



NICO RESOURCES

Metals Exploration Pty Ltd

Hinckley Range Pty Ltd

Metex Nickel Pty Ltd

CPS NUMBER 5648/2

ANNUAL CLEARING PERMIT REPORT

1 July 2022 to 30 June 2023

TENEMENT NUMBER E69/3065

WARBUTON MINERAL FIELD

CENTRAL MUSGRAVES

(Great Victoria Desert)

WESTERN AUSTRALIA

1. Introduction

Nico Resources Limited (Nico) acquired all the assets and associated subsidiary companies comprising the Wingellina Nickel Cobalt Project from Metals X Limited in January 2022.

Nico, through its wholly owned subsidiary companies Metals Exploration Pty Ltd, Hinckley Range Pty Ltd and Metex Nickel Pty Ltd, is currently evaluating the potential of developing a large tonnage nickel cobalt lateritic deposit for its proposed nickel-cobalt mining and processing operations at Wingellina (Figure 1). The Wingellina Nickel Cobalt Project is located approximately 292Km east of Warburton in the Ngaanyatjarraku Shire near the junction of the Western Australia, South Australia, and Northern Territory borders. The 190 million tonne nickel-cobalt deposit is located on E69/535 (Figure 1).

The preferred processing method for Wingellina Ore is High Pressure Acid Leach (“HPAL”). Neutralisation of HPAL slurries is an important step on creating the final, saleable mixed nickel-cobalt hydroxide product (MHP). The presence of calcrete deposits in the area is a major advantage for the project, as neutralisation of the HPAL slurries would otherwise require transport of limestone into the site and a significantly greater cost. High quality calcrete has been located and drilled at the Lewis Calcrete Deposit (E69/3065) approximately 30km northwest of the Wingellina nickel laterite resource (Figure 1). Samples of the material have been tested with the neutralising capacity of the calcrete varying between 1.2 and 2.0 tonnes per tonne of sulphuric acid.

Satellite and on-ground mapping show that the calcrete deposit is extensive within the Nico held Western Australian tenement E69/3065. Exploration drilling of the Lewis Calcrete deposit was initiated in 2014 and completed in 2022. Data coverage is now sufficient to complete an initial resource estimate.

Metals Exploration Pty Ltd (a wholly owned subsidiary of NiCo Resources Limited) was authorised under the conditions of permit CPS 5648/2 (24 August 2013 to 23 August 2023) to limit the clearing of native vegetation to a total of 40 hectares for the purpose of calcrete exploration on E69/3065. Total vegetation clearing to date on the tenement amounts to 32.32ha, 7.17ha less than the combined areas of 39.49ha approved by DMIRS for PoW Id #45858 (4.41ha) and PoW Id #73779 (35.08ha).

2. Reporting

Vegetation clearing of 4.08ha was previously undertaken within the current tenement area to establish a relatively narrow drilling access track in the year ended 30 June 2014 (highlighted yellow in Figure 1). RC drilling was undertaken along the track for confirmatory drill testing the extent and thickness of the calcrete deposits on the tenement.

Vegetation clearing of 28.24ha was also undertaken on the tenement in the year ended 30 June 2019 (highlighted green in Figure 1), bringing the total clearing completed to date on E69/3065 of 32.32ha. The purpose of the more extensive vegetation clearing undertaken in 2018 was for RC drill rig access to determine a JORC compliant resource. This would have involved the drilling-out of the of outcropping calcrete deposits in 2019.

