
ASX Announcement
27 JANUARY 2022

QUARTERLY ACTIVITIES REPORT

EXPLORATION

COSMOS SOUTH – WILUNA GREENSTONE BELT

- NickelX signed a Binding Term Sheet to Acquire the Cosmos South Nickel project, located ~10km south of Cosmos (Western Areas/IGO) and ~20km north of Leinster (Nickel West - BHP), within the prolific Wiluna Greenstone Belt (WGB), (SEE ASX Announcement 23/11/21) Yilgarn Craton WA.
- Ultramafic rocks which host Nickel mineralisation to the north and south, interpreted to strike through the Cosmos South project, which has been identified from preliminary review of existing Magnetics data.
- A high priority electromagnetic conductivity anomaly target at CS1 has been identified, via geological interpretation and geophysical data review including Moving Loop Electromagnetic (MLEM) and Fixed Loop Electromagnetic (FLEM) surveys.
- NickelX further defined geophysical targets from surface EM data over Cosmos South which successfully defined a large, highly conductive feature (CS1), modelled at less than 100m from surface.
- The modelled plate from both MLEM and FLEM data is coincident with magnetic lineaments observed from regional data over the project location
- The Company is progressing shareholder approval to approve the acquisition as well as a magnetic survey¹ to refine drill targets, while permitting to commence drilling 4 diamond holes in the March Quarter is underway.

BIRANUP – ALBANY FRASER BELT

- Assay results have been received for all drilling at Biranup, where conductivity anomalies and drilling gave encouraging results including narrow intervals of massive sulphides. No significant assay results were returned.
- Exploration for gold potential is paused at Biranup while the company advances the acquisition and exploration of the high priority Cosmos South nickel project.

CORPORATE

- First iteration of the Company's Nickel prospectivity database for the Southwest and Southeast Yilgarn completed, and ready to support the in-house generation of further projects.
- Commencement of a business development program seeking further projects in the Nickel exploration and mining sector in WA.
- Strong cash position of \$4.2 million.

COMMENTING ON THE QUARTER NICKELX MANAGING DIRECTOR MATT GAUCI SAID:

"NickelX has shifted its Nickel exploration focus to the highly prospective Cosmos South Nickel Project located in a truly world class Nickel producing district, the Wiluna Greenstone Belt, which is dominated by BHP and IGO with our Cosmos South project hosting a very large, highly conductive feature (CS1), modelled at less than 100m from surface and untested by drilling. NickelX will be one of the very few independently owned Nickel explorers in the district."

Additionally, our Nickel prospectivity model and business development program targeting and negotiating over additional projects is progressing and we will update the market with any material project generation and/or transactions when available."



Figure 1. Fire Dragon Nickel-Copper Target drilling camp

Cosmos South Nickel Project Summary

Cosmos South M36/580 is situated within the highly nickel-endowed region of the Agnew-Wiluna Greenstone belt. The belt hosts world class nickel deposits of the Leinster nickel operations, Mt Keith, Yakabindie, Honeymoon Well and Cosmos (Figure 1).

