ASX ANNOUNCEMENT

27 January 2023

QUARTERLY REPORT

KEY HIGHLIGHTS:

Operational

- During the December Quarter, NickelSearch commenced a targeted drilling campaign at Carlingup to test prioritised greenfields exploration targets.
- In the first phase of drilling, four drill holes were completed across the Javelin and RAV8 targets and cased for downhole electromagnetic (DHEM) surveys:
    - All drill holes were sampled in their entirety
    - Modelling from drill hole 22NRC002 at Javelin returned high to very high conductive sources, confirming prospectivity for massive sulphides
- A subsequent program to drill a further 1,500m commenced in December to test priority targets at Javelin, Sexton and RAV8 South:
    - Additional holes at Javelin will test the highly conductive EM plate identified
    - Drilling at Sexton intends to confirm and further define the extent of known mineralisation, based upon historic intercept of 2m @1.2% Ni and 0.17% Cu at 98m in drill hole RVD0015
    - Plans for RAV8 South to test an anomaly previously identified by moving-loop and airborne electromagnetic surveys.
- The Company announced positive results from Metallurgical Testwork that aims to develop an alternative but commercially robust processing pathway for lower grade nickel sulphide deposits.
- 31 December 2022 cash balance of $2.5 million.

NickelSearch Limited (ASX:NIS) ("NickelSearch" or "the Company") is pleased to present its Quarterly Report for the period 1 October 2022 to 31 December 2022 (the "Quarter").

DRILLING UNDERWAY AT PRIORITY GREENFIELDS TARGETS

As announced to the market on the 12th of December, the Company has embarked on a drilling campaign to test prospective targets at its Carlingup project, identified through the comprehensive analysis of geological, geochemical and geophysical exploration data. In this first phase of drilling, four holes were completed across the Javelin and RAV 8 targets and holes were sampled in their entirety with certain intervals highlighted for priority assay. Results from the priority assays and further detail from drill collars are set out in the announcement to market dated 12 December 2022.

A second phase of drilling at Carlingup commenced in late December and has continued into the new year. The planned program will see 1,500m of RC drilling to further test the high conductance plate at Javelin before continuing to the Sexton and RAV8 South targets that have similarly been identified as high priority.

POSITIVE INDICATIONS FROM TARGETS

JAVELIN

RC drilling at Javelin focused on two coincident geochemical and geophysical target areas. The first hole, 22NRC001, was drilled just beyond the target depth of 80m, and the second hole, 22NRC002, reached the target depth of 120m. 22NRC001 hit an anomalous intersection of **3m at 0.25% Nickel (Ni)** within the transitional zone from 58m. While not significant, it does confirm that this unit is prospective for nickel sulphides.

Visual logging of 22NRC002 identified two sulphide bearing horizons within basalts of disseminated to matrix and massive sulphides, with pyrite being the visually dominant species. These horizons were logged at 62-66m and 84-90m downhole depth. Priority assays confirm visual logging with minor gold anomalism and **1m at 0.7% Ni from 93m**.

The DHEM surveys then conducted by NickelSearch at Javelin produced outstanding results, with several plates modelled. The largest plate measures about 200m x 150m with a conductance of around 2,000 Siemens (S), probably representing a lithological boundary. However, the large plate down plunge from massive sulphides (see Figure 1) returned a very high conductive source measuring up to 18,000 Siemens(S), indicating that there is sulphidic mineralisation potentially extending at least 130m down plunge with a possible extension along strike (see Figure 2).

Another plate just above it is coincidental to the disseminated to matrix sulphide mineralised horizon and produced a plate with a conductance of 10,000 S, itself a good indicator of sulphide mineralisation for follow up. Logging and priority assay results at Javelin show that this is an area with fertile ultramafics for nickel, and a good sulphur source available that warrants the immediate drill testing of the DHEM plates.