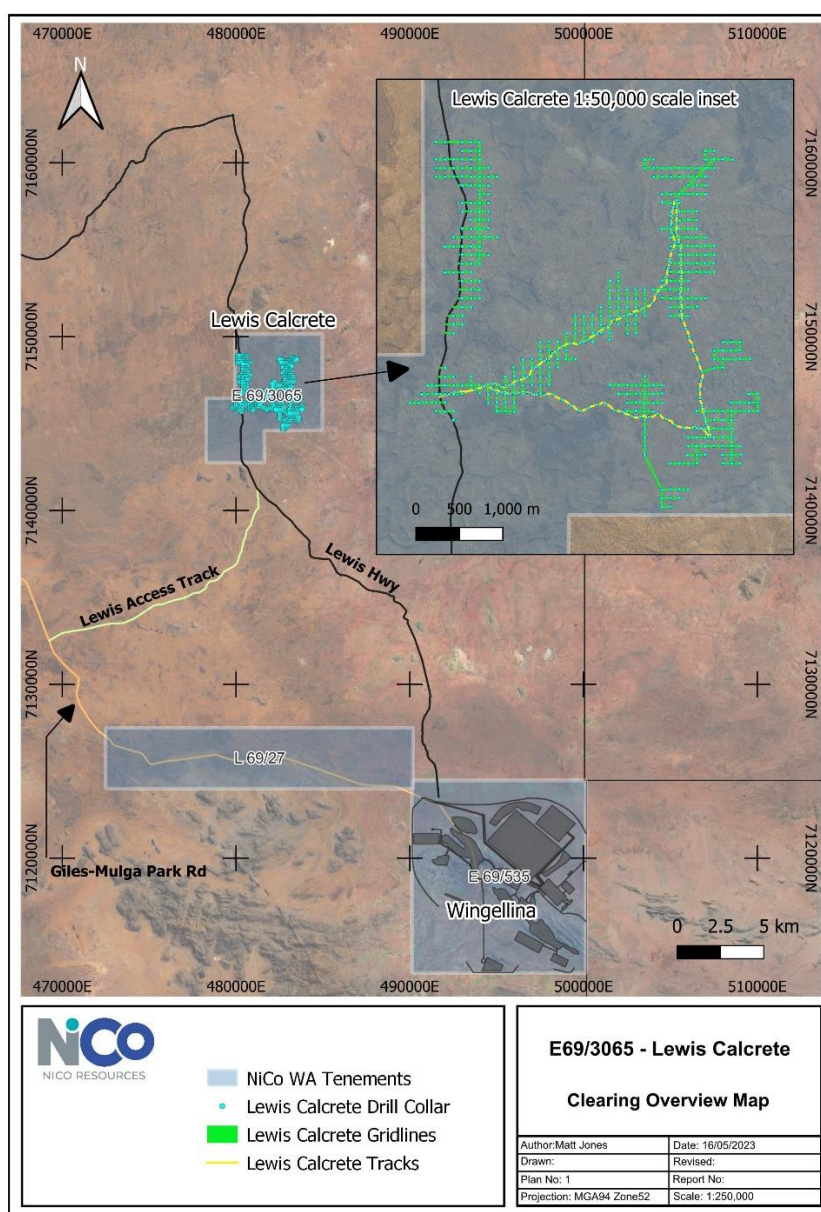


Figure 1 – Tenement location map with E69/3065 clearing to date.

RC drilling in December 2019 was however limited to completing only 91 of the total 497 work sites planned to be drilled. The balance of the RC drill holes to complete the originally planned program of works was completed in late 2022.

Light grading was undertaken along the pre-existing 2018 cleared drill lines for the 2022 RC drill program, to avoid damage to drilling equipment and the associated support vehicles.

3. Future Work

Diamond core drilling is planned to be undertaken in 2023 to provide sample material of calcrete for bulk density determinations.

The diamond core holes are planned to be drilled on existing vegetation cleared drilling access lines. Therefore, no associated vegetation clearing will be required. The data generated from the diamond core drilling is also needed for calcrete resource determination purposes. The core samples are planned to be used for testing of physical properties and for bench scale and pilot metallurgical testwork.

Mapping of the extensions to the deposit outlined to date is also planned to be undertaken to enable future resource definition drilling to be carried out with access from existing tracks and drill rig access grid lines.

Finally, current vegetation clearing permit CPS5648/2 which expires on 23 August 2023 is planned to be renewed for a further term.

3. Compliance Statement

No clearing of native vegetation beyond the 2018 vegetation cleared drill lines was undertaken during the 2022-23 reporting period. The Company to date has fulfilled the Conditions of CPS 5648/2, namely:

1. The Company continues to undertake to provide a written report of the records required to be kept under Condition 9b of CPS 5648/2 where these records have not already been provided to the DMIRS Environmental Officer by 31 July for each reporting year for the life of the Permit.

Minor maintenance of the main access track and drill grid lines that were originally cut utilising a grader in June 2018, was undertaken during the second half of the 2022 field season. This enabled the completion of RC drilling of the remaining 385-hole balance at 100m x 100m spacings by the end of October 2022.

Ongoing exploration works are planned on the tenement, including the undertaking of diamond core drilling, geological mapping of extensions of outcropping calcrete and follow-up resources definition RC drilling and the completion of other studies to be undertaken including detailed archaeological and Level 2 flora and vegetation surveys.