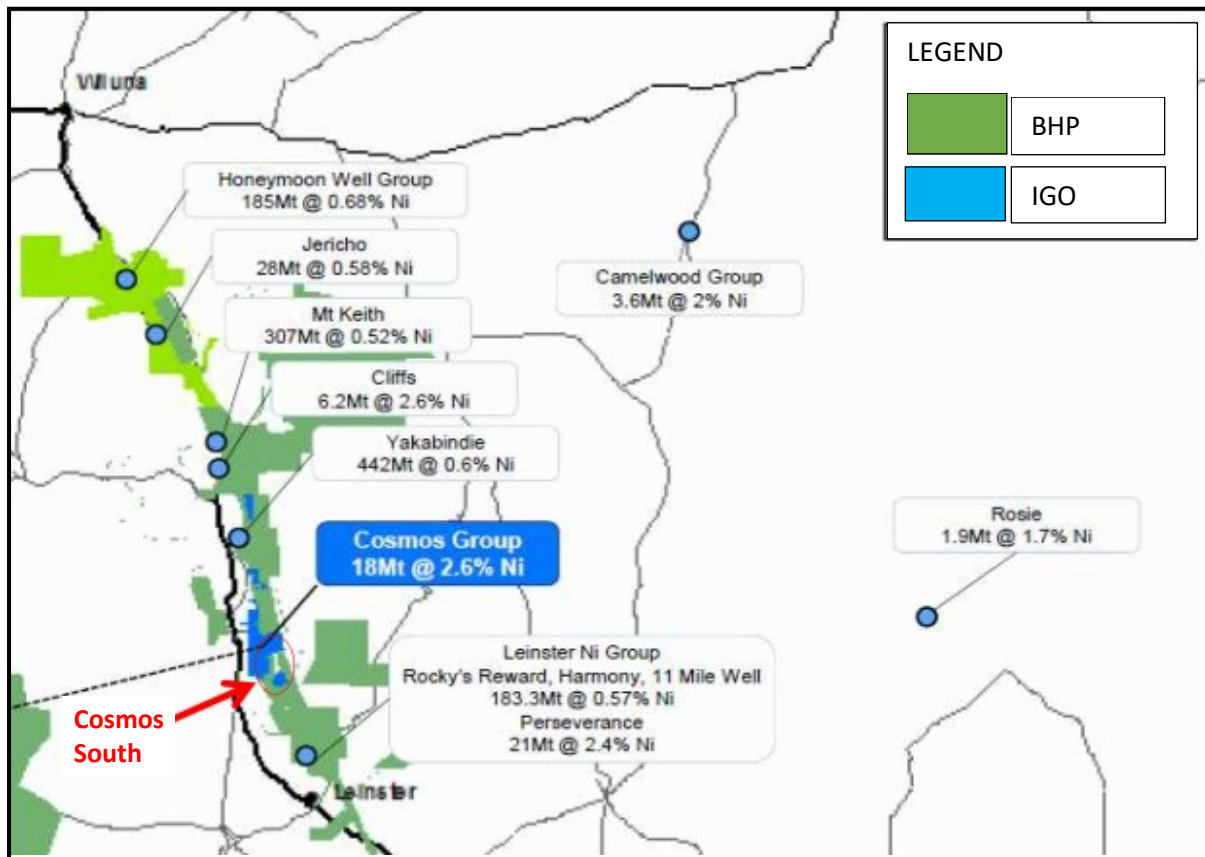


Figure 1. Cosmos South project location within the Wiluna Greenstone Belt

The majority of M36/580 is covered by alluvium draining into Lake Miranda as are the Prospero, Tapinos and Anomaly 3 nickel deposits at the nearby Cosmos nickel operations, where the nickel mineralised systems are buried under deep transported material within the Lake Miranda drainage system. The southern portion of the NickelX tenure gently rises southwards where the bedrock is covered by residual laterite material, which is developed over and/or shed off from the subcropping-outcropping Archaean rocks to the south. The latter are host to the nearby Taurus, Sir Samuel and Sir Tristram nickel mineralisation, which are highly anomalous in nickel geochemistry that continues up into the southern area of M36/580.

Despite being surrounded by major nickel miners (Figure 1), M36/580 has undergone very limited exploration to date. The areas of outcropping-subcropping bedrock to the south and north of M36/580, on the other hand, have undergone considerable exploration resulting in the discovery of nickel mineralisation to the immediate south at the Taurus, Sir Samuel and Sir Tristram prospects. M36/580 is almost entirely covered by transported alluvial deposits and no systematic drilling has been undertaken on the tenure.

Despite poor coverage over this area, the available First Vertical Derivative (1VD) aeromagnetic image indicates that the ultramafic sequences that host nickel mineralisation surrounding the tenement extend into M36/580. In particular, the magnetic ultramafic rocks appear to strike through the northern portion of the tenement, which contains the CS1 target.

A MLEM survey (Figure 2), completed by Vortex Geophysics at M36/580 prospect in April 2017, was primarily designed to identify massive sulphide targets. A total of 68 stations encompassing a total of 6 line kilometres were completed at the M36/580 Prospect. The data quality is excellent throughout the survey. A significant anomalous response (CS1 - Figure 2) was identified at mid- to late delay times.

