WIDGIE NICKEL

Critical metals for a cleaner future

Widgie Nickel Limited

A.C.N. 648 687 094

Interim Report

for the Period 15 March 2021 to 31 December 2021

The directors of Widgie Nickel Limited ("**Company**") ("**Widgie**") submit herewith the first financial report of Widgie and its subsidiaries ("**Group**") ("**Consolidated Entity**") for the interim period from the date of incorporation being 15 March 2021 to 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the period are:

Mr Steve Norregaard	– Appointed 1 July 2021
Mr Andrew Parker	– Appointed 1 July 2021
Ms Feliciity Repacholi-Muir	– Appointed 1 July 2021
Mr Scott Perry	– Appointed 1 July 2021
Mr Chris Reed	– Appointed 15 March 2021 (Resigned 1 July 2021)

Principal activities
During the financial period, the principal continuing activities of the Group consisted of the exploration and development of resource projects.

REVIEW OF OPERATIONS

Demerger and ASX listing

In July 2021, Widgie's then parent entity, Neometals Ltd (NMT) provided seed funding of $1,000,000 for 5,000,000 fully paid ordinary shares at $0.20 per share. In August 2021, NMT distributed, via in-specie distribution, its entire shareholding in the Company of 130,000,000 fully paid ordinary shares to NMT shareholders. Pursuant to the Widgie Prospectus lodged on 19 August 2021 the Company launched a fully underwritten entitlement issue and raised a total of $24,000,000, before costs, through the issue of a further 120,000,000 new fully paid ordinary shares at $0.20 per share.

On 22 September 2021, following the successful completion of the entitlement offer Widgie was admitted to the Australian Securities Exchange (ASX code:WIN) and the Company's fully paid ordinary shares commenced trading.

Exploration and Evaluation activities

Mt Edwards Nickel and Lithium Project (Widgie 100%)

Widgie controls a dominant ~240 square kilometre land package over the prolific nickel producing Widgiemooltha Dome located 80km south of Kalgoorlie in Western Australia.

