition was removed following the reclassification of the species and after the EPA's thorough inquiry.
- **Updated Conditions on Greenhouse Gas Emissions:** The EPA introduced new conditions requiring Nico to submit a revised Greenhouse Gas (GHG) management plan before commencing any ground-disturbing activities. This plan must outline a clear and achievable trajectory for reducing GHG emissions in line with government and public expectations.

Nico emphasizes the importance of this approval, noting that it reflects the project's alignment with current environmental standards and stakeholder expectations, including those of Traditional Owners and local communities.

Social and Stakeholder Engagement

Nico continued its proactive engagement with key stakeholders, including Federal, State, and Territory Governments, as well as local Indigenous communities. Ongoing consultations with Traditional Owners, particularly through the Ngaanyatjarra (Ng) Council, have been conducted to ensure that the project is developed in a manner that respects cultural heritage and contributes positively to the local communities.

The development of the Project will provide significant socio-economic benefits to the local community and would include skills development, business development and employment. The development of the Project would also provide significant financial support for the community and reduce dependency on Government funding.

During the year the Company also secured necessary approvals from the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands Council, allowing essential environmental and archaeological studies to proceed on South Australian tenements.

These efforts reflect Nico's commitment to maintaining transparent, open and collaborative relationships with all stakeholders.

DIRECTORS' REPORT

Inaugural Sustainability Report

During the year Nico released its inaugural Sustainability Report, offering a detailed account of the company's approach to environmental, social, and governance (ESG) matters. The report outlines Nico's efforts at the Wingellina Nickel-Cobalt Project to manage its environmental footprint, engage with local communities, and align with broader sustainability goals. It provides an overview of the company's initiatives, including the implementation of environmental management systems and practices aimed at reducing greenhouse gas emissions. The report also reflects Nico's focus on transparency and accountability in its operations.

By documenting its sustainability efforts, the company aims to provide stakeholders with a clear view of how it is addressing key ESG challenges. The report covers a range of topics, from resource management and emissions to community engagement and Indigenous partnerships, providing a foundation for ongoing monitoring and improvement in these areas. A copy of the report can be found on the company website ([Sustainability Report](#)).

Governance and Compliance:

During the year Nico also strengthened its governance framework by adopting new policies and procedures that align with international standards, such as ISO 14001 for environmental management. This included the development of an Environmental and Social Management System (ESMS) and the implementation of updated Standard Operating Procedures (SOPs) across the business. Copies of all these policies can be found on the company website under the sustainability section (<https://nicoresources.com.au/sustainability/>).

Infrastructure Development

Nico made notable progress in developing essential infrastructure to support the Wingellina Project's long-term operational needs. The fiscal year saw strategic steps taken toward securing logistics and operational readiness through infrastructure planning and governmental engagement.

Key Achievements

- **Brewer Estate Logistics Hub:** In June 2024, Nico received confirmation of a Crown Land Licence for Brewer Estate, a key location for logistics development. This hub will support the transport of materials and products, reducing logistical bottlenecks and lowering transportation costs.
- **Non-Process Infrastructure:** Additional progress was made in the development of non-process infrastructure, including site accessibility, the aerodrome, and the Giles-Mulga Park road realignment studies.

Brewer Estate

In June 2024 Nico was granted a crown land licence for the Brewer Estate Industrial Park from the Northern Territory Department of Infrastructure, Planning, and Logistics ("DIPL"). Brewer Estate, an Industrial Park situated around 20km southwest of Alice Springs (see Figure 7 below), 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.

DIRECTORS' REPORT

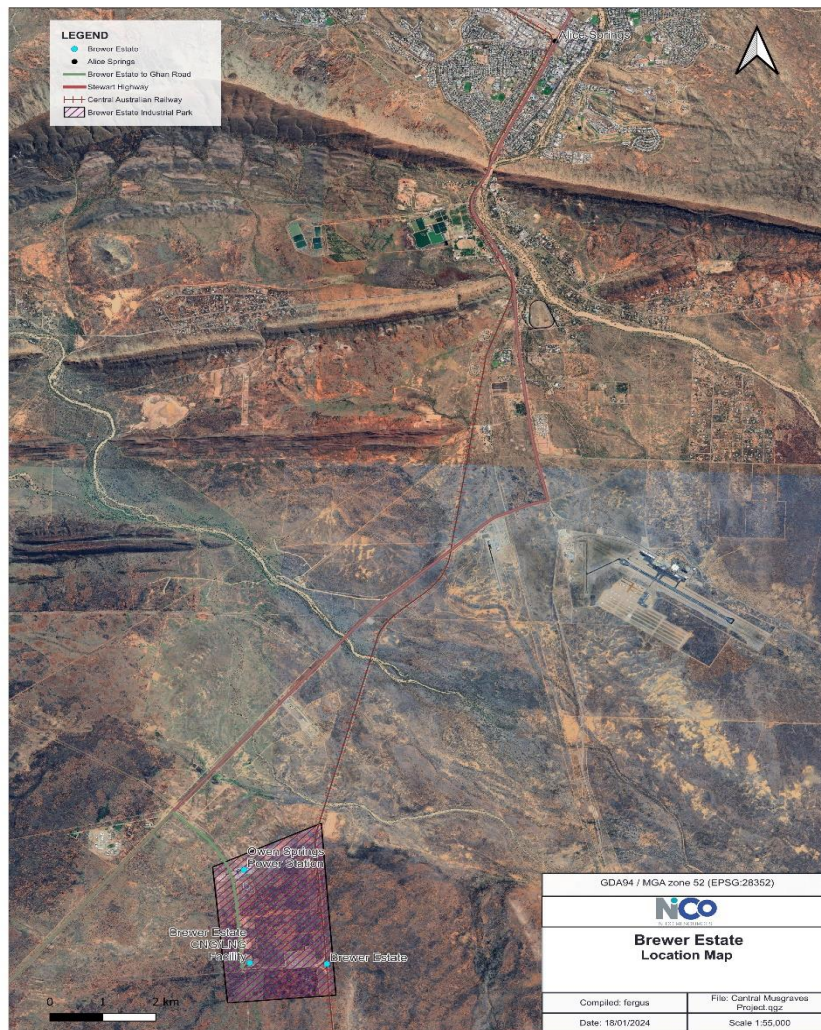


Figure 7: Brewer Estate location map

Giles-Mulga Park Road Upgrade Study

During the 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. 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 8 below.