CS1 is interpreted to consist of multiple large conductors of high to very high modelled conductance ranging from 6,000 to 12,000 Siemens. The time constant is estimated to be around 500ms consistent with massive sulphides conductors.

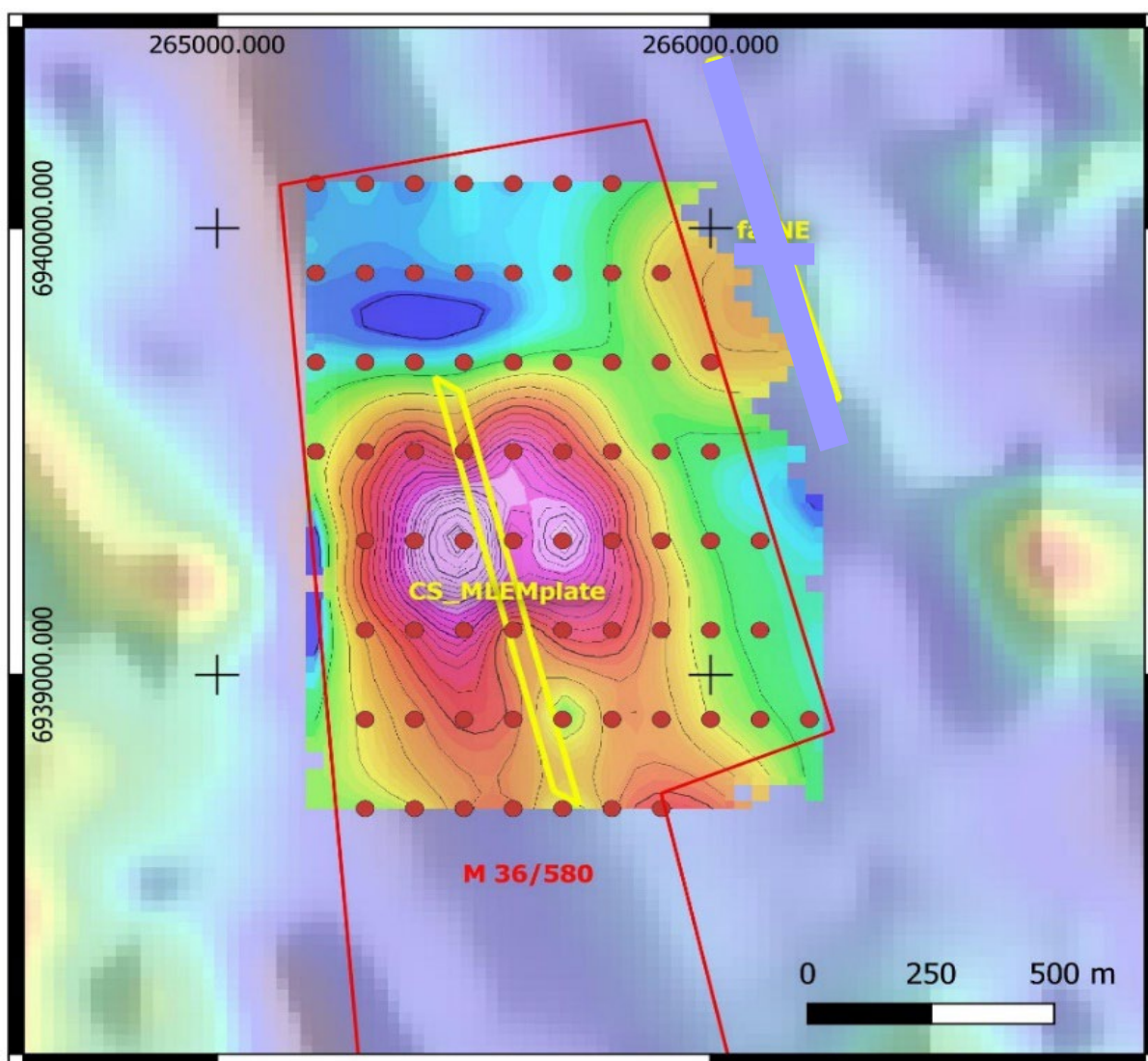


Figure 2. Cosmos South project plan view of MLEM stations and late time Ch40 contoured image over RTP 1VD magnetics.

