NickelSearch LIMITED

ASX: NIS

Australia's emerging battery minerals explorer

ASX ANNOUNCEMENT

21 January 2022

NICKELSEARCH LIMITED

ACN 110 599 650

QUARTERLY ACTIVITIES REPORT
For the period ended 31 December 2021

KEY HIGHLIGHTS

Carlingup Nickel Project, Western Australia (100% owned)

- Maiden RC drill program commenced within days of listing and completed in December 2021.
- First assays at RAV8 confirm high grade nickel including 5m @ 2.6% Ni, including 2m @ 4.5% Ni.
  - This intercept extended the mineralisation up plunge to the north at Shoot 3.
  - Remaining holes have been submitted for assay with results expected in Q1 2022.
- Confirmation that nickel sulphide mineralisation at RAV8 has potential for significant PGM, Cu and Co credits with individual assays up to 1.3 g/t Pd, 0.35% Cu and 0.1% Co.
- In late December 2021 a high resolution, helicopter-borne, time domain, electromagnetic (EM) and magnetic survey was initiated over the entire tenement package.
  - EM process data is expected to be released in Q1 2022.

Corporate

- The Company listed on the ASX on 18 October 2021 following its successful initial public offering (IPO) that raised $10 million to explore for nickel sulphide deposits at the 100% owned Carlingup Project located near Ravensthorpe in Western Australia.
- 44% of the total issued capital of 104,064,018 are subject to escrow agreements.
- NickelSearch completed the acquisition of highly prospective tenements from Medallion Metals Limited (ASX: MM8), including the historically producing RAV 8 deposit.
- NickelSearch has assembled a high calibre team, including Nicole Duncan who has been appointed as the Managing Director with effect from 1 February 2022.
- Other key appointments include Tamsin Senders (Manager Processing) and Andrew Weeks (Manager Resources) to support Leo Horn, the Company's Senior Technical Adviser (Exploration).

Initial Public Offer

NickelSearch Limited (ASX:**NIS**) (**NickelSearch** or the **Company**) issued a Prospectus on 23 August 2021 which successfully raised $10 million (before costs) through the issue of 50 million shares at 20 cents per share to fund the exploration of its belt scale tenement package at the Carlingup Project in Western Australia. The tenements are located at the junction of the southern Yilgarn Craton margin and Forrestania – Ravensthorpe Nickel Belt that is highly prospective for nickel sulphide deposits (Figure 1).

As detailed in the Prospectus, NickelSearch also entered into an Acquisition Agreement with Medallion Metals Limited (**MM8**) to purchase mining licence M74/13 (hosts RAV8) and exploration licence E74/657 together with the Mineral Rights (to explore for and develop nickel, cobalt or platinum group element discoveries) on the following tenements: M74/83, E74/602, E74/656, E74/683 and E74/638 (see Figure 2).

On 5 October 2021 MM8 was paid a total consideration for the tenements and land acquired comprising 15,713,662 ordinary fully paid shares in NickelSearch, representing 15.1% of the issued capital of the Company. As a part of the transaction, MM8 also has the right to appoint a Board member for as long as MM8 holds an interest in at least 10% of the issued shares of the Company. Paul Bennett, the Managing Director of MM8, was appointed a Non-Executive Director of the Company.

The Carlingup Project comprises the following suite of wholly owned tenements and Mineral Rights tenements:

- RAV1, RAV4 and RAV4 West projects (being contained in tenements M74/82, M74/84, and M74/106).
- RAV8 project – M74/13
- E74/657 – acquired from MM8
- Granted tenements E74/675 and E74/685
- Mineral Rights on certain MM8 tenements (being M74/83, E74/602, E74/656, E74/683 and E74/638)
- John Ellis (laterite nickel) Project - M74/107, M74/85 and M74/104

ASX Quotation

The Company was first admitted for trading on the ASX Official List on 18 October 2021. Upon admission, NickelSearch had a total of 487 shareholders and an initial market capitalisation of $20.8 million (comprising circa 104.1 million ordinary fully paid shares at the IPO issue price of 20 cents per share).

The top 20 shareholders upon float, held circa 62.2 million shares representing approximately 60% of the Company's issued capital (on an undiluted basis).