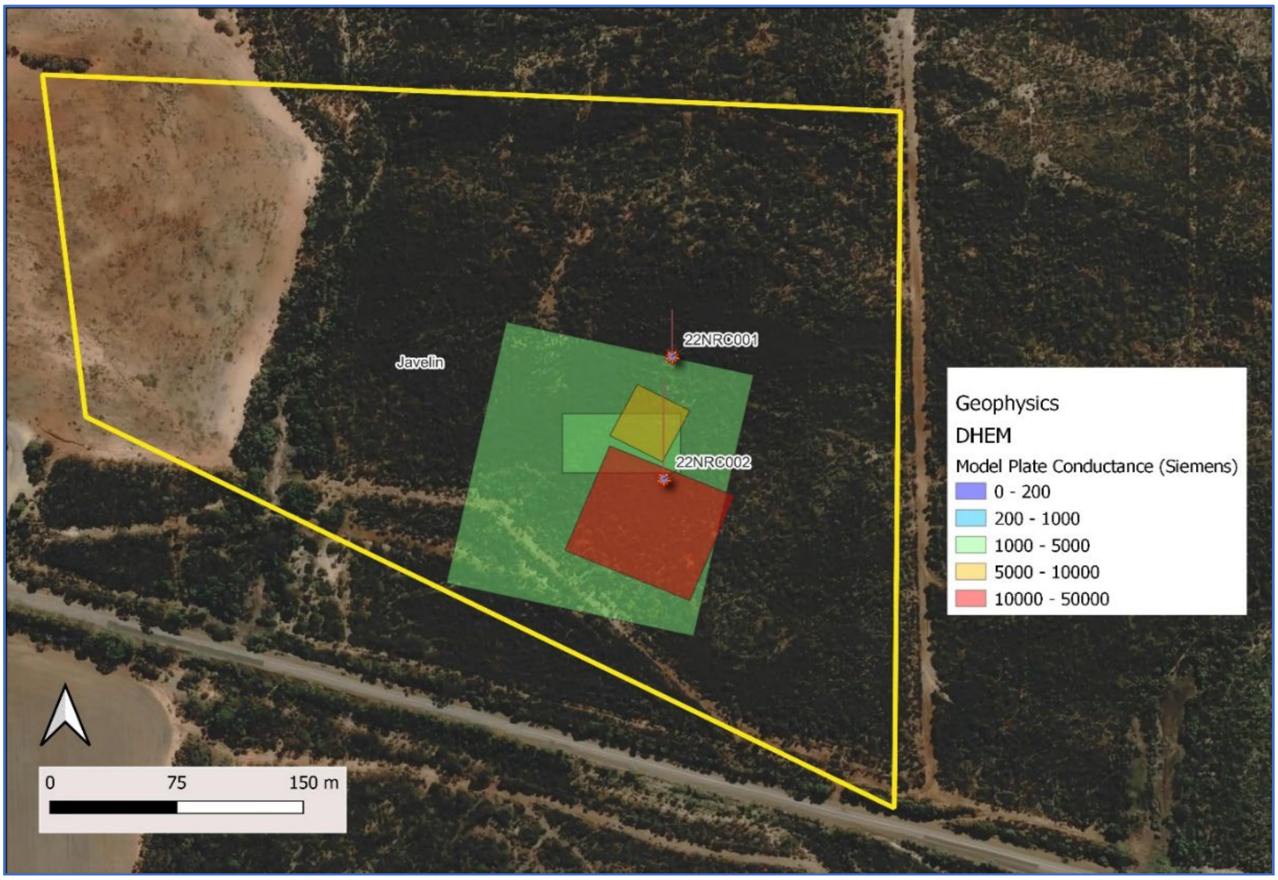

Figure 1: Plan view of modelled plates at Javelin.

