

**NICKEL**  
MINES LIMITED

**AUSTRALIA'S NEWEST LISTED NICKEL COMPANY**



**ANNUAL GENERAL MEETING**

**27 NOVEMBER 2018**

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# WELCOME TO OUR FRIEND AND PARTNER – SHANGHAI DECENT



**A Partnership Underpinned by Trust, Respect and Friendship**

# EXECUTIVE SUMMARY

## AUSTRALIA'S NEWEST LISTED NICKEL COMPANY



Nickel Mines Limited (NIC) is an Australian company publicly listed on the ASX.

**A\$200M IPO completed on 20 August 2018.**



NIC holds an **80%** interest in PT Hengjaya Mineralindo (PTHM) which holds 100% of the Hengjaya Nickel Mine (HM).

HM is located in Morowali Regency, Central Sulawesi, Indonesia, adjacent to Tsingshan Holding Group's (Tsingshan) Indonesian Morowali Industrial Park (IMIP).



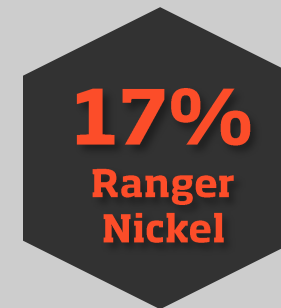
2 Line RKEF Plant

~16.5Kt attributable nickel production.

For **US\$120M** NIC has acquired a **60%** interest in Hengjaya Nickel.

Option to increase ownership to **100%** for a further **US\$120M** upon first NPI production.

Commissioning scheduled for **June Qtr 2019.**



2 Line RKEF Plant

~16.5Kt attributable nickel production.

For **US\$50M** NIC has acquired a **17%** interest in Ranger Nickel.

Option to increase ownership to **80%**.