Further, 9 million unquoted options have also been granted to the IPO Lead Manager (issued 4m) and to Directors and Senior Executives (collectively issued 5m). Details of the terms of issue are outlined in the Company's Prospectus. The cessation of 2m unquoted options occurred on 15 January 2022 that were issued to the former Managing Director which have now lapsed unexercised. The number of unquoted options is now 7m (refer ASX announcement on 17 January 2022). Nicole Duncan (Managing Director commencing 1 February 2022) will be issued 2m unquoted options, as announced to the ASX on 8 December 2021.

Exploration

The Company's first exploration campaign commenced within days of the ASX listing and was completed on 5 December 2021 (see ASX announcements on 23 November 2021 and 6 December 2021).

A total of 32 holes for 3,563m were completed at RAV8, RAV5 and RAV4-West. Results from the maiden drilling campaign included:

- First assays from maiden RC drilling at RAV8 confirm high grade nickel including 2m at 4.5% nickel within an interval of 5m at 2.6% nickel in drill hole NIS003. This drilling has extended the historical mineralisation up plunge to the north at Shoot 3 (see Figure 2 and ASX announcement on 6 December 2021). Importantly, the nickel sulphide mineralisation contains potentially significant Platinum Group Metals (PGM), copper and cobalt credits with individual assays up to 1.3 g/t palladium, 0.35% copper and 0.1% cobalt.

- The presence of visual sulphides in the designated holes at RAV5 demonstrated the potential to define a maiden resource at RAV5.

- Visual observations of drill cuttings at RAV4-West are encouraging and suggest potential for extension of the sulphide body to the east (see ASX announcements 23 November 2021 and 6 December 2021). Selected samples from priority holes have been submitted for analysis – with results expected in Q1 CY22.

Beyond the drilling programme, the Company's ongoing greenfield exploration targeting studies have identified three new high potential targets at John Ellis, Serendipity and Sexton based on favourable geochemistry, historical ground EM and magnetic anomalies. Permitting work is well underway with follow-up field work planned for the first half of 2022.

The 2022 field campaign has already commenced with the completion of a high resolution, helicopter-borne, electromagnetic and magnetic survey over the entire Carlingup Nickel Project tenure (see Figure 3 and refer ASX announcement dated 10 January 2022). NickelSearch intends to use the data derived from this extensive airborne survey (955-line kms flown) to not only detect nickel sulphide mineralisation but also to map undercover geology more accurately and provide a further layer to the Company's multidisciplinary, integrated exploration targeting process.

Data processing, modelling and targeting studies are planned for Q1 CY22 involving integration of the new airborne EM data with geochemical fertility indices and high-resolution magnetic data targeting possible "main channel" mineralisation. The aim is to prioritise targets more effectively for drill testing in the early new year.