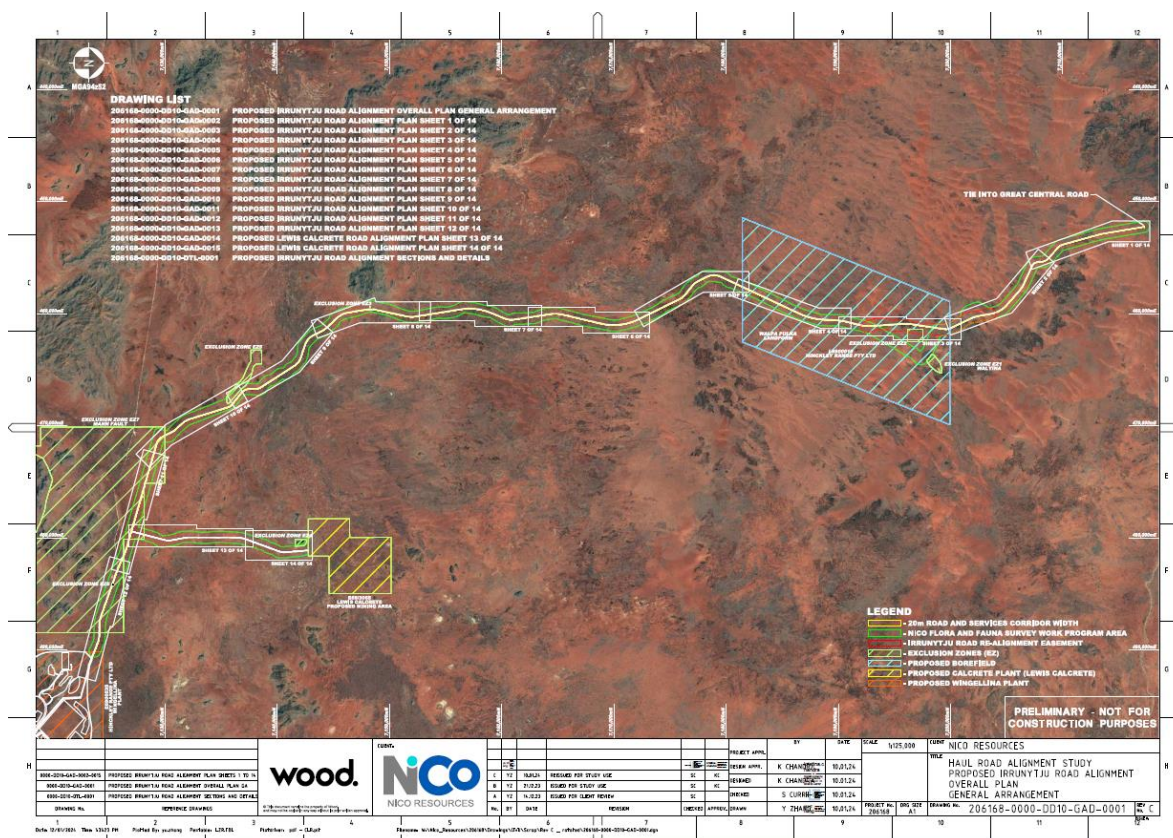


Figure 8: Giles-Mulga Park Road realignment preliminary design

This was a year of significant operational progress for Nico, marked by critical advancements in metallurgical testing, completion of mineral resource estimates for both the Wingellina project and the Lewis Calcrete, the receipt of EPA approval and infrastructure development. These milestones solidify the Wingellina Nickel-Cobalt Project as a globally significant asset poised for long-term success. With continued efforts in sustainability, exploration, and stakeholder engagement, Nico is well-positioned to achieve key milestones to facilitate development of the project when macro-economic conditions are conducive.

CORPORATE

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

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

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

The fully underwritten entitlement offered one (1) new Share for every five (5) Shares to eligible shareholders on the Record Date of 25 September 2023, at an issue price of \$0.40 per New Share to raise approximately \$7.3 million (before costs) issuing 18,200,573 new ordinary shares.

DIRECTORS' REPORT

COMPETENT PERSON'S STATEMENT

Exploration

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

Resources

The information in this report that relates to Mineral Resources is based on information compiled by Felicity Hughes. Ms Hughes is a Principal Consultant of ERM and is a Member of the Australasian Institute of Mining and Metallurgy. She has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Ms Hughes is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Ms Hughes consents to the disclosure of information in this report in the form and context in which it appears.

PFS CAUTIONARY STATEMENT

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

FORWARD-LOOKING STATEMENTS:

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

DIRECTORS' REPORT

Directors

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

Mr Peter Cook	Non-Executive Chairman
Mr Jonathan Shellabear	Managing Director
Mr Roderick Corps	Non-Executive Director
Mr Brett Smith	Non-Executive Director
Mr Stewart Findlay	Non-Executive Director

Information on Directors

DIRECTOR	DETAILS
Peter Cook	Non-Executive Chairman
Qualifications	BSc (App Geol) MSc (Min Econ) MAusIMM
Appointment Date	27 March 2023
Experience	Mr Cook is a geologist and mineral economist with over 35 years of experience in the field of exploration, project, operational and corporate management of resource companies. He was a joint founder of Metals X Limited and is a highly successful and accomplished resource executive with a long history in executive management roles and more recently in various governance roles as the Chairman of the Board. Over his distinguished career he has been recognised by industry, being awarded the GMJ Mining Executive of the Year in 2001, the Asia- Mining Executive of the Year in 2015 (Mines & Money), the Mining News CEO of the year in 2017 and received the Gavin Thomas Mining Award in 2019.
Interest in share and options	11,881,095 Ordinary Shares 3,000,000 Unlisted Options exercisable at \$0.644 on or before 23 March 2026
Other directorships in listed entities held in the previous three years	Castile Resources Limited – Non-Executive Chairman (ASX:CST) (7 June 2011- Present) Titan Minerals Limited – Non-Executive Chairman (ASX:TTM) (31 Aug 2021- Present) Breaker Resources NL – Non-Executive Chairman (ASX:BRB) (6 Sept 2021-24 May 2023) Westgold Resources Limited (ASX:WSG) (19 Mar 2007- 18 Mar 2022)
Jonathan Shellabear	Managing Director
Qualifications	BSc (Hons) MBA FAusIMM
Appointment Date	3 April 2023
Experience	Mr Shellabear has over 30 years' experience in the Australian and International mining industry having worked as a geologist, resource analyst, senior corporate executive and investment banker with NM Rothschild & Sons, Deutsche Bank and Resource Finance Corporation. He has extensive experience in the mining industry spanning across technical, commercial and financial disciplines. Jonathan has held senior corporate roles in the industry with Dominion Mining Ltd (Managing Director and CEO), Heron Resources Ltd (Managing Director and CEO), Portman Limited (General Manager, Business Development) and more recently as Chief Financial Officer of Capricorn Metals Ltd.
Interest in share and options	2,152,163 Ordinary Shares 250,000 Performance Rights 2,500,000 Performance Rights
Other directorships in listed entities held in the previous three years	Tempus Resources Limited (ASX:TMR) – Non-Executive Director (1 Feb 2021- Present) Ten Six Four Limited (ASX:X64) – Non-Executive Director (20 June 2023- Present) Nelson Resources Limited (ASX:NES) (1 June 2022- 21 Nov 2022)

DIRECTORS' REPORT

Roderick Corps	Non-Executive Director
Qualifications	-
Appointment Date	29 April 2021- 21 September 2021 (Director), 21 September 2022-3 April 2023 (Managing Director), 3 April 2023 – Present (Non-Executive Director)
Experience	Mr Corps has been involved in the finance industry for 30 years, having worked as a stockbroker for Porter Western Ltd (now Macquarie Group), and Morgan Stanley and JP Morgan in the United Kingdom. Mr Corps has been a director of Eternal Resources Ltd (taken over by Aziana Ltd - now Brainchip Holdings Ltd ASX:BRN) and Voyager Global Ltd - now Cycliq Group (ASX:CYQ). From 2013 to 2021 Rod was the corporate & investor relations manager for ASX listed Westgold Resources Ltd (ASX:WGXO). He is currently a non-executive director of Marketech Limited.
Interest in share and options	9,738,154 Ordinary Shares
Other directorships in listed entities held in the previous three years	Far Northern Resources Limited (ASX:FNR): Non-Executive Chairman (15 November 2022- Present)
Brett Smith	Non-Executive Director
Qualifications	B.Chem Eng, MBA, M Res Methodology
Appointment Date	29 April 2021
Experience	Mr Smith has participated in the development of a number of mining and mineral processing projects including coal, iron ore, base and precious metals. He has also managed engineering and construction companies in Australia and internationally. Brett has served on the boards of private mining and exploration companies and has over 32 years' international experience in the engineering, construction and mineral processing businesses. Brett is an Executive Director of Metals X Limited, Executive Director of Hong Kong listed company Dragon Mining Limited, Non-Executive Director of UK listed First tin plc and a Non-Executive Director of ASX listed companies Prodigy Gold NL and Tanami Gold NL.
Interest in share and options	5,787 Ordinary Shares
Other directorships in listed entities held in the previous three years	Prodigy Gold NL (ASX: PRX) (9 May 2016 – Present) Tanami Gold NL (ASX:TAM) (27 Nov 2018 – Present) Metals X Limited (ASX:MLX) (4 Dec 2019 – Present) Elementos Limited (ASX: ELT) (24 Jan 2020 – 26 May 2023)
Stewart Findlay	Non-Executive Director
Qualifications	B.Com (Accounting and Finance) MAICD
Appointment Date	28 June 2023
Experience	Mr Findlay has over 25 years financial markets experience and has provided project finance (senior secured debt and corporate facilities), equity investments, commodity hedging arrangements and corporate advice to a large number of resource companies. He has held senior positions in the metals and mining divisions of Macquarie Bank and National Australia Bank. Stewart holds a Bachelor of Commerce (Accounting & Finance) from the University of New South Wales and is a Member of the Australian Institute of Company Directors.
Interest in share and options	533,874 Ordinary Shares
Other directorships in listed entities held in the previous three years	West African Resources Ltd (ASX: WAF) (29 May 2020 – Present)