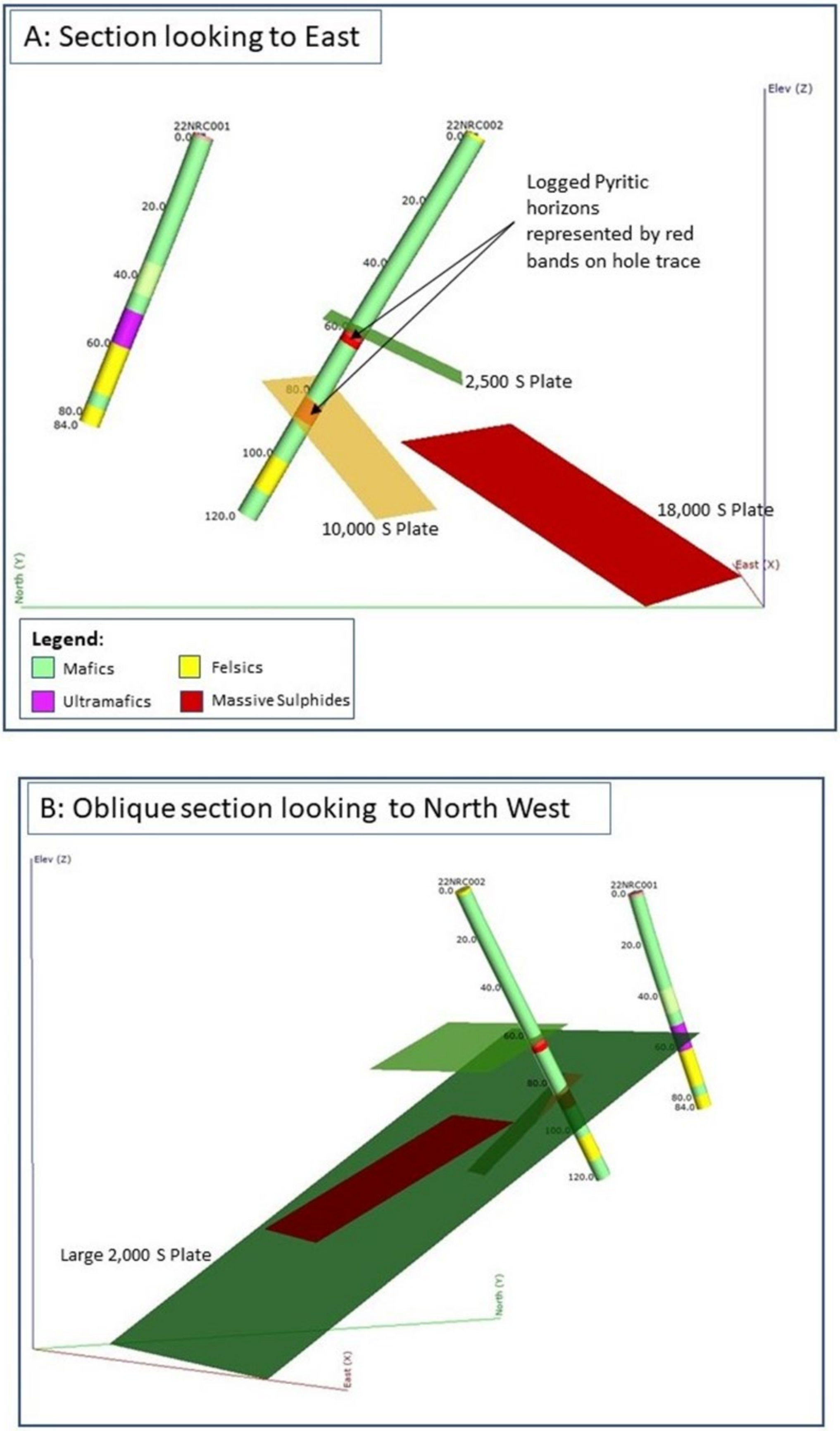

Figure 2: Images looking to east (A) and northwest (B) showing layout of DHEM plates and relationship to logged pyritic units. Down hole depths marked in metres.

RAV8

Drilling at RAV8 targeted possible structurally remobilised sulphides associated with a DHEM plate to the east of drill hole 22NRC003 and extension of the main massive sulphide shoots south of the pit in an area of a weak DHEM plate (22NRC004) (see Figure 3).

22NRC003 was logged as mostly felsic volcanics with a couple of mafic dykes. One of these intrusive bodies, from 120-123m, returned **3m at 0.56% Ni including 1m at 1% Ni at 121m** which is interpreted as remobilised stringer nickel mineralisation. DHEM was unsuccessful in testing the original target in this hole as the pvc casing was blocked at 122m.

The style of mineralisation encountered in this hole is consistent with other mineralisation at RAV8 and is an example of structural remobilisation that has occurred in this deposit.

Drill hole 22NRC004 hit thick intervals of ultramafics but was stopped 40m short of target depth after hitting a structure that caused excessive water to enter the hole that could not be controlled. DHEM was inconclusive due to distance from target, however this remains a valid target and will be redrill in the next program with RC and a diamond tail to get past the structure.