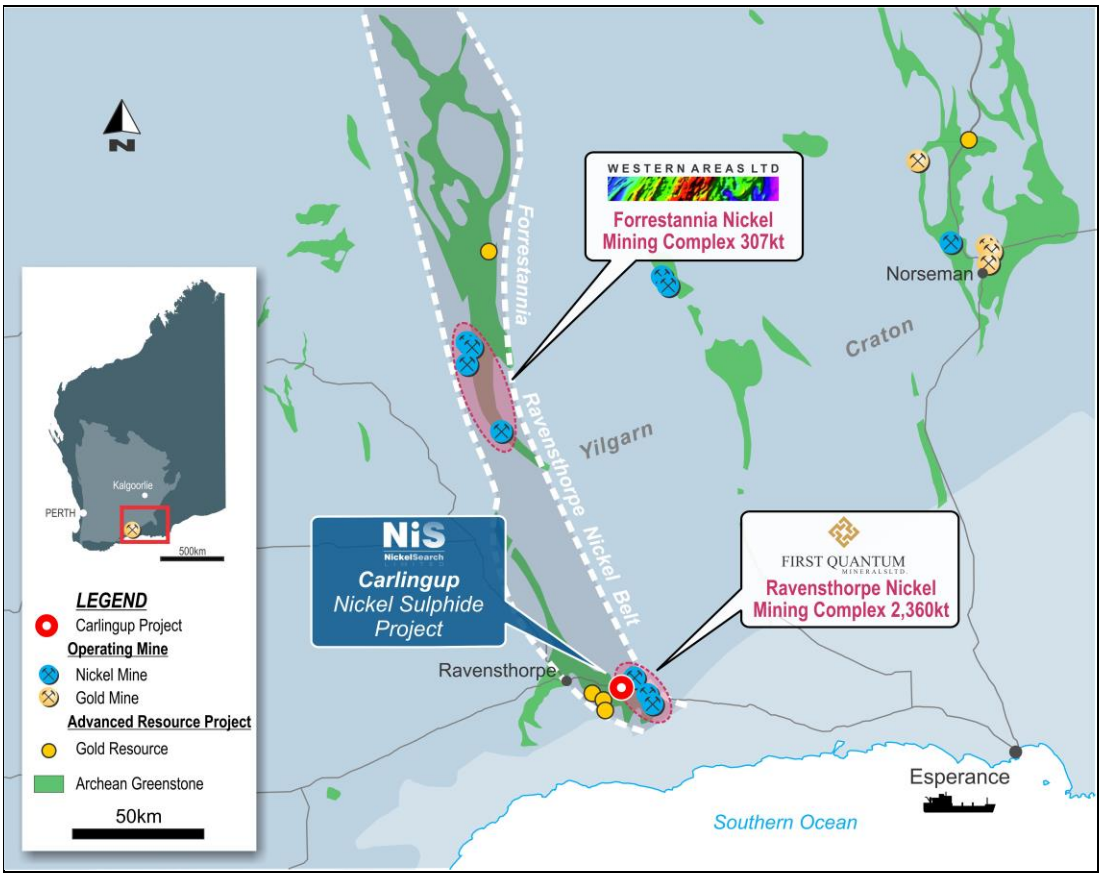

Figure 1. Carlingup Nickel Sulphide Project Location Map

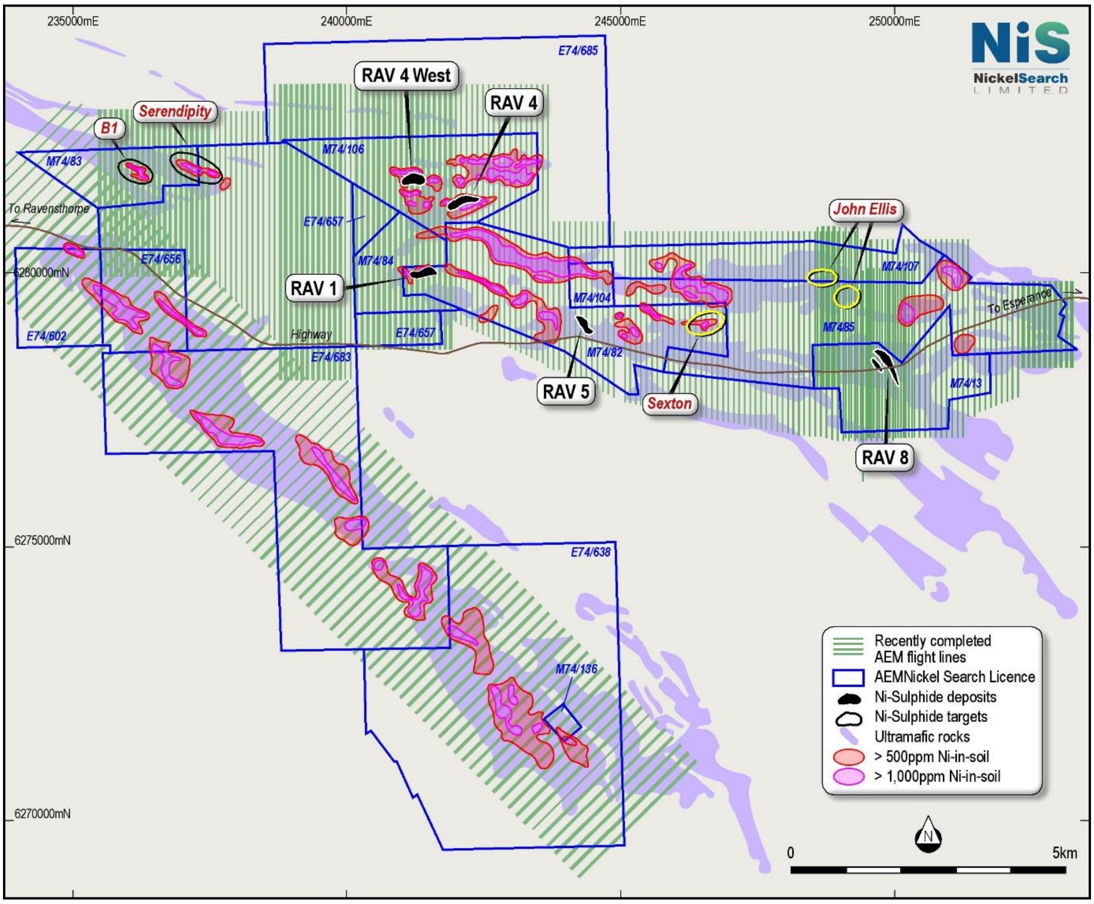

Figure 2. Carlingup airborne EM survey – flight plan map on NIS Tenements

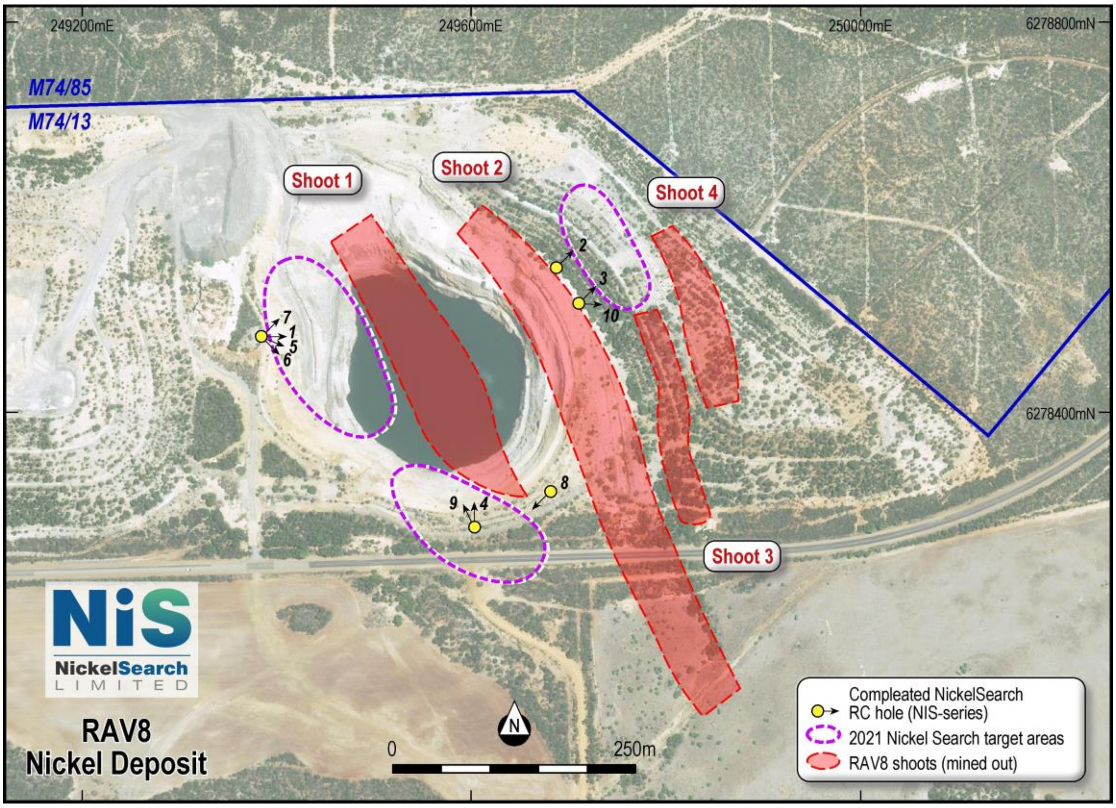

Figure 3. RAV8 Nickel Deposit showing completed RC holes (to date) and high-grade sulphide shoots.

Figure 4. NRG Squirrel helicopter with electromagnetic system on site at Ravensthorpe (January 2022).

Cash Position

At 31 December 2021, NickelSearch held approximately $7.45 million in cash. Full details regarding the Company's cash movements during the quarter can be found in the accompanying Appendix 5B. Additional ASX Listing Rule disclosure matters are detailed in Appendix 1 attached.

Executive and Management Team

As announced on 8 December 2021, the Company has assembled a high calibre management and technical team.

The Company will be led by Managing Director, **Nicole Duncan**, who brings immense experience from past senior executive and management roles at South 32 Ltd (ASX: S32) and BHP Group Ltd (ASX: BHP).

Nicole will commence on 1 February 2022 and has over 20 years of experience in mining and the oil and gas sector, starting as a lawyer and then moving into various commercial roles. Nicole's experience includes supporting mineral exploration programmes, project development and execution, operations, technology, governance and compliance all whilst focusing on safety, sustainability and ESG matters.