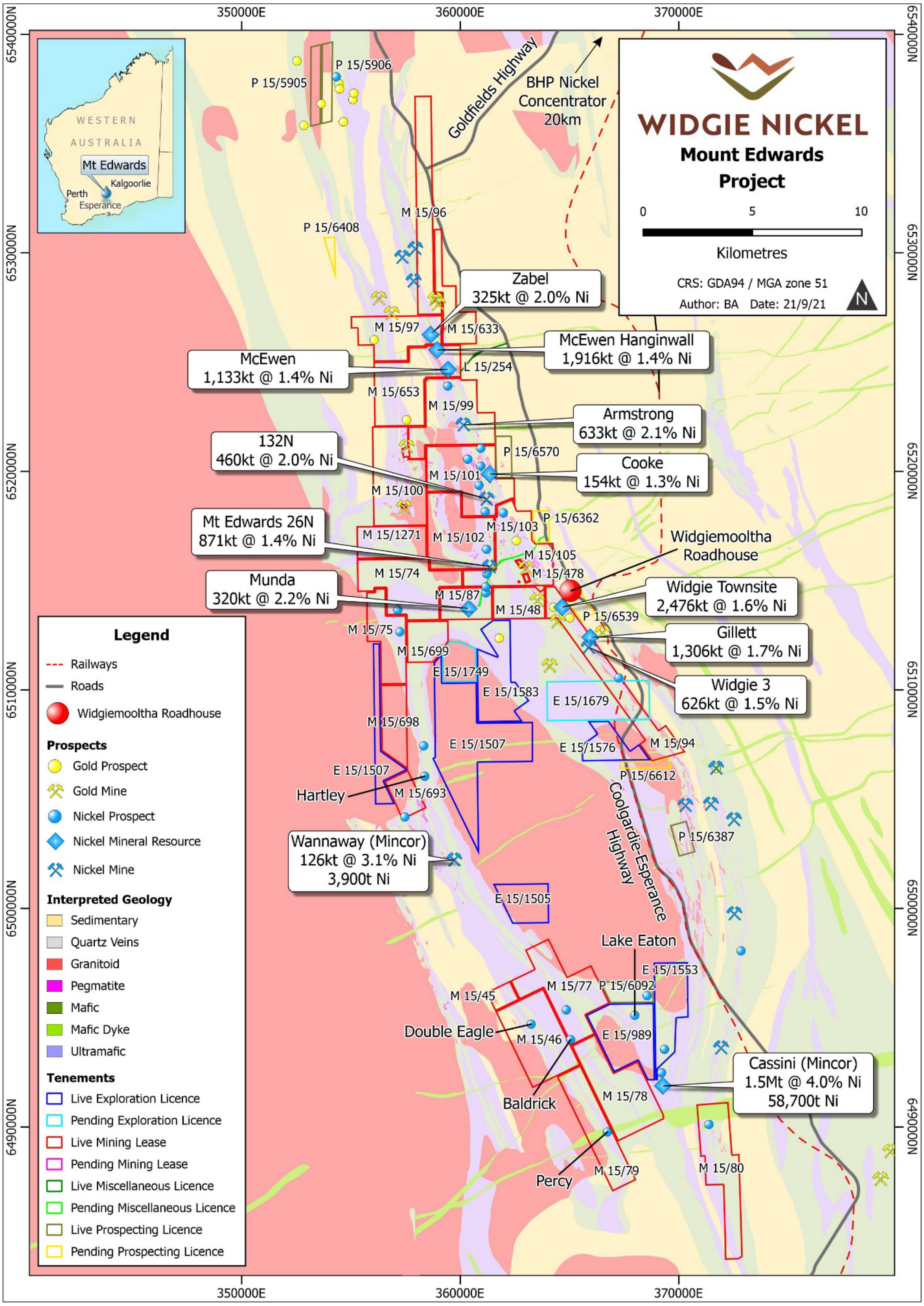
Ideally positioned adjacent to key infrastructure with an already established Mineral Resource base of some 162kt of contained nickel over 11 separate deposits, the Company plans to advance its Mt Edwards Nickel Project through to low capital cost development in addition to carrying out ongoing exploration for more high-grade sulphide nickel in the region.

Table 1 – *Mt Edwards Project Nickel Mineral Resources*

	Indicated		Inferred		TOTAL Mineral Resources*		
Deposit	Tonne (kt)	Nickel (%)	Tonne (kt)	Nickel (%)	Tonne (kt)	Nickel (%)	Nickel Tonnes
Widgie 3			626	1.5	626	1.5	9,160
Gillett			1,306	1.7	1,306	1.7	22,500
Widgie Townsite	1,183	1.7	1,293	1.5	2,476	1.6	39,300
Munda			320	2.2	320	2.2	7,140
Mt Edwards 26N			871	1.4	871	1.4	12,400
132N	34	2.9	426	1.9	460	2.0	9,050
Cooke			154	1.3	154	1.3	2,000
Armstrong	526	2.1	107	2.0	633	2.1	13,200
McEwen			1,133	1.4	1,133	1.4	15,340
McEwen Hangingwall			1,916	1.4	1,916	1.4	26,110
Zabel	272	1.9	53	2.0	325	2.0	6,360
TOTAL	**2,015**	**1.9**	**8,205**	**1.5**	**10,220**	**1.6**	**162,560**

Mineral Resources quoted using a 1% Ni block cut-off grade, except Munda at 1.5% Ni. Small discrepancies may occur due to rounding
**refer to the Widgie Nickel Prospectus: https://www.widgienickel.com.au/site/investor-centre/prospectus*

Figure 1 – *Location map of Widgie Projects*



Drilling and exploration activities

On 1 November 2021, Widgie announced it had appointed Kalgoorlie-based Challenge Drilling Limited for its maiden Reverse Circulation (RC) drilling program at the Mt Edwards project. Later in the month, the RC drilling program commenced. The initial focus of the ongoing drilling program is in the Widgie South area, located on the northeast margin of the Widgiemooltha Dome, host to the Widgie Townsite, Widgie 3 and Gillett Mineral Resources. A number of holes were also drilled at Munda, aimed at infilling the existing Mineral Resource.