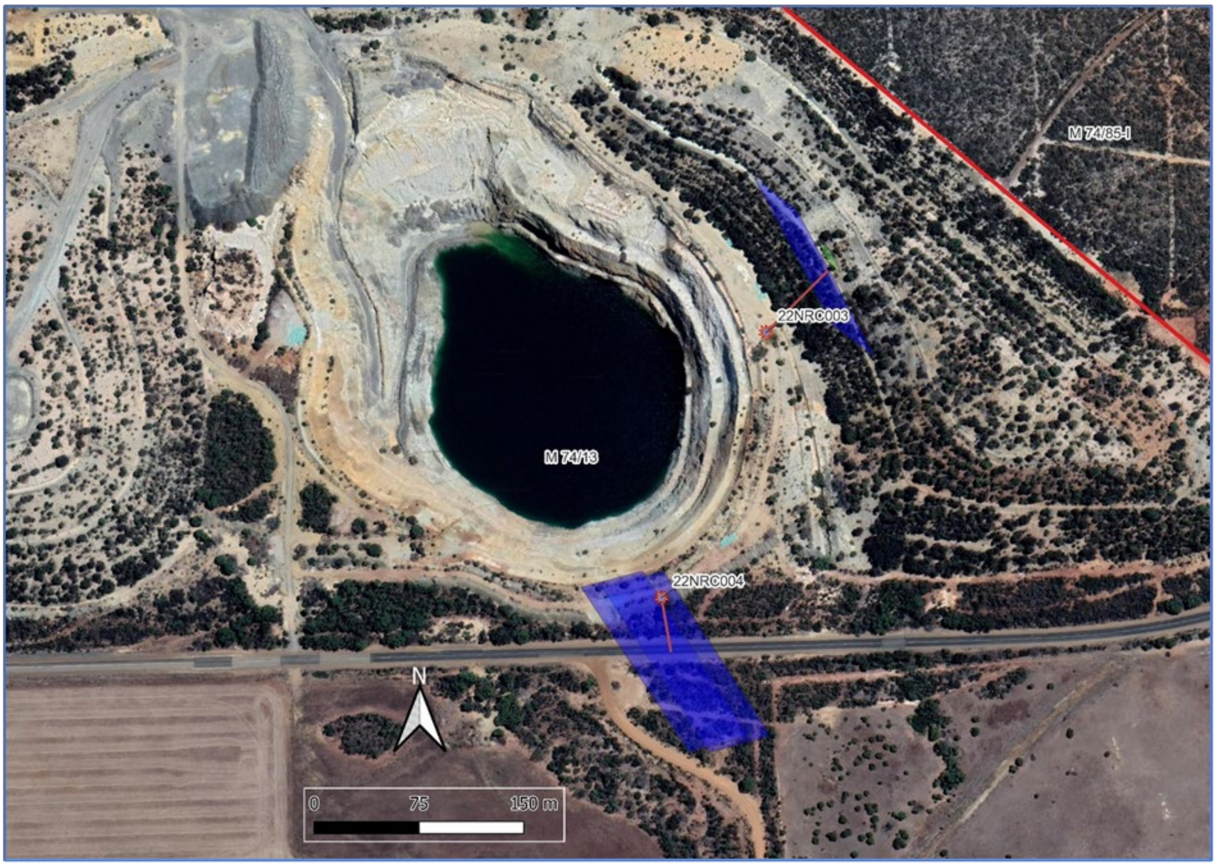

Figure 3: Recent drilling at RAV8 shown by red drill traces and blue DHEM plates.

TARGETED DRILLING CAMPAIGN CONTINUES

At the close of the quarter, the Company engaged Strike Drilling to carry out a 1,500m RC drilling program, with the rig mobilising to site shortly before year end and site work completed during January.

PROGRAM OVERVIEW

The program commenced with drilling directly into the very high conductive EM plate at Javelin, with an additional three holes to test extensions to mineralisation along strike (see Figure 4).

Four holes were drilled at Sexton to test the coincident geophysical and geochemical anomaly as well as confirming historical hole RVD015 that intercepted **2m @ 1.2% Ni and 0.17% Cu from 98m** (see NIS announcement 16 May 2022).