DIRECTORS' REPORT

Company Secretary

Amanda Burgess B Econs. CPA

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

Dividends

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

Principal Activities

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

Operating Results for the Period

The operating result after income tax was a loss \$3,617,753 (2023: Loss \$3,815,270).

Significant Changes in State of Affairs

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

Significant Events after Reporting date

On 29 July 2024 9,000,000 Options expired and were cancelled.

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

Directors' Meetings

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

Director	No. eligible to attend	No. attended
Peter Cook	7	7
Jonathan Shellabear	7	7
Roderick Corps	7	7
Brett Smith	7	4
Stewart Findlay	7	7

DIRECTORS' REPORT

SHARE OPTIONS AND PERFORMANCE RIGHTS

As at the date of this report:

No. Options/Performance Rights	Grant Date	Exercise Price	Expiry Date	Listed / Unlisted
Options				
25,000,000	15 Sept 22	\$0.25	3-Nov-24	Unlisted
800,000	10 Jan 22	\$0.30	17-Jan-25	Unlisted
1,000,000	22 Mar 22	\$0.76	22-Mar-25	Unlisted
1,000,000	22 Mar 22	\$0.47	22-Mar-25	Unlisted
1,000,000	22 Mar 22	\$0.27	22-Mar-25	Unlisted
250,000	6 Oct 22	\$0.70	5-Oct-25	Unlisted
150,000	6 Oct 22	\$0.70	5-Oct-25	Unlisted
150,000	6 Oct 22	\$0.78	5-Oct-25	Unlisted
150,000	6 Oct 22	\$0.86	5-Oct-25	Unlisted
150,000	6 Oct 22	\$0.70	5-Oct-25	Unlisted
150,000	6 Oct 22	\$0.78	5-Oct-25	Unlisted
150,000	6 Oct 23	\$0.86	5-Oct-25	Unlisted
150,000	23 Jan 23	\$0.96	5-Feb-26	Unlisted
150,000	6 Feb 23	\$0.86	22-Jan-26	Unlisted
150,000	6 Feb 23	\$0.96	22-Jan-26	Unlisted
150,000	6 Feb 23	\$1.06	22-Jan-26	Unlisted
3,000,000	24 Mar 23	\$0.64	23-Mar-26	Unlisted
183,333	9 Jul 23	\$0.64	9-Jul-26	Unlisted
183,333	9 Jul 23	\$0.71	9-Jul-26	Unlisted
183,334	9 Jul 23	\$0.79	9-Jul-26	Unlisted
34,100,000	-	-	-	-
Performance Rights				
250,000	22 Nov 23	N/A	3-Apr-25	Unlisted
834,000	22 Nov 23	N/A	3-Apr-28	Unlisted
833,000	22 Nov 23	N/A	3-Apr-28	Unlisted
833,000	22 Nov 23	N/A	3-Apr-28	Unlisted
2,750,000	-	-	-	-

Options and Performance rights

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

Post balance date 6,000,000 options to directors expired on 21 July 2024. Further details about share-based payments to directors and KMP are included in the remuneration report on page 24.

Shares Issued as a result of the exercise of options

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

Shares Issued as a result of the conversion of Performance rights

On 4 April 2024, 250,000 Performance rights were converted to ordinary shares and issued to Mr Jonathan Shellabear as a result of the service condition being met.

Indemnification of Officers

The Company has agreed to indemnify all of the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. During the financial year the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

DIRECTORS' REPORT

Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

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

Proceedings on Behalf of the Company

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

Environmental Regulation

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

Future Developments

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

MATERIAL BUSINESS RISKS

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

1. Exploration and development

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

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

2. Social Risks

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

DIRECTORS' REPORT

3. Reliance on key personnel

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

4. Governance Risks

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

5. Future funding risk

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

6. Environmental, weather & climate change

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

Non-Audit Services

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

The Directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Auditor Independence

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on Page 29.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

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

Remuneration Policy

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

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

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

- The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives was developed by the Board and legal advisors. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation where applicable. The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the high calibre of executives and reward them for performance that results in long term growth in shareholder wealth.
- Executives will also be entitled to participate in future employee share and option arrangements, and these are at the discretion of the Board.
- The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. As part of each of the key management personnel's remuneration package, there is a performance-based component consisting of the issue of Performance Rights or options to encourage the alignment of management and Shareholders' interests. The Board determines appropriate vesting conditions that includes specific milestones and/or a premium, over the prevailing share price to provide potential rewards over a period of time and to align with the interests with those of shareholders.
- The Executive Directors and executives receive a superannuation guarantee contribution required by the government, during the financial year was 11%, and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.
- All remuneration paid to Directors and Executives is valued at the cost to the Group and expensed. Options and Performance Rights are valued using appropriate methodologies.

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)(continued)

Non-Executive Directors Remuneration

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

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

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

Other Director Entitlements

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

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

Executives Directors Remuneration

Service Agreements

Mr Jonathan Shellabear

CEO & Managing Director (appointed 3 April 2023)

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

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

Mr Shellabear is entitled to Long Term Incentives (LTI) from time to time on terms determined by the Company and issue is subject to the rules of the Nico Employee Share Plan and shareholder approval. Mr Shellabear was issued two tranches of 250,000 performance rights with 1 year and 2 Year service conditions, of which the first service condition has been met on 4 April 2023. Also issued were 2,500,000 Performance Rights with an expiry of 5 years and with the following vesting conditions on commencement of the agreement. All performance rights issued to Mr Shellabear were approved by shareholders at the Company's 2023 AGM held on 25 November 2023:

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

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)(continued)

Remuneration Report Approval at FY2023 AGM

The remuneration report for the year ended 30 June 2024 will be put to shareholders for approval at the Group's AGM which will be held during November 2024. The remuneration report for the year ended 30 June 2023 was approved by shareholders with 99.66% support votes at the AGM held on 22 November 2023.

Additional information

No performance-based bonuses have been paid to key management personnel during the financial year.

The earnings of the Group since listing are summarised below:

	30 June 2024 \$	30 June 2023 \$
Profit/(Loss) after income tax	(3,617,753)	(3,815,270)

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

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

	30 June 2024 \$	30 June 2023 \$
Share price at financial year end	0.135	0.47

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

Jonathan Shellabear is entitled to an STI in the form of a Cash bonus of 50% of his base salary annually on attainment of measurable KPI's agreed each financial year. The Board has not awarded any bonuses for the financial year ended 30 June 2024 and no cash bonuses have been paid.