The initial program is targeting extensional opportunities at Gillett, to both the Mineral Resource and to recently identified new basal contact targets.

Widgie has identified that the Gillett West contact, adjacent to the Widgie 3 and Gillett mineral resources, has potential to host repetitions of similar mineralisation. Only a small number of historical drillholes have been identified on Gillett West, covering just 250m of strike at shallow depths.

Widgie has 50 drillholes planned for a total of 10,447 metres in this area. RC drilling will be used to drill pre-collars to within 100m downhole of the target Gillett mineralised zone with subsequent diamond drilling (DD) tails designed to intersect the Gillett mineralisation. At the end of December 30 RC drillholes for a total of 4,920 metres had been completed at Gillett and are undergoing assaying, with the first results on these targets expected to be released in the March 2022 quarter.

At Munda, at total of 25 drillholes have been planned, with 20 drilled up to end of December for 3,671 metres. Assays are expected in the March 2022 quarter.

The Company finalised and executed the diamond drilling contract in December with the successful contractor, Westralian Diamond Drillers mobilising to site and commencing drilling at Gillett in mid-January.

Oxide drilling

A short campaign of drilling was completed at the Zabel (M15/97), Armstrong (M15/99), 26N Mt Edwards (M15/102) and Munda (M15/87) with the aim to provide samples of oxide mineralisation for metallurgical test work. A total of thirteen RC holes for 998 metres was completed.

Well respected process engineer Gavin Beer (METCHEM) has been retained as a key adviser on metallurgy to the Company. Gavin will provide input into the testwork program to evaluate the potential to upgrade/enrich oxide material into a higher grade nickel product.

Flora and fauna survey

The fieldwork for a flora and fauna survey was completed on the prospects Zabel (M15/97), McEwen (M15/653), Armstrong (M15/99), Cooke (M15/101), 26N Mt Edwards (M15/102), Munda (M15/87) at Widgie South (M15/94), with the report received in January 2022. The objective of the survey is to provide baseline data for any planned mining activity, the timing coinciding with flowering season in the region.

Nickel Market

During the course of the reporting period the nickel market has tightened with LME stocks dropping, this in turn leading to an appreciation in nickel price to over US$20,000 per ton at end of December.

Metallurgy and Marketing

The Company retained the services of well respected process engineer Mr Gavin Beer to supervise and advise the Company on evaluating the processing options for oxide mineralisation at Mt Edwards.

Future Work

The company intends to continue infill and extensional drilling activities on Gillett, Widgie 3, Widgie Townsite, Munda, 132N and Armstrong to allow design and evaluation of each resource with a view to being production ready as at the end of 2023. The Company will complement this work with Greenfields exploration activities to advance our understanding and the potential of each of the exploration targets identified on the Company's tenure.

Approvals

Government approvals are in place for planned exploration activities at prospects across Mt Edwards including; Armstrong, 32N, Munda and Widgie South (Widgie Townsite, Gillett and Widgie 3).

Finances

Available cash and term deposits on hand as of 31 December 2021 totalled A$22.16 million.

Issued Capital

The total number of shares on issue at 31 December 2021 was 250,125,000.

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Compliance Statement

The information in this report that relates to Mineral Resource for the Mt Edwards Project are extracted from the ASX Announcements listed in the table below, which are also available on the Company's website at www.Widgienickel.com.au

18/8/2021	Widgie Nickel Prospectus

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the market announcements 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 form the original market announcements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 5 of the half-year report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors,

Steve Norregaard
Managing Director
Perth, 4 March 2022

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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4 March 2022

The Board of Directors
Widgie Nickel Limited
Level 4, 220 St Georges Terrace
Perth WA 6000

Dear Board Members

Auditor's Independence Declaration to Widgie Nickel Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Widgie Nickel Limited.

As lead audit partner for the review of the half year financial report of Widgie Nickel Limited for the half year period ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Deloitte.