Drilling at RAV8 South aimed to test two overlapping EM plates to better understand how they line up with the lithological trend (see Figure 5). Historical exploration work in the area identified one plate using moving-loop electromagnetics, and the airborne electromagnetics Xcite™ survey conducted by the Company defined the other. The EM plates do not align exactly with the predicted plunge of the local geology and therefore are unlikely to be sulphidic sediments at a contact.

Down hole electromagnetic surveys have been completed on select holes with results to be released once all data has been received.

The engagement with Strike Drilling includes the use of their EnviroPod, a watertight, self-contained sump that is designed to capture the outside return and drill sample spoils and leave no water or soil contamination on the ground. Introduction of the EnviroPod aligns with NickelSearch's desire to keep its environmental footprint to a minimum.

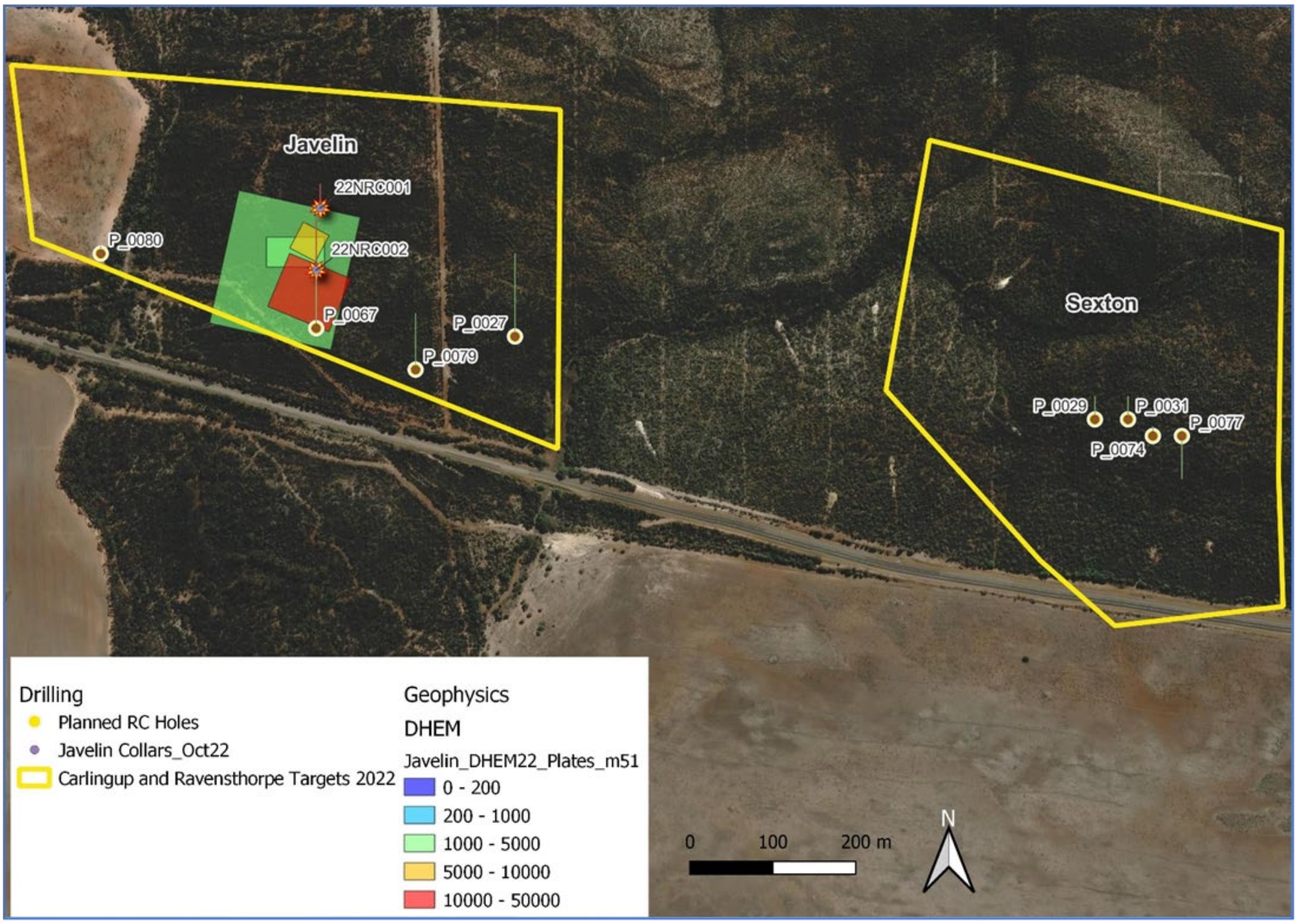

Figure 4: Javelin and Sexton Collar locations

Figure 5: RAV8 South collar location and underlying geophysical plates

EXPLORATION OUTLOOK

In the first quarter of CY2023, the Company aims to continue drilling of the high priority exploration targets identified during the prior year. Results from the December / January drill program are yet to be received and will be collated and released in due course. The Company will continue to analyse all available geochemical and geophysical data to prioritize targets for future exploration activities.

EXCEPTIONAL RESULTS FROM METALLURGICAL TESTWORK

While the Company remains focussed on greenfields exploration, it is also working to develop a processing pathway for its existing resource base of lower grade secondary nickel sulphides. During the quarter, the Company announced encouraging results from preliminary metallurgical studies conducted using drill core samples extracted from the Carlingup tenements. These studies included testing the samples for responsiveness to ore sorting via magnetic induction and density then recoverability of nickel from the sorted ore through a heap leach process.
The key highlights from this test work to date:

- RAV8 stringer mineralisation is highly amenable to ore sorting with ~94% nickel recovery and removing 63% of the mass.
- RAV4-West disseminated material yielded 84% nickel recovery and removed 23% of the mass.
- RAV1 stringer material returned 96% nickel recovery and removed 44% of the mass.
- RAV8 disseminated material is finely and evenly disseminated so rejection of only waste rock is possible.
- Nickel recoveries from seven-day nitric acid digests on RAV8 ore resulted in impressive nickel recoveries of ~79% and ~86% at crush sizes of 100% passing 12.5mm and 8.0mm respectively.
- An active bacterial culture has been isolated from site and tested on historical whole ore, giving outstanding final nickel recoveries of 83% and 82% on milled ore (100% passing 90µm) at 35°C and 40°C respectively.