DIRECTORS' REPORT

Details of Remuneration

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

		Fixed		STI		LTI				
		Short-term Benefits	Post- employment Benefits			Non-monetary benefits	Share-based Payments	Total	Share-based Payments as a percentage of Remuneration	Performance Related
Year		Cash fees and salary	Superannuation	Incentive Payments	Annual Leave	Options/Rights				
		\$	\$		\$	\$	\$	\$	%	%
Non-Executive Directors										
Peter Cook ⁽ⁱ⁾	2024	80,000	8,800	-	-	681,943	770,743	88%		
	2023	20,860	2,190	-	-	239,057	262,107	91%		-
Roderick Corps ^(v)	2024	40,000	4,400	-	-	-	44,400	-		-
	2023	10,000	1,050	-	-	-	11,050	-		-
Brett Smith	2024	40,000	4,400	-	-	-	44,400	-		-
	2023	40,000	4,200	-	-	-	44,200	-		-
Stewart Findlay ⁽ⁱⁱⁱ⁾	2024	40,000	4,400	-	-	-	44,400	-		-
	2023	-	-	-	-	-	-	-		-
Warren Hallam ^(vi)	2024	-	-	-	-	-	-	-		-
	2023	45,000	4,725	-	-	-	49,725	-		-
Sub-Total Non- Executive Directors	2024	200,000	22,000	-	-	681,943	903,943	75%		-
	2023	115,860	12,165	-	-	239,057	367,082	65%		-
Executive Directors										
Jonathan Shellabear ⁽ⁱⁱ⁾	2024	352,500	27,500	-	34,197	218,385	632,582	35%		-
	2023	85,973	9,027	41,455	6,878	84,895	228,228	37%		18%
Roderick Corps ^(v)	2024	-	-	-	-	-	-	-		-
	2023	178,710	18,765	-	-	-	197,475	-		-
Sub-Total Executives Directors	2024	352,500	27,500	-	34,197	218,385	632,582	35%		-
	2023	264,683	27,792	41,455	6,878	84,895	425,703	20%		10%
Executives										
Fergus Kiley ^(vii)	2024	-	-	-	-	-	-	-		-
	2023	208,149	21,856	-	-	409,170	639,175	64%		-
Teck Lim ^(iv)	2024	-	-	-	-	-	-	-		-
	2023	107,752	11,314	-	-	96,425	215,491	45%		-
Sub-Total Executives	2024	-	-	-	-	-	-	-		-
	2023	315,901	33,170	-	-	505,595	854,666	59%		-
TOTAL	2024	552,500	49,500	-	34,197	900,328	1,536,525	59%		-
	2023	696,444	73,127	41,455	6,878	829,547	1,647,451	50%		3%

(i) Commenced 27 March 2023 .

(ii) Commenced 3 April 2023

(iii) Commenced on 28 June 2023

(iv) Commenced 6 December 2022 and resigned 4 May 2023

(v) changed role 3 April 2023 from Managing Director to Non-Executive Director

(vi) Resigned 24 March 2023

(vii) Resigned 28 April 2023

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Share-Based Compensation

During the year 3,000,000 Performance Rights were approved and granted on 22nd November 2023 AGM.

Performance based compensation for the Executive Director during the year ended 30 June 2024 has been detailed within the Remuneration and Service Agreements sections of the Remuneration Report.

There were no other options and performance rights issued as remuneration during the year ended 30 June 2024 and the following were in existence as at 30 June 2024.

	Ex Price	Expiry Date	Grant Date	Vesting Conditions	Vesting Date	Granted as Remuneration	Fair Value per Security at Grant Date
Non-Executive Directors Options							
Peter Cook	\$0.644	23-Mar-26	24-Mar-23	1 Yr of service	24 Mar 24	3,000,000	\$0.307
Roderick Corps	\$0.20	29 July 24	29 July 21	-	-	3,000,000	\$0.008
Brett Smith	\$0.20	29 July 24	29 July 21	-	-	3,000,000	\$0.008
Stewart Findlay	-	-	-	-	-	-	-
Total Directors	-	-	-	-	-	9,000,000	-
Vested and exercisable	-	-	-	-	-	9,000,000	-
Vested in year %	-	-	-	-	-	0%	-
Forfeited in year %	-	-	-	-	-	0%	-

	Expiry Date	Grant Date*	Vesting Conditions	Vesting Date	Maximum value yet to vest	Granted as Remuneration	Fair Value per Security at Grant Date
Executive Director Performance Rights							
Jonathan Shellabear	3 Apr 25	22 Nov 23	1 Yr of service	3 Apr 24	-	250,000	\$0.36
Jonathan Shellabear	3 Apr 25	22 Nov 23	2 Yr of service	3 Apr 25	34,104	250,000	\$0.36
Jonathan Shellabear	3 Apr 28	22 Nov 23	Share Pr \$0.75	-	169,224	834,000	\$0.27
Jonathan Shellabear	3 Apr 28	22 Nov 23	Share Pr \$1.00	-	156,501	833,000	\$0.25
Jonathan Shellabear	3 Apr 28	22 Nov 23	Share Pr \$1.25	-	150,241	833,000	\$0.24
Total Performance Rights	-	-	-	-	510,070	3,000,000	-
Vested	-	-	-	-	-	250,000	-

*Performance rights were approved by shareholders at the 2023 AGM.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Loans to Key Management Personnel

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

Other transactions with Key Management Personnel

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

Key Management Personnel Shareholdings

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

	Balance at beginning of year	On Market Acquisition	Disposed of during the period	Conversion of Performance Rights	Balance at end of year	No. shares Held at Date of this Report
30 June 2024						
Directors						
Peter Cook	6,750,000	5,131,095	-	-	11,881,095	11,881,095
Jonathan Shellabear	500,000	1,402,163	-	250,000	2,152,163	2,152,163
Roderick Corps	10,257,871	1,078,190	(1,200,000)	-	10,136,061	9,738,154
Brett Smith	5,787	-	-	-	5,787	5,787
Stewart Findlay	-	533,874	-	-	533,874	533,874
	17,513,658	8,145,322	(1,200,000)	250,000	24,708,980	24,311,973

Key Management Personnel Options held

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

	Balance at beginning of year	Granted as Remuneration	Expired during the year	Balance at end of year	Vested and exercisable at the end of the year	No. Options Held at Date of this Report
30 June 2024						
Directors						
Peter Cook	3,000,000	-	-	3,000,000	3,000,000	3,000,000
Jonathan Shellabear	-	-	-	-	-	-
Roderick Corps*	3,000,000	-	-	3,000,000	3,000,000	-
Brett Smith*	3,000,000	-	-	3,000,000	3,000,000	-
Stewart Findlay	-	-	-	-	-	-
Options on Issue	9,000,000	-	-	9,000,000	9,000,000	3,000,000

*Expired post balance date on 21 July 2024

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Key Management Personnel Performance Rights held

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

	Balance at beginning of year	Performance rights Granted as compensation	Vested and exercised during the year	Forfeited or lapsed during the year	Vested at the end of year	Balance at end of year	No. Performance Rights Held at Date of this Report
30 June 2024							
Directors							
Peter Cook	-	-	-	-	-	-	-
Jonathan Shellabear ⁽ⁱ⁾	3,000,000	-	(250,000) ⁽ⁱⁱ⁾	-	-	2,750,000	2,750,000
Roderick Corps	-	-	-	-	-	-	-
Brett Smith	-	-	-	-	-	-	-
Stewart Findlay	-	-	-	-	-	-	-
	3,000,000	-	(250,000)	-	-	2,750,000	2,750,000

(i) Granted by shareholder approval at AGM on 22 November 2023

(ii) Converted to ordinary shares on 4 April 2024

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

During the period no ordinary shares in the Company were issued as a result of the exercise of remuneration options to Directors of Nico or other Key Management Personnel of the group. On 4 April 2024, 250,000 ordinary shares in the Company were issued to Directors of Nico as a result of conversion of Performance rights upon vesting conditions being met.