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Independent Auditor's Review Report to the members of Widgie Nickel Limited

Conclusion

We have reviewed the half-year financial report of Widgie Nickel Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 8 to 26.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year period ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year period ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 4 March 2022

Directors' declaration

The directors declare that:

(a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Steve Norregaard
Managing Director
4 March 2022

Condensed consolidated statement of profit or loss and other comprehensive income

for the period 15 March 2021 to 31 December 2021

	Note	15 Mar 2021 to 31 Dec 2021 $
Continuing operations		
Other income – interest receivable		8,269
Employee benefits expenses	7	(180,476)
Share based payments expenses	5	(433,829)
Project expenses		(10,824)
Administration expenses		(299,877)
Other expenses		(54,705)
Depreciation and amortisation expenses		(14,131)
ASX Listing expenses	11	(251,971)
Finance costs	13	(1,128)
Loss before income tax		(1,238,672)
Income tax (expense)/benefit		-
Loss for the period after tax		**(1,238,672)**
Other Comprehensive Income/(loss)		-
Total Comprehensive Loss for the period		**(1,238,672)**
Loss attributable to:		
Owners of the Company		**(1,238,672)**
Total Comprehensive Loss attributable to:		
Owners of the Company		**(1,238,672)**
Loss per share		
From continuing and discontinued operations:		
Basic (cents per share)		(1.23)

The condensed consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

as at 31 December 2021

	Note	31 Dec 2021 $
Current assets		
Cash and cash equivalents	8	22,164,058
Trade and other receivables		62,277
Prepayments		14,590
Total current assets		**22,240,925**
Non-current assets		
Property, plant and equipment		238,280
Exploration and evaluation assets	9	12,970,272
Other assets		73,695
Right of use assets	13	91,278
Total non-current assets		**13,373,525**
Total assets		**35,614,450**
Current liabilities		
Trade and other payables	10	(1,216,621)
Lease liability	13	(31,335)
Total current liabilities		**(1,247,956)**
Non-current liabilities		
Provisions for tenement rehabilitation costs		(398,000)
Lease liability	13	(56,050)
Total non-current liabilities		**(454,050)**
Total liabilities		**(1,702,006)**
Net assets		**33,912,444**
Equity		
Issued capital	11	23,702,348
Reserves	14	11,448,768
Accumulated losses		(1,238,672)
Total equity		**33,912,444**

This condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

for the period 15 March 2021 to 31 December 2021

	Notes	Issued Capital $	Restructuring reserve $	Share based payments reserve $	Accumulated losses $	Total $
Balance as at 14 Mar 2021		-	-	-	-	-
Loss for the period		-	-	-	(1,238,672)	(1,238,672)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss for the period		-	-	-	(1,238,672)	(1,238,672)
Equity issued	11	25,025,001	-	-	-	25,025,001
Corporate restructure reserve created on demerger	4,14	-	10,948,600	-	-	10,948,600
Recognition of share-based payments	5	-	-	500,168	-	500,168
Share issue costs	11	(1,322,653)	-	-	-	(1,322,653)
Balance at 31 Dec 2021		**23,702,348**	**10,948,600**	**500,168**	**(1,238,672)**	**33,912,444**

This condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

for the period 15 March 2021 to 31 December 2021

	Note	15 Mar 2021 to 31 Dec 2021 $
Cash flows from operating activities		
Payments to suppliers and employees		(493,604)
Payment for exploration and evaluation costs		(775,840)
Net cash used in operating activities		(1,269,444)
Cash flows from investing activities		
Payment for property, plant & equipment		(306,890)
Cash introduced on acquisition of Mt Edwards Lithium Pty Ltd	4	45,634
Interest received		133
Net cash used in investing activities		(261,123)
Cash flows from financing activities		
Proceeds from issue of shares	11	25,000,001
Payments for costs of share issues	11	(1,231,315)
Payment for security deposits		(73,695)
Interest and finance costs paid		(366)
Net cash provided by financing activities		23,694,625
Net increase in cash and cash equivalents		22,164,058
Cash and cash equivalents at the beginning of the period		-
Effects of exchange rate changes on the balance of cash held in foreign currencies		-
Cash and cash equivalents at the end of the period	8	22,164,058

This condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Index to notes to the condensed consolidated financial statements

Notes to the condensed consolidated financial statements

1. General information

Widgie Nickel Limited was incorporated on 15 March 2021 and changed its company type to a limited public company on 14 August 2021. Accordingly, Widgie Nickel Limited's financial results reflect the period from 15 March 2021 to 31 December 2021. The Company is incorporated in Western Australia, Australia and is listed on the Australian Securities Exchange under the code WIN. The principal activities of the Consolidated Entity are mineral exploration. Widgie Nickel Limited is the ultimate parent of the Group.

Registered office and principal place of business

Level 4, 220 St Georges Terrace, Perth WA 6000

2. Significant accounting policies

Statement of compliance

This first financial report is for the period from incorporation on 15 March 2021 to 31 December 2021.The financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. This financial report does not include all notes of the type normally included in an annual financial report and should be read in conjunction with the Company's ASX announcements.

Basis of preparation

The financial report has been prepared on a going concern basis. The accounting policies adopted are detailed below. These accounting policies are consistent with Australian Accounting Standards and with IFRS.

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

New accounting standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards ("AASB") that are relevant to its operations and effective for the current reporting period beginning 15 March 2021.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of critical judgments in applying the entity's accounting policies, and key sources of estimation uncertainty.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash comprises cash on hand and term deposits with a 30 day cancellation policy. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is Widgie's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

(d) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial assets

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed immediately.

Financial instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost using the effective interest rate method or at cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted prices in an active market are used to determine fair value where possible.

Amortised cost instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

By default, all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income 'FVOCI' or through the income statement 'FVTPL') and those to be held at amortised cost. The classification depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt and equity instruments that are measured at amortised cost, FVTPL or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group recognises lifetime ECL (expected credit loss) when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 9 'Financial Instruments' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(e) Goods and service tax

Other income, expenses and assets are recognised net of the amount of goods and services tax ("**GST**"), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of GST.

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

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

(f) Impairment of non-financial assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(g) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit and loss statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or gain on a bargain purchase.

(h) Exploration and evaluation expenditure

Exploration and evaluation expenditures, excluding general overhead, in relation to separate areas of interest are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied;

i) the rights to tenure of the area of interest are current; and

ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs for each area of interest (considered to be the cash generating unit) are reviewed each reporting date to test whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). The recoverable amount for capitalised exploration costs has been determined as the fair value less costs to sell by reference to an active market. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to capitalised development and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Development expenditure

Development expenditure is recognised at cost less any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the life of the reserves associated with the area of interest. Changes in factors such as estimates of proved and probable reserves that effect unit-of-production calculations are dealt with on a prospective basis.

(i) Payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

(j) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 10 'Consolidated Financial Statements'. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the excess is credited to profit and loss in the period of acquisition. The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(k) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, costs are determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a diminishing value basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Furniture & Fittings	5-20 years
Plant and Equipment	2-10 years

An item of property, plant and equipment is derecognised upon disposal when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

(l) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(m) Income recognition

Other income is measured at the fair value of the consideration received or receivable.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder’s right to receive the payment has been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(n) Share-based payments

Equity-settled share-based payments to employees and others providing services to the Group are measured at fair value at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity’s estimate of shares that will eventually vest, with a corresponding increase in equity.

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counter party renders the service.

(o) Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgments in applying the entity's accounting policies

The following are the critical judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Recovery of capitalised exploration and evaluation expenditure

The Group capitalises exploration and evaluation expenditure incurred on ongoing projects. The recoverability of this capitalised exploration expenditure is entirely dependent upon returns from the successful development of mining operations or from surpluses from the sale of the projects or the subsidiary companies that control the projects. At the point that it is determined that any capitalised exploration expenditure is definitely not recoverable, it is written off.