The Board welcomes Nicole to NickelSearch and would also like to thank Craig Moulton, the former Managing Director, for his significant contribution during the IPO process.

Since Mr Moulton's resignation on 15 December 2021 and until Nicole commences, David Royle has assumed the role of Executive Chairman to lead the Company through the transition period.

Tamsin Senders (Manager Processing) and **Andrew Weeks** (Manager Resources) have recently been appointed and will compliment Leo Horn, the Company's Senior Technical Adviser (Exploration).

Tamsin is one of Australia's leading scientists in the field of bacterial leaching and will manage the Company's prospective processing pathway for the ore to be derived from the Carlingup Project.
Tamsin was most recently a Microbiological Consultant with Western Areas Ltd (ASX: WSA).

Andrew is a geologist with over 30 years of experience having worked with BHP, WMC and Golder Associates (amongst others). He also previously worked at Mount Keith, Ravensthorpe Nickel Operation and with Norlisk Nickel Australia and as such, brings with him a detailed understanding of the Company's flagship Carlingup Project.

This announcement is authorised for release by the Board of NickelSearch Limited.

For further information, please visit the Company's website www.nickelsearch.com

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Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Leo Horn. Mr Horn is the Senior Technical Advisor (Exploration) for NickelSearch Limited and a member of the Australian Institute of Geoscientists. Mr Horn has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Mr Horn consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. Mr Horn holds an interest in the Company's securities.

Disclaimer

References in this announcement may have been made to certain ASX announcements, including exploration results, Mineral Resources and Ore Reserves. For full details, refer to said announcement on said date, together with the Company's prospectus dated 23 August 2021. The Company is not aware of any new information or data, as at the date of this announcement, that materially affects this information. Other than as specified herein and any other announcement referred to, the Company confirms it is not aware of any new information or data that materially affects the information include in the original market announcement(s), and in the case of estimates of Mineral Resources and Ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original announcement.

APPENDIX 1 – ADDITIONAL ASX LISTING RULE DISCLOSURES

Compliance

For the purpose of **ASX Listing Rule 5.3.1**, payments for exploration, evaluation and development during the quarter totalled approximately $1,127,000. Material developments, changes in exploration activities and details of exploration activities undertaken during the quarter are described in the preceding quarterly activities report and appendices.

For the purposes of **ASX Listing Rule 5.3.2**, the Company confirms there were no mining production and development activities undertaken during the quarter.

For the purposes of **ASX Listing Rule 5.3.5**, payment to Directors of NickelSearch during the quarter totaled approximately $133,000. The payments were in respect of Directors salaries, fees and superannuation.

Pursuant to **ASX Listing Rule 5.3.4**, the Company provides its actual expenditure on the individual items in the 2 year "use of funds" statement in the IPO prospectus (dated 23 August 2021) since the date of its admission to the ASX's Official List (being 18 October 2021) against the estimated expenditure on those items and an explanation of any material differences.

Use of Funds (i)	**Prospectus estimate (2 years)**	**Actual use from 18 October 2021 to Quarter end**	**Variance (ii)**
	$ million	**$ million**	**$ million**
Nickel Sulphide Exploration	1.88	0.61	1.27
Nickel Sulphide Drilling	4.14	0.53	3.61
Technical & Metallurgical Studies	1.31	0.00	1.31
Transaction Costs	0.21	0.05	0.16
Expenses of Offers and Listing Costs	1.08	1.24	(0.16)
Working Capital	2.18	0.28	1.90
TOTAL	**10.80**	**2.71**	**8.09**

Notes:

(i) Use of Funds table as detailed in the Company's prospectus dated 23 August 2021 (Prospectus), based on the maximum subscription of $10 million having been successfully raised pursuant to the IPO.