Commissioning scheduled for **September Qtr 2019.**

# CORPORATE SNAPSHOT

## TRADING INFORMATION

23 NOVEMBER 2018

ASX Code	NIC
Shares on Issue	1.388B
Share Price	\$0.25

## Market Capitalisation

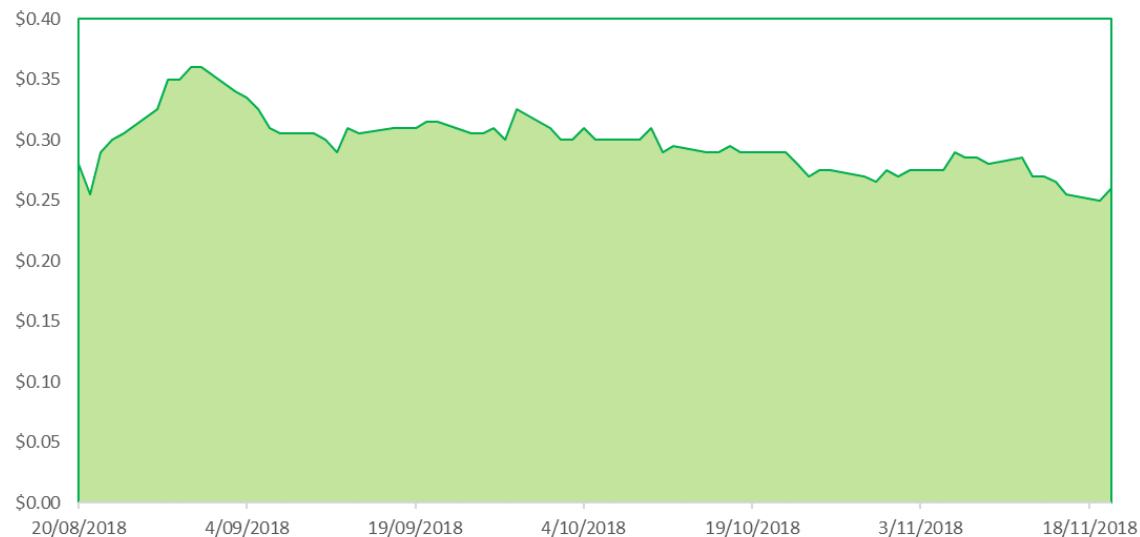
**\$347.0M**

Cash (23 November 2018)	\$20.0M
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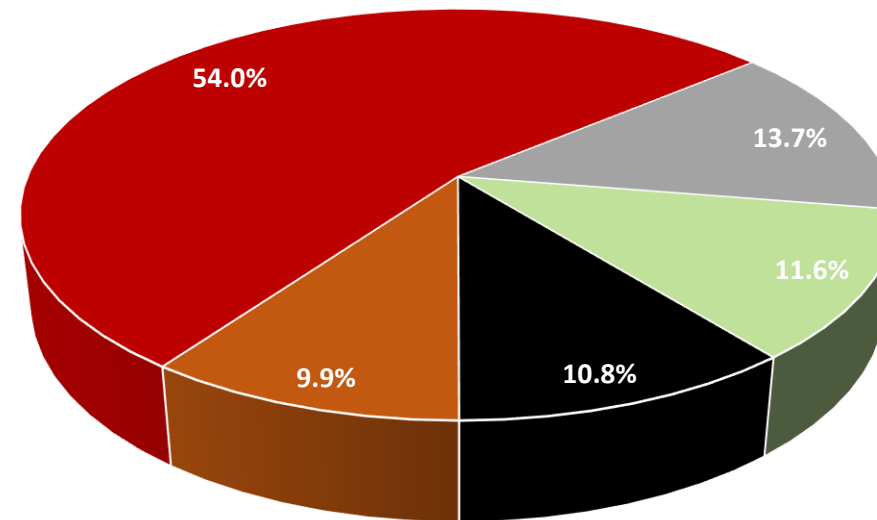
## Enterprise Value

**\$327.0M**

Share Price ( 20 August - 23 November)



## Shareholder Structure



Directors and Management ■ Shanghai Decent (SDI) ■ Shanghai Wanlu ■ Blackrock ■ Other

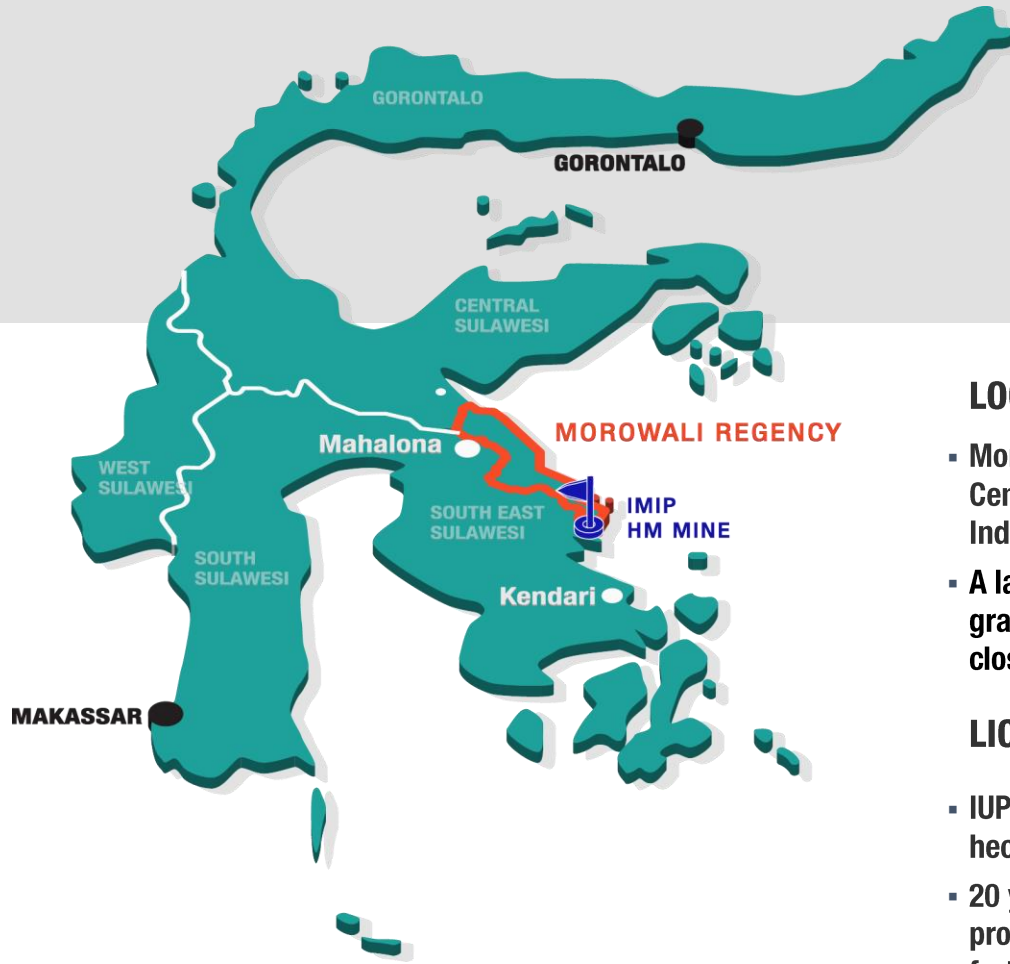
## Substantial Shareholders and Free Float

- IPO investors hold approximately 42% of issued capital.
- NIC's "free float" comprises ~1.046B shares or ~75% of total issued capital.