(b) Share-based payments

Equity-settled share-based payments granted are measured at fair value at the date of grant. The fair value of share options is measured by use of an appropriate option pricing model and requires substantial judgement.

The fair value of performance rights issued during the period was made with reference to the Company's closing share price on the date of grant. Management has been required to estimate the probability that the Company will meet the performance criteria determined by the board.

4. Group Restructure – Asset Acquisition

The Company has determined that the restructuring transactions completed during the period whilst the Company was under the control of Neometals Ltd do not constitute a business combination in accordance with AASB 3 Business Combinations. The acquisition of the assets meets the definition of, and has been accounted for, as an asset acquisition under common control. When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on the book value of the transferred (purchased) assets and liabilities. No deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 Income Taxes is applied. No goodwill arises on the acquisition and transaction costs of the acquisition are included in the capitalised cost of the asset.

On 1 June 2021 the Company acquired 100% of Mt Edwards Lithium Pty Ltd (MELPL) for a consideration of $2,242,424 by way of an intercompany loan transaction with Neometals Ltd. The following table illustrates the apportionment of the acquisition cost to the assets and liabilities of MELPL at their relative fair values at the acquisition date.

	1 June 2021
	$
Cash and cash equivalents	45,634
Trade and other receivables	9,765
Exploration and evaluation expenditure	2,247,449
Provisions	(37,500)
Trade and other payables	(22,924)
Fair value of net assets acquired	2,242,424

On 19 July 2021 the Company acquired 100% of Neometals Ltd's remaining tenement interests over the Mt Edwards Project for a consideration of $8,609,583 by way of an intercompany loan transaction with Neometals Ltd. The following table illustrates the apportionment of the acquisition cost to the assets and liabilities acquired at their relative fair values at the acquisition date.

	19 July 2021
	$
Exploration and evaluation expenditure	8,970,083
Rehabilitation provision	(360,500)
Total cost acquisition	8,609,583

5. Share based payments

The value of share options granted under the equity settled share based payment scheme are expensed over the vesting period. Included in share based payments expense is $433,829 relating to the share options and shares issued during the period. In addition, a further $91,339 has been recognised in equity as a cost of share issues.

Options granted during the period and as at the end of the period:

	Issue Date	Number	Exercise Price	Value per option	Vested at 31 Dec 2021
Balance at the beginning of the period		-	-	-	
Granted during the period:					
Unlisted Options issued to Directors & Executives, vesting subject to continuous service on 22/3/2022	13-Aug-21	2,500,000	$ 0.200	$ 0.106	No
Unlisted Options issued to Directors & Executives, vesting subject to continuous service on 22/3/2023	13-Aug-21	2,500,000	$ 0.300	$ 0.087	No
Unlisted Options issued to Director, vesting subject to continuous service on 22/9/2023	13-Aug-21	1,300,000	$ 0.400	$ 0.074	No
Unlisted Options issued to Directors & Executives, vesting subject to continuous service on 22/3/2024	13-Aug-21	1,200,000	$ 0.400	$ 0.086	No
Broker Options - Euroz Hartleys	17-Sep-21	2,000,000	$ 0.400	$ 0.095	Yes
Unlisted Options issued to Employee, vesting subject to continuous service 7/4/2022	7-Oct-21	400,000	$ 0.200	$ 0.091	No
Unlisted Options issued to Employee, vesting subject to continuous service 22/3/2023	7-Oct-21	400,000	$ 0.300	$ 0.083	No
Unlisted Options issued to Employee, vesting subject to continuous service 22/3/2024	7-Oct-21	400,000	$ 0.400	$ 0.097	No
Unlisted Options issued to Employee, vesting subject to continuous service 1/5/2022	1-Nov-21	350,000	$ 0.200	$ 0.113	No
Unlisted Options issued to Employee, vesting subject to continuous service 22/3/2023	1-Nov-21	350,000	$ 0.300	$ 0.099	No
Unlisted Options issued to Employee, vesting subject to continuous service 22/3/2024	1-Nov-21	350,000	$ 0.400	$ 0.117	No
Exercised during the period		-	-		
Expired during the period		-	-		
Outstanding at 31 Dec 2021		**11,750,000**			

The Options have been valued using the Black-Scholes option pricing model with the following inputs:

Underlying share price:	$0.20 to $0.25
Risk-free interest rate:	0.56% to 1.56%
Dividend yield:	0%
Expected volatility:	100%

The expected volatility reflects the assumption that historical volatility for companies of a similar type to Widgie over a period similar to the life of the options is indicative of future trends, which may not necessarily be the case.