NEXT STEPS FOR METALLURGICAL TESTWORK

- The next round of bacterial oxidation testing is underway.
- Results from completed nitric acid digests will determine the crush size of the ore and agglomeration trials will commence.
- A single flotation test will be conducted as part of the Scoping Study work, to confirm that flotation is not a suitable processing route for the NIS ore even with advancements in the technology.
- Bacterial column testing has commenced.
- The Company has engaged GR Engineering Services to commence a Scoping Study during Q1 of 2023.

Corporate

As at 31 December 2022, NickelSearch held approximately $2.5 million in cash.
The Company's cash movements during the Quarter can be found in the Company's Appendix 5B. Additional ASX Listing Rule disclosure matters are also detailed in Appendix 1 attached.

Share Capital

On the 16th of December the Company announced the issue of 200,000 ordinary shares to Managing Director, Nicole Duncan, as per the terms of appointment and approved at the Annual General Meeting on the 23rd of November 2022.

Options

During the December quarter, the following options were granted:

- 2,000,000 Options granted to Nicole Duncan as per the terms of appointment and approved at the Annual General Meeting on the 23rd of November 2022.
- 2,650,817 Performance Options granted to Management and Employees under the NickelSearch Employee Securities Incentive Plan approved by Shareholders at the AGM on 23 November 2022.

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 contained within this announcement on the historic massive sulphide intersection at Sexton is extracted from the announcement titled "Multiple Exploration Targets Prioritised" released 16 May 2022, which is available to view on www.nickelsearch.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this announcement that relates to exploration targeting and results is based on, and fairly represents, information compiled and reviewed by Mr Andrew Pearce, who is an employee of NickelSearch, and is a Member of The Australian Institute of Geoscientists. Mr Pearce has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is 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' (the JORC Code 2012). Mr Pearce consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer

References in this announcement may have been made to certain ASX announcements, including exploration results or Mineral Resources. 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, 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

ASX Listing Rule 5.3.1, the Company advises that payments for exploration, evaluation and development during the Quarter totalled approximately $703,000. Material developments, changes in exploration activities and details of exploration activities undertaken during the Quarter are described above and in this section.