### Substantial shareholders (as at 5 October 2018):

Shanghai Decent (SDI)	11.6%
Shanghai Wanlu	10.8%
Blackrock	9.9%
Norm Seckold	8.9%
Regal FM	5.1%

# OVERVIEW OF HENGJAYA MINE



## I N D O N E S I A

### LOCATION

- Morowali Regency, Central Sulawesi, Indonesia.
- A large tonnage, high grade, open-cut mine in close proximity to IMIP.

### LICENCE

- IUP licence covering 6,249 hectares.
- 20 year mining operation/production licence with a further 2 x 10 year extensions (issued May 2012).

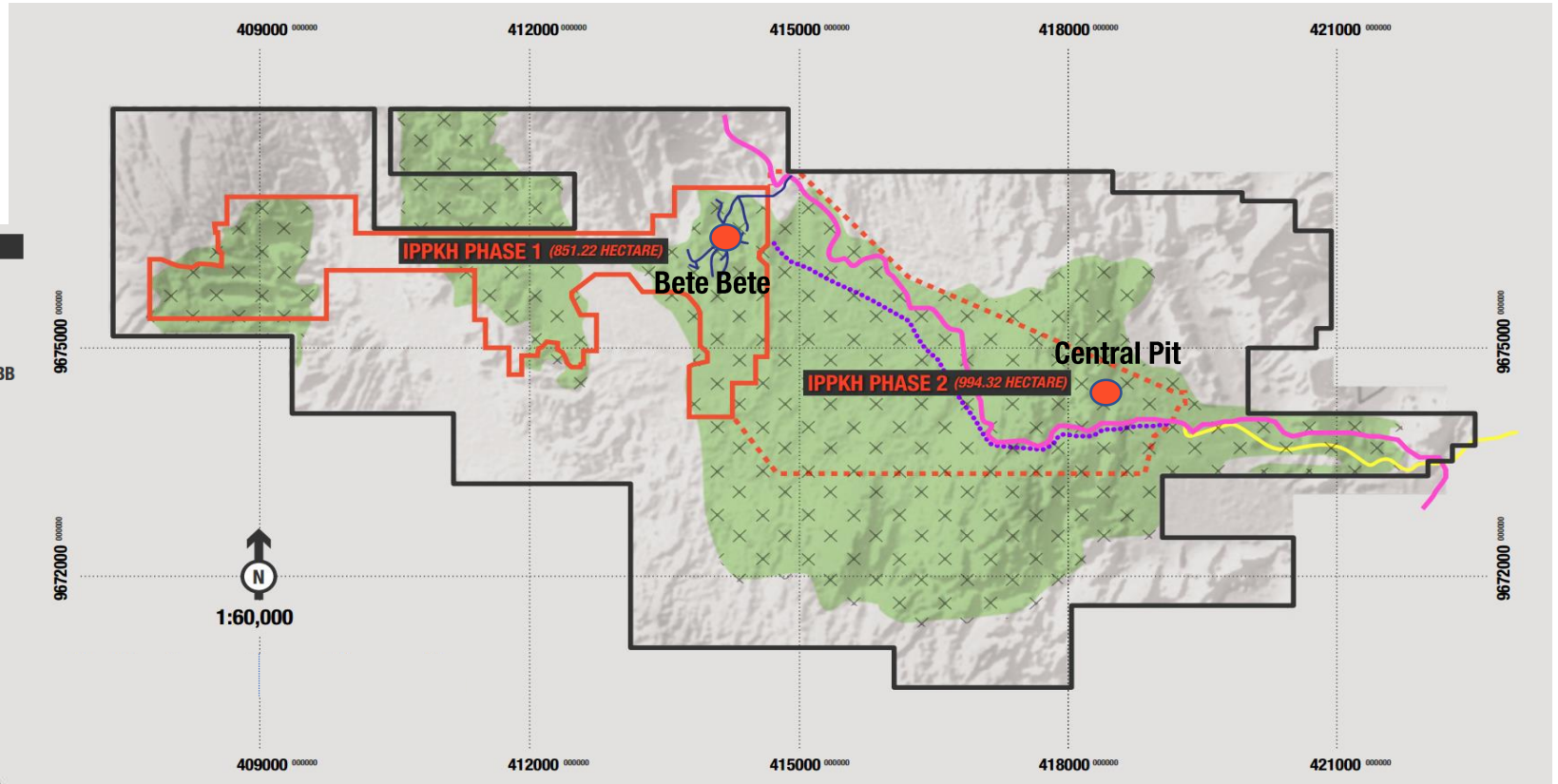
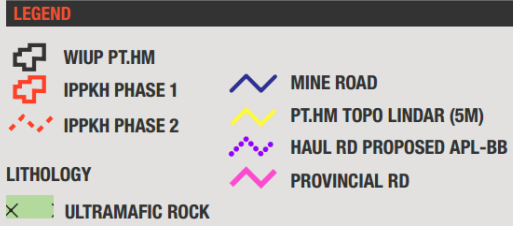
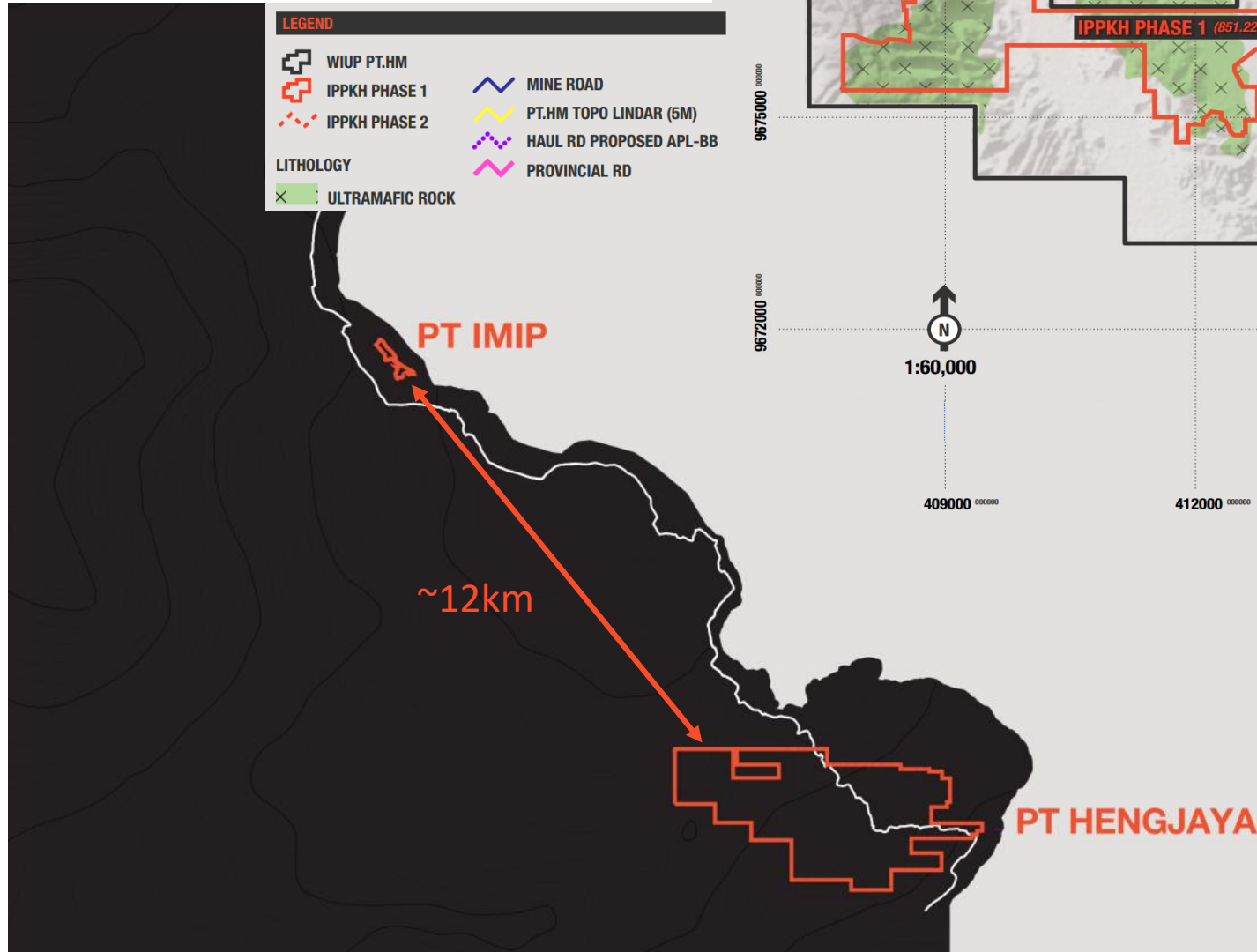
### RESOURCE

- JORC compliant resource of 37.5M dmt at 1.81% nickel (~680k tonnes contained Ni)
- 1,402 holes over 30,296 metres.
- Resource not fully defined – approximately half of the mapped ultramafic nickel bearing area has been resource drilled.
- 30+ year resource life based on a 1.5M wmt pa mining operation.