The MLEM survey was followed up by a Fixed Loop EM survey (FLEM – Figure 3). The CS MLEM conductivity anomaly was confirmed by the follow-up FLEM survey, which revealed a large bedrock conductor with a strike length of 565m and depth extent of 850m (Figure 6). The modelled conductance of the FLEM plate is interpreted to be 11,300 Siemens consistent with the upper conductance range as obtained by the MLEM survey. The depth to the top of the conductor is interpreted to be around 80m below surface, approximately 30m deeper than suggested by the MLEM survey results. The conductive source is interpreted to dip steeply (73 degree) to the west. The estimated time constant of 700ms and modelled conductance of 11,300 Siemens are consistent with a massive sulphides source. All prior drilling on the project is shallower than the interpreted 80m depth to the top of the conductivity anomaly.

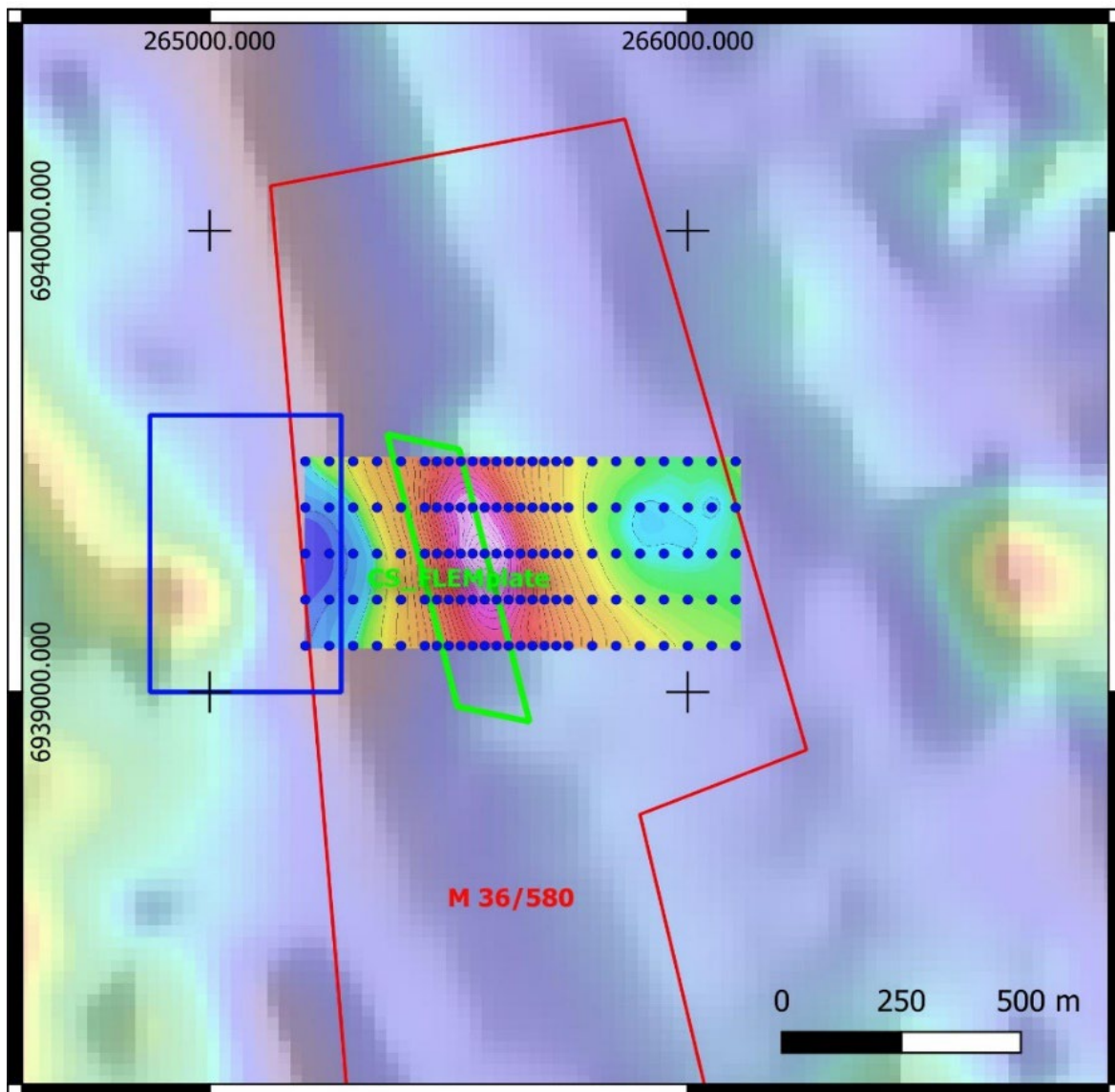


Figure 3. Cosmos South project plan view of FLEM stations, loop position and late time Ch40 contoured image over RTP 1VD magnetics.

Cosmos South Planned Exploration:

Contingent upon shareholder approval, NickelX plan to conduct a detailed drone airborne magnetic survey over the entire tenement. This survey will help to better delineate the magnetic strata interpreted to represent continuations of the ultramafic komatiite lithologies that host nickel mineralisation to north and south of M36/580. This information will be critical for drill hole planning, targeting the most promising parts of the interpreted conductor/ultramafic package.

A maiden drill program consisting of 4 diamond drill holes is expected to commence in the March Quarter 2022.

Biranup Nickel Project Summary

Biranup is comprised of six granted exploration licenses (EL's) covering a total area of ~400km² and is located in the northeastern Albany Fraser Orogen (AFO). Previous work at Biranup has identified 20+ EM conductors that were considered highly prospective for magmatic nickel-copper mineralisation. The Fire Dragon Nickel-Copper target has been the subject of a SPECTREM AEM survey, ground MLEM surveys yet very limited drilling, which historically intersected narrow zones of semi-massive to massive sulphides (including pentlandite and chalcopyrite).

Nickel X completed a maiden first pass diamond drilling program of 2402.5m in six diamond drill holes at 5 high priority targets at Biranup which were defined by robust conductivity anomalies at Fire Dragon, FD1, Silver Dragon and FD4. The FD1 Target comprised a strong basement conductor with a strike length of 800m. DDH1 completed this phase 1 program safely and on time and budget.