Remuneration Consultants

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

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

End of Audited Remuneration Report

Signed in accordance with a resolution of the Directors:



Jonathan Shellabear

Managing Director and CEO

Dated this 26 day of September 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 audit of Nico Resources Limited for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The KPMG logo, consisting of the letters 'KPMG' in a blue, sans-serif font, with a stylized graphic of four vertical bars of increasing height to the left of the text.

KPMG

A handwritten signature in blue ink, appearing to read 'Glenn Brooks'.

Glenn Brooks

Partner

Perth

26 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
Other Income	4(a)	1,019,151	518,608
Salary and wages expense		(2,133,682)	(1,507,690)
Corporate and administration expenses	4(b)	(1,163,714)	(1,424,494)
Depreciation expense		(181,913)	(197,821)
Finance expenses		(8,480)	(19,942)
Share Based Payments expense	20	(1,149,115)	(1,183,931)
Net Profit/(Loss) before income tax		(3,617,753)	(3,815,270)
Income tax benefit/(expense)	7	-	-
Net Profit/(Loss) after income tax		(3,617,753)	(3,815,270)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		(3,617,753)	(3,815,270)
Basic loss per share (cents per share)	5	(3.51)	(4.20)
Diluted loss per share (cents per share)	5	(3.51)	(4.20)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2024

	Notes	30 June 2024 \$	30 June 2023 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	4,590,815	4,439,771
Trade and other receivables	9	296,362	196,979
Inventories	10	20,866	48,217
Other financial assets	11	168,337	168,337
TOTAL CURRENT ASSETS		5,076,380	4,853,304
NON-CURRENT ASSETS			
Property, plant and equipment	12	101,118	73,659
Right-of-use-assets	13	-	152,636
Exploration and evaluation expenditure	14	13,150,405	8,959,340
TOTAL NON-CURRENT ASSETS		13,251,523	9,185,635
TOTAL ASSETS		18,327,903	14,038,939
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	547,676	588,722
Lease liabilities	13	-	158,415
Provisions	16	164,820	71,365
TOTAL CURRENT LIABILITIES		712,496	818,502
TOTAL LIABILITIES		712,496	818,502
NET ASSETS		17,615,407	13,220,437
EQUITY			
Issued capital	18	40,457,326	33,559,968
Reserves	19	2,781,051	1,665,686
Accumulated losses		(25,622,970)	(22,005,217)
TOTAL EQUITY		17,615,407	13,220,437

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	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		-	-	(3,617,753)	(3,617,753)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(3,617,753)	(3,617,753)
Transactions with equity holders in their capacity as owners					
Equity-settled share based payments		-	1,149,115	-	1,149,115
Conversion of Performance rights		33,750	(33,750)	-	-
Issue of ordinary shares (net of costs)	18	6,863,608	-	-	6,863,608
Balance at 30 June 2024		40,457,326	2,781,051	(25,622,970)	17,615,407
		Issued Capital	Reserves	Accumulated Losses	Total
		\$	\$	\$	\$
Balance at 1 July 2022		33,559,968	481,755	(18,189,947)	15,851,776
Loss for the period		-	-	(3,815,270)	(3,815,270)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(3,815,270)	(3,815,270)
Transactions with equity holders in their capacity as owners					
Equity-settled share based payments		-	1,183,931	-	1,183,931
Balance at 30 June 2023		33,559,968	1,665,686	(22,005,217)	13,220,437

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
Cash flows from operating activities			
Other income - rental and other		451,063	388,549
Other income - R&D tax rebate		340,355	-
Other income - Interest received		215,588	137,122
Payments to suppliers and employees		(3,324,793)	(2,699,497)
Interest paid		(8,479)	(19,942)
Net cash flows from/(used in) operating activities	26	(2,326,266)	(2,193,768)
Cash flows from investing activities			
Payments for property, plant and equipment		(56,047)	(44,376)
Payments for exploration and evaluation		(4,171,836)	(3,225,389)
Cash from term deposits		-	9,380,000
Net cash flows from/(used in) investing activities		(4,227,883)	6,110,235
Cash flows from financing activities			
Repayment of Lease Liabilities		(158,415)	(166,375)
Proceeds from issue of shares in the Company (net of costs)		6,863,608	-
Net cash flows from/(used in) financing activities		6,705,193	(166,375)
Net Increase/(decrease) in cash and cash equivalents held		151,044	3,750,092
Cash and cash equivalents at beginning of financial period		4,439,771	689,679
Cash and cash equivalents at end of Financial Period	8	4,590,815	4,439,771

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. CORPORATE INFORMATION

The financial report of Nico Resources Limited ("Company") and the entities it controlled ("the Group") was authorised for issue in accordance with a resolution of the Directors on 26 September 2024.

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

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

(b) Going Concern

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

The Company incurred a net loss for the period of \$3,617,753 (2023 \$3,815,270) and net operating cash outflows of \$2,326,266 (2023 \$2,193,768 outflow).

As at 30 June 2024, the Company has a working capital surplus of \$4,363,884 (June 2023 \$4,034,802).

Based on the cashflow forecasts prepared, 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 from the adoption of the new or amended standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

(d) Segment Reporting

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

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

(e) Cash and Cash Equivalents

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

(f) Trade and Other Payables

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

(g) Trade and other receivables

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

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

Other receivables are recognised at amortised cost.

(h) Principles of consolidation

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

(i) Contributed Equity

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

(j) Other Income

The Company has other income as follows:

Interest Income

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

Other income

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

Rental Income

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

Government grants – Research & Development Tax Incentive

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

The Group recognises refundable research and development (R&D) rebates under tax legislation as a government grant.

(k) Income Tax

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

(l) Inventory

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

(m) Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

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

(n) Impairment

Impairment of financial assets

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

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

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

Impairment of non-financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

(o) Provisions

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

(p) Contributed Equity

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

(q) Earnings Per Share ('EPS')

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

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

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

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

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

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

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

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

(s) Property, plant and equipment

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

Depreciation and Amortisation

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

- Plant and Equipment 20%– 33%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

(t) Exploration and Evaluation Assets

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

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

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

(u) Right-of-Use-Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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

(v) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

(w) Employee Benefits

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

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

Share Based Payment Arrangements

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

(x) Critical Accounting Estimates and Judgments

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

Share based payments

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

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

The fair value at grant date is determined using a Black-Scholes option pricing model for options with a set exercise price, and an enhanced Hull-White Model for those issued with a vwap exercise price, that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. For the performance rights with a market based vesting condition, a Monte Carlo simulation using the Hoadley's ESO Hybrid- Model Single Share Price Target Consec Days model. Refer to note 20 for further details on estimates used.