(ii) Explanation of Material Variances:

a. The Use of Funds detailed in the Prospectus provided estimated expenditure for items in the above table, over the next two-year period (ie representing a total of eight quarterly reporting periods). NickelSearch was only admitted to the ASX Official List on 18 October 2021. The current reporting period therefore represents the first quarter of estimated expenditure by comparison to the estimated two-year expenditure period as detailed in the Prospectus. This accounts for the majority of the variances as noted. The Company believes it is, at this early stage in its exploration programme, on track to achieve its primary objectives, as outlined in the Prospectus.
b. The exploration and drilling programme has only just been initiated. A maiden drilling programme of 3,563m of RC drilling has been completed during the current quarter at RAV8, RAV5 and RAV4 West. A detailed strategy and comprehensive exploration programme has been developed and will be progressively undertaken over the next circa 1.5 years, as outlined in the Prospectus.

c. Further scoping and pre-feasibility studies are expected to be conducted when the exploration programme is more advanced. With the recent appointment of Tamsin Sender (Manager Processing), further bio-leach and other metallurgical test work will now be initiated.
d. Transaction costs only include fees paid to the Lead Manager for the pre-IPO seed capital raising and does not include the estimated allowance for stamp duty payable on the transfer of acquisition tenements and land acquired pursuant to the MM8 transaction. The stamp duty is currently being assessed by the Office of State Revenue in Western Australia and will be paid once the assessment process is completed.
e. Included in the "Expenses of Offers and Listing Costs" line item are costs incurred and paid prior to the date of admission to the Official List (being 18 October 2021). These were necessarily incurred to facilitate the preparation of the Prospectus, the due diligence process and ASX quotation – including but not limited to, audit, legal and consulting fees, as well the prepayment of ASX Listing fees.
f. The working capital variance results from the unutilised allowance for items such as: future wages, rent, consultant fees, accounting, investor relations and marketing fees, amongst other administrative costs and overheads.

Tenement Summary

The following information is provided pursuant to **ASX Listing Rule 5.3.3** for the quarter.

Tenement	Location	Nature of Interest	Interest at beginning of Quarter	Interest at end of the Quarter
RAV1, RAV4, RAV4 West (i)				
M74/82	Western Australia	Granted	100%	100%
M74/84	Western Australia	Granted	100%	100%
M74/106	Western Australia	Granted	100%	100%
RAV8 (i)				
M74/13	Western Australia	Granted	0%	100%
John Ellis (ii)				
M74/107	Western Australia	Granted	100%	100%
M74/85	Western Australia	Granted	100%	100%
M74/104	Western Australia	Granted	100%	100%
Other (i)				
E74/657	Western Australia	Granted	0%	100%
E74/675	Western Australia	Granted	100%	100%
E74/685	Western Australia	Granted	100%	100%
Mineral Rights Tenements (iii)				
M74/83	Western Australia	Granted	See note(iii) below	0%
E74/602	Western Australia	Granted	See note(iii) below	0%
E74/638	Western Australia	Granted	See note(iii) below	0%
E74/656	Western Australia	Granted	See note(iii) below	0%
E74/683	Western Australia	Granted	See note(iii) below	0%

Notes to Tenement Summary Schedule

(i) The RAV1, RAV4, RAV4 West, RAV8 and Other tenements are all held by the Company's wholly owned subsidiary – AML (Ravensthorpe) Pty Ltd. The Mineral Rights (see note (iii) below) are also being exercised by AML (Ravensthorpe) Pty Ltd.

(ii) The John Ellis tenement package is all held by the Company's wholly owned subsidiary – Phanerozoic Energy Pty Ltd.

(iii) The Company (via its wholly owned subsidiary, AML (Ravensthorpe) Pty Ltd) secured an exclusive sub licence from MM8 to explore for and mine nickel, cobalt and platinum element group metals (being platinum, palladium, ruthenium, rhodium, osmium, and iridium) on all these tenements pursuant to a Mineral Rights Deed. Details of the Mineral Rights Deed are disclosed in the Company's prospectus dated 23 August 2021.

(iv) The Company did not enter into any farm-in or farm-out agreements during the quarter.

(v) The Company did not dispose of any tenements during the quarter.

(vi) The Company acquired the following tenements during the quarter: M74/13 (RAV8) and E74/657 pursuant to the transaction with MM8, as detailed in the Prospectus dated 23 August 2021.

END

About NickelSearch

Nickel Search Limited (ASX code: NIS) is a dedicated WA nickel sulphide explorer focused on advancing it's flagship Carlingup Nickel Project. The asset has an existing resource base of 171kt of contained nickel.

Directors & Management

David Royle
Interim Executive Chairman

Nicole Duncan
Managing Director (comm 1 Feb 2022)

Norman Taylor
Non-Executive Director

Paul Bennett
Non-Executive Director

Donald James
Non-Executive Director

NickelSearch

ACN 110 599 650

Projects

CARLINGUP NICKEL PROJECT (100%)

Shares on Issue

104,064,018

Options

7,000,000

ASX Code

NIS