ASX Listing Rule 5.3.2, the Company confirms there were no mining production and development activities undertaken during the Quarter.

ASX Listing Rule 5.3.5, the Company confirms payment to Directors of NickelSearch during the Quarter totalled approximately $123,000. The payments were in respect of Directors salaries, fees and superannuation.

ASX Listing Rule 5.3.4, the Company provides below its actual expenditure on the individual items in the 2 year "Use of Funds" statement in the IPO prospectus (dated 23 August 2021) (Prospectus) 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	Prospectus estimate (2 years) (i) $ million	Actual use from 18 October 2021 to Quarter end $ million	Variance (ii) $ million
Nickel Sulphide Exploration	1.88	2.82	(0.94)
Nickel Sulphide Drilling	4.14	1.50	2.64
Technical & Metallurgical Studies	1.31	0.58	0.73
Transaction Costs	0.21	0.05	0.16
Expenses of Offers and Listing Costs	1.08	1.24	(0.16)
Working Capital	2.18	1.79	0.39
TOTAL	10.80	7.98	2.82

Notes:

(i) Use of Funds table as detailed in the Prospectus.

(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 two-year period. NickelSearch was admitted to the ASX Official List on 18 October 2021. The expenditure for the period 18 October 2021 to 31 December 2022 represents 14.6 months post listing.
b. During the Quarter, the Company advanced its exploration, evaluation and development program. Exploration requires a methodical, detailed and consistent approach. Activities undertaken by the Company are subject to continuous review and refinement as new data and information is returned from the most recent exploration programs. Certain exploration programs have been accelerated during the Quarter while other proposed work has been deferred due to either the emergence of new information or depending upon the timing of approvals, availability of drill rigs and other resources.
c. The exploration and drilling programme as outlined in the Prospectus has been underway since listing date and has now completed various soil geochemical surveys, EM, FLEM and DHEM surveys, and drilling campaigns using aircore, reverse circulation and diamond drilling, as outlined in this report and other ASX announcements during the current and prior Quarters.
d. Metallurgical studies including heap leach and other metallurgical test work are in progress and the Company intends to continue these studies to determine the optimum processing methodology.
e. Transaction costs only include fees paid to the Lead Manager for the pre-IPO seed capital raising.
f. 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.

g. The working capital variance results from the undrawn allowance for corporate operating costs and includes items such as: wages, office rent, consultant fees, audit and accounting fees, investor relations and marketing fees, amongst other administrative costs and other corporate 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	Carlingup Project (WA)	Granted	100%	100%
M74/84	Carlingup Project (WA)	Granted	100%	100%
M74/106	Carlingup Project (WA)	Granted	100%	100%
RAV8 (i)				
M74/13	Carlingup Project (WA)	Granted	100%	100%
John Ellis (ii)				
M74/107	Carlingup Project (WA)	Granted	100%	100%
M74/85	Carlingup Project (WA)	Granted	100%	100%
M74/104	Carlingup Project (WA)	Granted	100%	100%
Other (i)				
E74/657	Carlingup Project (WA)	Granted	100%	100%
E74/675	Carlingup Project (WA)	Granted	100%	100%
E74/685	Carlingup Project (WA)	Granted	100%	100%
Mineral Rights Tenements (iii)				
M74/83	Carlingup Project (WA)	Granted	See note(iii)	0%
E74/602	Carlingup Project (WA)	Granted	See note(iii)	0%
E74/638	Carlingup Project (WA)	Granted	See note(iii)	0%
E74/656	Carlingup Project (WA)	Granted	See note(iii)	0%
E74/683	Carlingup Project (WA)	Granted	See note(iii)	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 Prospectus.

(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.

END.

About NickelSearch

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

Directors & Management

Nicole Duncan
Managing Director

David Royle
Non-Executive Chairman

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

104,264,018

Options

13,250,817

ASX Code

NIS

- Highly prospective tenure covering +10km strike
- Multiple high priority, drill-ready resource extension targets
- Proven high grade nickel production of 16.1kt Ni at 3.45%
- Significant, shallow resource base open in most directions
- Strategically positioned next to major nickel mining & processing hubs