Exploration and evaluation assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

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

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

3. SEGMENT INFORMATION

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. OTHER INCOME AND EXPENSES

	30 June 2024	30 June 2023
	\$	\$
(a) Other Income		
Finance Income	227,734	130,060
R&D Tax rebate	340,356	-
Rental Income	435,505	388,548
Other Income	15,556	-
	1,019,151	518,608
(b) Expenses		
Corporate and administration expenses		
Accounting Expenses	239,160	252,049
Legal Fees	19,170	35,387
ASX Fees	53,751	68,715
Audit Fee	99,275	117,797
Investor relations	74,532	106,277
Office Costs	-	8,062
Travel Expense	56,720	315,538
Consulting Expenses	411,929	268,967
Insurance Expense	82,493	62,843
IT Expenses	78,635	59,168
Other	48,049	129,961
	1,163,714	1,424,494

5. PROFIT/(LOSS) PER SHARE

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

	30 June 2024	30 June 2023
	\$	\$
Profit/(Loss)	(3,617,753)	(3,815,270)
Profit/(Loss) used to calculate basic and diluted EPS	(3,617,753)	(3,815,270)

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

	Number	Number
Weighted average number of ordinary shares outstanding during the period number used in calculating:	103,216,429	91,000,002
Basic EPS (cents per share)	(3.51)	(4.20)
Diluted EPS (cents per share)	(3.51)	(4.20)

As the Company is in a loss making position, the options and performance rights outstanding at 30 June 2024 have no dilutive effects on the earnings per share calculation for 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

6. AUDITORS REMUNERATION

	30 June 2024	30 June 2023
	\$	\$
<i>Audit Services</i>		
Audit and review of the financial statements		
KPMG	99,275	110,247
	<u>99,275</u>	<u>110,247</u>
<i>Other Services</i>		
Corporate Finance Services	-	26,125
Grant and incentive Services	35,567	36,575
	<u>35,567</u>	<u>62,700</u>

7. INCOME TAX EXPENSE / (BENEFIT)

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

	30 June 2024	30 June 2023
	\$	\$
Current tax expense		
Current Year	-	-
	<u>-</u>	<u>-</u>
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	<u>-</u>	<u>-</u>
Total tax expense / (benefit)	<u>-</u>	<u>-</u>

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

Profit / (loss) for the year	(3,617,753)	(3,815,270)
Income tax expense at the Australian tax rate of 30% (2023 30%)	(1,085,326)	(1,144,581)
Share based payments	344,734	355,179
R and D Incentive	(102,107)	-
Other non-deductible expenses	1,857	5,146
	<u>(840,842)</u>	<u>(784,256)</u>
Tax losses and temporary differences not brought to account	840,842	784,256
Income tax expense reported in the income statement	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

7. INCOME TAX EXPENSE / (BENEFIT) (continued)

(c) Deferred tax assets and liabilities not recognised	30 June 2024	30 June 2023
Deferred tax assets and liabilities are attributable to the following:	\$	\$
Deferred Tax Liabilities		
Exploration & Development Expenditure	(2,069,482)	(662,783)
Prepayments	(19,482)	(23,220)
Right-of-use asset	-	(45,791)
Other	(155)	-
Deferred tax assets		
Carry forward tax losses	4,623,701	2,468,159
Business related costs	180,964	120,058
Lease liability	-	47,525
Other	73,795	47,147
Net deferred tax asset/(liability)	<u>2,789,341</u>	<u>1,951,095</u>
Deferred tax asset not recognised	(2,789,341)	(1,951,095)
Net deferred tax asset/(liability) recognised	-	-

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

Carry forward tax losses	2,789,341	1,951,095
	-	-

8. CASH AND CASH EQUIVALENTS

	30 June 2024	30 June 2023
	\$	\$
Cash at bank and on hand	4,590,815	4,439,771
	<u>4,590,815</u>	<u>4,439,771</u>

Cash at bank and in hand earns interest at floating rates based on daily at call bank deposit and savings rates. There is additional short-term investments of \$40,000 (2023 \$40,000) classified as other financial assets (refer note 11).

9. TRADE AND OTHER RECEIVABLES

	30 June 2024	30 June 2023
	\$	\$
Accounts Receivable	30,698	19,349
Interest Receivable	31,494	19,606
GST Receivable	159,398	44,394
Prepayments	64,939	77,401
Other	9,833	36,229
	<u>296,362</u>	<u>196,979</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

10. INVENTORIES

	30 June 2024	30 June 2023
	\$	\$
Stores	20,866	48,217
	20,866	48,217

11. OTHER FINANCIAL ASSETS

Current	30 June 2024	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.

12. PLANT AND EQUIPMENT

	30 June 2024	30 June 2023
Plant and Equipment – At cost	230,714	174,667
Accumulated depreciation	(129,596)	(101,008)
	101,118	73,659

(a) Movements in Carrying Value

	30 June 2024	30 June 2023
Balance at beginning the period	73,659	69,319
Additions	56,047	44,972
Disposals	-	-
Depreciation	(28,588)	(40,632)
	101,118	73,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

13. RIGHT OF USE ASSETS

The Company entered into a rental lease for their office premises in June 2022. The term of the lease was two years. The value of the right-of-use asset was calculated based on the particulars of the lease. Variables which were taken into account include the lease term and rent per annum. Nico has signed a new short-term lease which commenced on 1 July 2024 which does not result in a right of use asset or lease liability being recorded on the balance sheet.

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

Right-of-Use Assets

	30 June 2024	30 June 2023
Balance at beginning the period	152,636	322,573
Right-of-use asset additions	-	-
Adjustment to Right-of-use asset	689	(12,748)
Accumulated depreciation	(153,325)	(157,189)
Balance at the reporting date	-	152,636

Lease Liabilities

	30 June 2024	30 June 2023
Balance at beginning the period	158,415	322,573
Lease Liabilities additions	-	-
Accretion of interest	7,960	19,942
Adjustment to lease liabilities	-	(17,725)
Payments	(166,375)	(166,375)
Balance at the reporting date	-	158,415

Lease Liabilities – current	-	158,415
Lease Liabilities – non-current	-	-

Depreciation Expense for rights-of-use assets	153,325	157,189
Interest Expense on lease liabilities	7,960	19,942

Total Expense recognised in profit and loss	161,285	177,131
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

14. EXPLORATION AND EVALUATION ASSETS

	30 June 2024	30 June 2023
A reconciliation of the carrying amount or exploration and evaluation expenditure is set out below:		
Carrying amount at the beginning of the year	8,959,340	5,637,563
Impairment	-	-
Exploration expenditure capitalised	4,191,065	3,321,777
Carrying amount at the end of the year	13,150,405	8,959,340

15. TRADE AND OTHER PAYABLES

	30 June 2024	30 June 2023
Trade Creditors	325,981	384,133
Accrued Expense	72,805	95,128
Payroll Liabilities	148,890	109,461
	547,676	588,722

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

16. PROVISIONS

(a) Current	30 June 2024	30 June 2023
Annual Leave	164,820	71,365
	164,820	71,365

17. CONTROLLED ENTITIES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

18. ISSUED CAPITAL

30 June 2024

Ordinary shares

Issued and fully paid 109,450,575

Movement in ordinary shares on issue

	No.	\$
Opening balance fully paid ordinary shares of at 1 July 2023	91,000,002	34,126,750
Non-renounceable Rights issue Oct 2023 at \$0.40 per share	18,200,573	7,280,230
Conversion of Performance Rights April 2024	250,000	33,750

At 30 June 2024

109,450,575 41,440,730

Less Capital raising costs

Opening Balance	-	(566,782)
Capital raising costs current year	-	(416,622)
Closing Balance	-	(983,404)

Closing balance at 30 June 2024

109,450,575 40,457,326

30 June 2023

Movement in ordinary shares on issue

Ordinary shares

Issued and fully paid 91,000,002

Movement in ordinary shares on issue

	No.	\$
Opening balance fully paid ordinary shares of at 1 July 2022	91,000,002	34,126,750
Movement during year	-	-

At 30 June 2023

91,000,002 34,126,750

Less Capital raising costs

- (566,782)

Closing balance at 30 June 2023

91,000,002 33,559,968

19. RESERVES

Share Based Payments Reserve

30 June 2024 2,781,051 30 June 2023 1,665,686

Total Reserves

2,781,051 1,665,686

Share Based Payments Reserve

Opening balance	1,665,686	481,755
Options/Performance rights expired	-	-
Options/Performance rights vesting/expensed during the year	1,149,115	1,183,931
Options/Performance rights exercised	(33,750)	-