Whilst the drilling intercepted some encouraging geological features, including narrow intervals of massive sulphides, no significant assay results were returned. No further work is planned at Biranup at this time.

Corporate

Nickel X is completing the preliminary build of the Company's Nickel prospectivity database focussing on the Southwest and Southeast Yilgarn, WA. The Company's Nickel prospectivity database is supporting the Company's project generation activities and negotiations with 3rd parties for additional projects in these jurisdictions.

The Company is in strong cash position of \$4.2 million.

Appendix 5B – Quarterly Cashflow

Cash outflows for the December 2021 Quarter totalled \$1,361k across administration, staff and corporate costs (33%) exploration activity (67%).

Cash inflows for the December 2021 Quarter were \$nil.

Appendix 5B – Payments to related parties and their associates

Payments to related parties and their associates during the quarter totalled \$70k consisting of Executive and Non-Executive Directors fees and salaries, and superannuation payments.

Compliance

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

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

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

Use of Funds	Estimate for the first two years after ASX admission (as per Prospectus dated 16 March 2021)	Actual Use Up to 31 December 2021	Variance Under/(Over)
Exploration at Biranup Project	\$4,055,000	\$1,364,370	\$2,690,630
Exploration at Ponton Project	\$605,000	\$75,541	\$529,459
Administration costs & working capital	\$2,133,321	\$1,046,052	\$1,087,269
Expense of the Offer	\$678,603	\$755,812	-\$77,209
TOTAL	\$7,471,924	\$3,241,776	\$4,230,148

*The material variances above are as a result of the Company listing on the 6th May 2021 and, at the end of that quarter, being less than 9 months into the 24-month budget.

Tenement Summary

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 December 2021. The Company and its subsidiaries did not enter into any farm-in or farm-out agreements during the quarter.

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

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ABOUT NICKELX LIMITED

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

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

Competent Person's Statement

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

Forward Looking Statements

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

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