6. Dividends

No dividends were paid or declared to the holders of fully paid ordinary shares during the period.

7. Employee benefits expense

	15 Mar 2021 to 31 Dec 2021 $
Salaries and wages	369,688
Directors fees	61,263
Superannuation, payroll taxes and other staff costs	42,418
Capitalised to project exploration and evaluation asset	(292,893)
	180,476

8. Cash and cash equivalents

	31 Dec 2021 $
Cash at bank and in hand	7,164,058
Short term deposits – maturities of less than 3 months	15,000,000
	22,164,058

9. Exploration and evaluation assets

	31 Dec 2021 $
Opening carrying value	-
Acquisition of Mt Edwards Lithium Pty Ltd	2,247,449
Acquisition of tenement interests from Neometals Ltd	8,970,083
Additions	1,752,740
Closing carrying value	12,970,272

The recovery of exploration expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploration, or alternatively their sale.

10. Trade and other payables

	31 Dec 2021 $
Trade payables	(524,518)
PAYG taxes and superannuation contributions	(132,607)
Accruals	(559,496)
	(1,216,621)

11. Share capital

During the reporting period, Widgie Nickel Limited issued the following share capital:

		Number	$
Issued on incorporation	15 March 2021	1	1
Issued on share split	1 July 2021	124,999,999	-
Issued on receipt of $1,000,000 seed funding	9 July 2021	5,000,000	1,000,000
Issued on completion of entitlement offer	17 September 2021	120,000,000	24,000,000
Issued on completion of ASX listing process	17 September 2021	125,000	25,000
Share issue costs		-	(1,322,653)
Balance at end of the period		250,125,000	23,702,348

15 March 2021 and 1 July 2021
Issue of 1 fully paid ordinary share on incorporation. On 1 July 2021 the Company undertook a 125,000,000 fully paid ordinary shares for 1 share split.

9 July 2021 and 26 August 2021
Issue of 5,000,000 fully paid ordinary shares at $0.20 per share to Neometals Limited for seed funding prior to the Company completing its ASX listing and capital raising.

The Company was demerged from Neometals Ltd on 26 August 2021 via an 100% in-specie distribution of the Company's shares to Neometals Ltd shareholders.

17 September 2021
Issue of 120,000,000 fully paid ordinary shares under the Company's 0.923 for 1 share entitlement Offer. Shares were issued at $0.20 per share to raise gross proceeds before costs of $24,000,000. An additional 125,000 shares at $0.20 per share were issued to an executive of the Company on completion of ASX listing process.

ASX listing expenses and share issue costs

The Company incurred a total of $1,673,574 on ASX listing and capital raising costs, including a share based payment of $190,289 related to share Options issued to Euroz Hartleys for services associated with the ASX listing process and entitlement issue capital raising. These costs have been apportioned to ASX listing fees and Share issue costs respectively depending on the specific nature of the activity or as otherwise apportioned on the ratio of shares on issue relative to new shares issued pursuant to the entitlement offer as follows:

ASX listing fees	$251,971
Share based payments expense	$98,950
Share Issue costs	$1,231,314
Share based payments allocated to share issue costs	$91,339
Total share issue costs	**$1,322,653**

Options over ordinary shares
The Company has 11,750,000 unlisted Options on issue at the end of the period.

During the period a total of 9,750,000 Options have been issued to Directors and executives of the Company. The Options have been issued as a long term incentive and vest in four tranches; tranche 1: 3,250,000 exercisable at $0.20 per share vesting 6 months after issue dependent on continuing service to the Company, tranche 2: 3,250,000 exercisable at $0.30 per share vesting 12 months after issue dependent on continuing service to the Company, tranche 3: 1,300,000 exercisable at $0.40 per share vesting 18 months after issue dependent on continuing service to the Company, tranche 4: 1,950,000 exercisable at $0.40 per share vesting 24 months after issue dependent on continuing service to the Company.