Total Reserves

2,781,051 1,665,686

The Share-Based Payments Reserve records the expenditure associated with the fair value of employee share options and performance rights over the vesting period for each issue. Share options and performance rights are issued for nil consideration. The exercise price of the share options is determined by the Directors in their absolute discretion and set out in the Offer provided that the exercise price is not less than the average Market Price on ASX on the five trading days prior to the day the Directors resolve to grant the Options or performance rights.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

20. SHARE BASED PAYMENTS

OPTIONS AND PERFORMANCE RIGHTS ON ISSUE

Equity -settled share-based payments

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

Grant Date/employees entitled	Number of Instruments	Vesting Conditions	Contractual Life of Options
Options granted to key management personnel			
On 29 July 2021	6,000,000	None	3 years
On 24 March 2023	3,000,000	1 years' service from commencement	3 years
Options granted to employees			
On 6 October 2022	300,000	6 months' service	3 years
On 6 October 2022	300,000	1 years' service from commencement	3 years
On 6 October 2022	300,000	2 years' service from commencement	3 years
On 5 February 2023	150,000	6 months' service from commencement	3 years
On 5 February 2023	150,000	1 years' service from commencement	3 years
On 5 February 2023	150,000	2 years' service from commencement	3 years
On 10 July 2023	183,333	None	3 years
On 10 July 2023	183,333	1 years' service from commencement	3 years
On 10 July 2023	183,334	2 years' service from commencement	3 years
Options granted to other parties			
On 10 January 2022	800,000	None	3 Years
On 15 September 2021	25,000,000	None	3 Years
On 29 July 2021	3,000,000	None	3 years
On 17 February 2022	1,000,000	None	3 years
On 17 February 2022	1,000,000	None	3 years
On 17 February 2022	1,000,000	None	3 years
On 6 October 2022	250,000	None	3 years
On 17 November 2022	150,000	None	3 years
Total Share Options	43,100,000		
Performance rights granted to key management personnel			
On 30 June 2023	250,000	1 years' service from commencement	3 years
On 30 June 2023	250,000	2 years' service from commencement	4 years
On 30 June 2023	834,000	Share price meets a 5 day VWAP of \$0.75	5 years
On 30 June 2023	833,000	Share price meets a 5 day VWAP of \$1.00	5 years
On 30 June 2023	833,000	Share price meets a 5 day VWAP of \$1.25	5 years
On 4 April 2024	(250,000)	Conversion of Performance rights*	-
Total Performance Rights	2,750,000		

*Service condition met and Performance rights were converted to ordinary shares on 4 April 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

20. SHARE BASED PAYMENTS (continued)

Valuation Assumptions

The following valuation assumptions were used.

- For the 550,000 employee options issued during the financial year, the valuation was performed internally using the Black-Scholes option valuation model.
- For the 2,500,000 performance rights granted to a KMP during the year, the valuation was conducted by an independent third party using the Monte Carlo simulation using the Hoadley's ESO Hybrid- Model Single Share Price Target Consec Days model.
- For 500,000 performance rights granted to KMP during the year, the valuation was performed internally based on the share price as at grant date, being 22 November 2023.

See below table for valuation details.

Date Granted	Number Of Options	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility	Underlying Share Price	Fair Value Per Options
OPTIONS							
10 Jul 2023 ⁽ⁱ⁾	183,333	\$0.64	9-Jul-2026	4.33%	100%	\$0.485	\$0.285
10 Jul 2023 ⁽ⁱⁱ⁾	183,333	\$0.71	9-Jul-2026	4.33%	100%	\$0.485	\$0.274
10 Jul 2023 ⁽ⁱⁱⁱ⁾	183,333	\$0.79	9-Jul-2026	4.33%	100%	\$0.485	\$0.263
PERFORMANCE RIGHTS							
22 Nov 2023 ^{(ii)*}	250,000	N/A	3-Apr-24	N/A	N/A	\$0.36	\$0.36
22 Nov 2023 ^{(iii)*}	250,000	N/A	3-Apr-25	N/A	N/A	\$0.36	\$0.36
22 Nov 2023 ^{(iv)*}	834,000	N/A	3-Apr-28	4.14%	94.6%	\$0.36	\$0.27
22 Nov 2023 ^{(v)*}	833,000	N/A	3-Apr-28	4.14%	94.6%	\$0.36	\$0.25
22 Nov 2023 ^{(vi)*}	833,000	N/A	3-Apr-28	4.14%	94.6%	\$0.36	\$0.24

(i) The grant doesn't include any service conditions so vests immediately.

(ii) The grant includes service conditions that vest after 1 months of service.

(iii) The grant includes service conditions that vest after 2 year 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 options granted in the current year have a total value of \$150,769. The performance rights have a total value of \$813,350. Of this valuation \$342,629 has been expensed this year.

A further \$806,486 was expensed in the current year for options granted in prior years. The total amount expensed in the current year was \$1,149,115 through the Statement of Profit or Loss and Other Comprehensive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

20. SHARE BASED PAYMENTS (continued) OPTIONS

	30 June 2024 No.	30 June 2024 Weighted average exercise price \$
Opening Balance	42,850,000	0.314
Issued/Granted during the period	550,000	0.273
Exercised during the period	-	-
Forfeited during the period	(300,000)	(0.288)
Lapsed during the period	-	-
Total Issued outstanding as at 30 June 2024	43,100,000	0.310
Total vested and exercisable	42,283,333	0.304

PERFORMANCE RIGHTS

Opening Balance	3,000,000	-
Vested and converted to ordinary shares	(250,000)	-
Total Issued outstanding as at 30 June 2024	2,750,000	-

OPTIONS

	30 June 2023 No.	30 June 2023 Weighted average exercise price \$
Opening Balance	37,800,000	0.261
Issued/Granted during the period	5,550,000	0.718
Exercised during the period	-	-
Forfeited during the period	(500,000)	(0.820)
Lapsed during the period	-	-
Total Issued outstanding as at 30 June 2024	42,850,000	0.314
Total vested and exercisable	38,350,000	0.274

PERFORMANCE RIGHTS

Opening Balance	-	-
Issued/Granted during the period	3,000,000	-
Total Issued outstanding as at 30 June 2024	3,000,000	-

Weighted average remaining contractual life of share options

The weighted average remaining contractual life for the share options outstanding as at 30 June 2024 is 0.48 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

21 EXPENDITURE COMMITMENTS

	30 June 2024	30 June 2023
Planned expenditure commitments contracted for:		
Exploration Permits*	647,455	585,671
Office lease**	133,666	-
	781,121	585,671
Payable:		
- not later than 12 months	448,666	263,000
- between 12 months and 5 years	332,455	322,671
- more than 5 years	-	-
	781,121	585,671

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

**The Company signed a commercial office lease for 9 months on 28 June 2024 commencing on 1 July 2024.

22. RELATED PARTY DISCLOSURES

Amounts Payable to Related Parties

(a) Parent entity

The ultimate parent entity within the Group is Nico Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 17.

(c) Compensation

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

	30 June 2024	30 June 2023
Short-term employee benefits	552,500	696,444
Post-employment benefits	49,500	73,127
Non-cash benefits	34,197	6,878
Short Term Incentives	-	41,455
Share-based payments	900,328	829,547
	1,536,525	1,647,451

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

23. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risks

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

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

Financial Instruments

	30 June 2024	30 June 2023
Financial Assets		
Cash and cash equivalents	4,590,815	4,439,771
Trade and other receivables	296,362	196,979
Other financial assets	40,000	40,000
Total financial assets	4,927,177	4,676,750
Financial Liabilities		
Trade and other payables	547,676	588,722
Lease liabilities	-	158,415
	547,676	747,137

i Liquidity risk

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

	1 year	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount assets/(liabilities)
As at 30 June 2024						
<i>Financial Liabilities</i>						
Trade and other payables	(547,676)	-	-	-	(547,676)	(547,676)
Total	(547,676)	-	-	-	(547,676)	(547,676)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

ii Interest rate risk

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

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	30 June 2024	30 June 2023
	\$	\$
Cash at bank and in hand -see note 8	4,590,815	4,439,771

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of profit or loss and other comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Judgement of reasonable possible movements

	Effect on Post Tax Losses	
	30 June 2024	30 June 2023
	\$	\$
Increase 1 basis point	4,591	4,439
Decrease 1 basis point	(4,591)	(4,439)

A sensitivity of 1 basis points has been used as this is considered reasonable given the current level of both short term and long-term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

iii Credit Risk

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

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

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

Fair values

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

25. EVENTS AFTER REPORTING DATE

On 29 July 2024 9,000,000 Options expired and were cancelled.

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

26. CASHFLOW INFORMATION

	30 June 2024	30 June 2023
Reconciliation from the net profit/loss after tax to the net cash flows from operations		
Net profit/(loss) for the period	(3,617,753)	(3,815,270)
<i>Non-cash</i>		
Share based payment expense	1,149,115	1,183,931
Depreciation	181,913	197,821
<i>Changes in assets and liabilities:</i>		
Trade and other receivables	(99,386)	(58,836)
Inventories	27,354	2,294
Provisions	93,456	28,207
Trade and other payables	(60,965)	268,085
<i>Net cash from/(used in) operating activities</i>	(2,326,266)	(2,193,768)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

27. PARENT NOTE

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

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

Investments in subsidiaries

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

30 June 2024 30 June 2023

Consolidated Statement of Financial Position

Assets

Current assets	4,898,514	4,596,208
Non-current assets	7,552,074	7,707,592

Total Assets

12,450,588 12,303,800

Liabilities

Current liabilities	528,069	578,989
Non-current liabilities	-	-

Total Liabilities

528,069 578,989

Net Assets

11,922,519 11,724,811

Equity

Issued capital	23,780,577	16,883,220
Accumulated losses	(17,024,046)	(9,209,033)
Share Based Payments Reserve	5,165,988	4,050,624

Total Equity

11,922,519 11,724,811

Consolidated Income Statement

Total loss for the year	(7,642,931)	(7,492,529)
Total comprehensive loss	(7,642,931)	(7,492,529)

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

For the year ended 30 June 2024

Entity Name	Body Corporate, Partnership or Trust	Trustee, or participant in Joint Venture	Place incorporated/ formed	Percentage owned	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Nico Resources Limited (Parent Company)	Body Corporate	n/a	Australia	-	Australian	n/a
Metals Exploration Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Metex Nickel Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Austral Nickel Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Hinkley Range Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a

Key Assumptions and Judgements Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment, as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency - The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

DIRECTORS DECLARATION

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

1. In the opinion of the Directors:

- (a) the consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date.
 - (ii) complying with Australian Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board and *Corporations Regulations 2001*.
- (b) The consolidated entity disclosure statement as at 30 June 2024, set out on page 57, is true and correct.
- (c) There are reasonable grounds to believe that the Group's will be able to pay its debts as and when they become due and payable.

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

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



Jonathan Shellabear
Managing Director and CEO

Dated this 26 day of September 2024



Independent Auditor's Report

To the shareholders of Nico Resources Limited

Report on the audit of the Financial Report

Opinion

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

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended.
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024.
- Notes including material accounting policies.
- Directors' Declaration.

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

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matter

The **Key Audit Matter** we identified was:

- Exploration and evaluation expenditure capitalised.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Exploration and evaluation expenditure capitalised (\$13,150,405)

Refer to Note 14 to the Financial Report

The key audit matter

Exploration and evaluation expenditure capitalised (E&E) relating to the Central Musgrave Project is a key audit matter due to:

- the significance of the balance (being 72% of total assets); and
- the greater level of audit effort to evaluate the Group's application of the requirements of the accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*. This includes the analysis of the conditions allowing capitalisation of relevant expenditure and in particular the assessment of the presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed.

In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:

- the determination of its area of interest; and
- documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group's intention and capacity to continue the relevant E&E activities.

In assessing the presence of impairment indicators, we focused on:

- the Group's determination of the expectation of E&E to be recovered in full through successful development of the area of interest, or alternatively, by its sale; and
- the ability of the Group to fund the continuation of activities.

How the matter was addressed in our audit

Our procedures included:

- evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard;
- assessing the Group's determination of its areas of interest for consistency with the definition in the accounting standard;
- assessing the Group's current rights to tenure for the Central Musgrave Project by checking the ownership of the relevant licenses to government registries. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses;
- testing the Group's additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard;
- evaluating documents, such as minutes of Board meetings and ASX announcements for consistency with their stated intentions for continuing E&E activities. We challenged this through inquiries with key management personnel;
- analysing the Group's determination of recoupment through successful development and exploitation of the Central Musgrave Project by evaluating the Group's documentation of planned future/continuing activities including project and corporate budgets; and
- assessing the Group's cash flow budget including planned expenditure for the Central Musgrave Project, for evidence of the Group's ability to fund continued E&E activities.

Other Information

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

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf
This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nico Resources Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 22 to 28 of the Directors' report for the year ended 30 June 2024.

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

KPMG

Glenn Brooks

Partner

Perth

26 September 2024

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 19 September 2024.

Voting Rights

Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

Distribution of Equity Security Holders

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	294	157,484	0.14%
above 1,000 up to and including 5,000	888	2,088,668	1.91%
above 5,000 up to and including 10,000	307	2,339,594	2.14%
above 10,000 up to and including 100,000	512	17,143,769	15.66%
above 100,000	120	87,721,060	80.15%
Totals	2,121	109,450,575	100.00%

Unmarketable Parcel of Ordinary Shares

	Minimum Parcel Size	Holders	Units
Minimum 500 parcel at \$0.110 per unit	4,546	1,117	1,925,771

ASX ADDITIONAL INFORMATION

Top 20 Largest Shareholders

Position	Name	Units	% Units
1	PETER COOK	11,881,095	10.86
2	RODERICK CORPS	9,738,154	8.90
3	METALS X LIMITED	9,240,000	8.44
4	NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>	6,700,000	6.12
5	FARJOY PTY LTD	5,294,165	4.84
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,063,529	2.80
7	JONATHAN SHELLABEAR	2,152,163	1.97
8	WARREN HALLAM	2,026,424	1.85
9	GOEN PTY LTD <JEFF A/C>	1,800,000	1.64
10	ONMELL PTY LTD <ONM BPFAM A/C>	1,533,876	1.40
11	MIRPIN PTY LTD <DES AMIS SUPER FUND A/C>	1,350,000	1.23
11	MR BRENT RODERICK POTTS	1,350,000	1.23
13	CITICORP NOMINEES PTY LIMITED	1,295,849	1.18
14	JINCHUAN GROUP LTD	1,212,541	1.11
15	MR CHRISTOPHER LANGDON SHELLABEAR+ <I A SHELLABEAR A/C>	1,000,000	0.91
16	TIERRA DE SUENOS SA	946,697	0.86
17	BNP PARIBAS NOMS PTY LTD	806,777	0.74
18	SANDWICH HOLDINGS PTY LTD	800,000	0.73
19	ALLOY CONSULTING PTY LTD	780,793	0.71
20	PANTON NOMINEES PTY LTD	760,558	0.69

Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total) **63,732,621** **58.23%**

Total Remaining Holders Balance **45,717,954** **41.77%**

Securities exchange listing

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

Address

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

Option Equity Securities as at 19 September 2024

Total Performance rights on issue 2,750,000

Total options on issue 34,100,000

ASX ADDITIONAL INFORMATION

INTEREST IN EXPLORATION TENEMENTS

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



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