In addition, 2,000,000 vested Options were issued to Euroz Hartleys for services associated with the ASX listing process and entitlement issue capital raising. These Options are exercisable at $0.40 per share by 22 September 2024.

12. Commitments

(a) Exploration and evaluation and associate commitments

Annual Tenement expenditure commitments for the group total $1,962,140. These costs do not include the annual statutory rent and rates commitments which are expected to be met in the ordinary course of business. The annual expenditure commitment is expected to be met by the Company and other third party tenement interest holders.

(b) Other

The Company has entered into a 3 year office lease commencing on 1 February 2022 at a gross annual rental, net of incentive of $66,402 per annum.

In addition, the Company has on order two field vehicles at a cost of $51,037 and $57,360 (exclusive of GST) respectively. The first vehicle was delivered in January 2022 and has been purchased under a finance lease arrangement. The second vehicle is expected to be delivered in April 2022.

(c) Royalties

Various royalty agreements exist over certain of the Company's tenement interests. The payment and amount of the royalties is contingent on commodity produced, levels of production and other factors. Royalties are brought to account by the Company when they are confirmed as due and payable.

13. Leases

Leasing arrangements

Leases relate to the lease of workshop and storage premises in Carlisle, Western Australia, a lease for a Toyota Hilux motor vehicle, and a photocopier lease. The lease agreement for the Carlisle premises was entered into on 1 July 2021 for a 36 month period expiring on 30 June 2024. The lease for the motor vehicle is for a period of 36 months completing in October 2024. The lease of a photocopier is for a period of 36 months expiring in October 2024. The commitments are based on the fixed monthly lease payments.

	31 December 2021		
Right-of-use assets	**Buildings**	**Plant & Equipment**	**Total**
	$	**$**	**$**
Cost	43,922	57,670	101,592
Accumulated Depreciation	(7,320)	(2,994)	(10,314)
Carrying Amount	36,602	54,676	91,278
Lease liability	**Buildings**	**Plant & Equipment**	**Total**
	$	**$**	**$**
Current	14,149	17,186	31,335
Non-current	22,992	33,066	56,058
Total	37,141	50,252	87,393

	15 Mar 2021 to 31 Dec 2021
	$
Amounts recognised in profit and loss	
Depreciation expense on right-of-use asset	10,314
Interest expense on lease liabilities	1,128
	11,542

14. Reserves

The share based payments reserve arises on the grant of share options and performance rights for the provision of services by Directors, employees and consultants under the Company's Equity Incentive Plan, and to other parties for services provided. Amounts are transferred out of the reserve and into issued capital when the options are exercised or when shares are issued pursuant to the terms of the performance rights. Further information about share-based payments to employees is provided in note 5 to the financial statements.

	31 Dec 2021 $
Share based payments reserve:	
Balance at the beginning of the period	-
Share based payments expense for the period	433,829
Share based payments recognised in share issue costs	91,339
Amounts transferred to share capital on exercise	(25,000)
Balance at the end of the period	**500,168**

The restructuring reserve arises on the acquisition and demerger of the Mt Edwards project from Neometals Ltd.

	31 Dec 2021 $
Restructuring reserve:	
Balance at the beginning of the period	-
Forgiveness of borrowings due to Neometals Ltd	10,948,601
Balance at the end of the period	**10,948,601**

The forgiveness of borrowings by Neometals Ltd relates to the forgiveness of the purchase consideration of $2,242,424 and $8,609,583 on the acquisition of MELPL and tenement interests from Neometals Ltd respectively (refer Note 4). In addition, Neometals Ltd, on demerger, forgave a further $96,594 for costs incurred by the Company funded by Neometals Ltd.

15. Events subsequent to balance date

No matters have arisen since 31 December 2021 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.