### MINING

- Geology de-risked by mining activity to date.
- Excellent reconciliations to date – actual tonnes and Ni grade ~9% above block model with lower than expected Fe/Si/Mg.
- 2015 – commenced supplying ~30K wmt/m to IMIP.
- 2017- superseded by contractual agreement to supply ~50K wmt/m to IMIP.
- Plans underway to increase mining capacity to c.1.5M wmt pa

# HENGJAYA MINE EXPANSION PLANS



- **Transfer of mining operations from Bete Bete pit to Central pit to deliver significant operational benefits:**

- Reduced moisture content due to lower elevation
- ~5km haulage to jetty (previously ~12km)
- Designated haul roads, no more provincial highways
- 20t-30t trucks (previously 8t trucks, highway restriction)
- Jetty upgrade to cater for 10t -15t barges (previously 5t)

**Expansion plans to allow for production of up to 1.5Mt pa**



## ENVIRONMENT

- Strong commitment to managing our environmental footprint.
- Active nursery program in place.
- Ongoing work on contouring and rehabilitating previously mined production areas.



## COMMUNITY

- Recent Palu earthquake and tsunami saw NIC and Shanghai Decent provide co-ordinated support in the form of:
  - Cranes and medical vans to assist with the search and rescue operations.
  - Donation of critical supplies such as food, blankets and clothing.
- Donation of livestock to the local villages for the religious Idhul Adha celebrations.
- Sponsorship of activities to celebrate Indonesia's Independence Day on 17 August 2018.



# INDONESIAN MOROWALI INDUSTRIAL PARK (IMIP)



**“The PT SMI facility is world-class and arguably the lowest cost FeNi operation in the world.”**

- Glencore Nickel Market Developments (September 2016)

# FULLY INTEGRATED NPI & STAINLESS STEEL PLANT



**Rotary Kiln**



**RKEF Control Room**



**Electric Furnace**



**NPI Ingot Casting**



**Molten NPI**



**Stainless Steel Mix**



**Stainless Steel Slab**



**Hot Rolled Coil (HRC)**

# SUPPORTED BY WORLD CLASS FACILITIES & INFRASTRUCTURE



**Surrounded by Ni Laterite Deposits**



**1.26GW Coal Fired Power Station**



**Stockpile Areas**



**Significant Port Facilities**



**Executive Quarters and Helipad**



**5-Star Hotel**

# 2018 12 MONTH REVIEW

**2017**

**January**  
US\$77M Pre-IPO  
funding round.  
Shanghai Decent  
and Shanghai  
Wanlu become  
NIC shareholders

**June**  
MOU signed  
to acquire  
interest in RNI

**September**  
Increased interest  
in HNI to 60% for  
US\$70M

**November**  
Collaboration  
Agreement  
signed for RNI.  
Secured initial  
interest of 17%

**September**  
Signed CSA for  
Hengjaya Nickel

**2018**

**March**  
Acquired initial 25%  
interest in HNI

**August**  
\$200M IPO &  
ASX Listing

**November**  
Significant Income  
Tax concessions  
granted to HNI

**Executing on our objective to become a globally significant nickel producer**

# INITIAL PUBLIC OFFERING 20 AUGUST 2018

- Successfully completed a \$200M Initial Public Offering (IPO).
- Official admission to the ASX.
- One of the largest resource IPOs in Australia over the last decade.
- Strong global institutional support.
- Geographically diverse shareholder base.
- Healthy diversity of investment mandates – specialist resources, special situations, generalist funds, private equity and Asian focused, signalled broad based appeal.



Managing Director Justin Werner and Chairman Rob Neale

# HENGJAYA NICKEL 'HNI' RECAP

- Formalised with signing of a Collaboration and Subscription Agreement ('CSA) in September 2017.
- Initial 25% interest acquired in April 2018 (Pre-IPO funding round).
- Interest increased to 60% in September 2018 following IPO.
- Option to move to 100% within 12 months of first NPI production.
- Capital guarantee - construction costs not to exceed US\$200M.
- 1<sup>st</sup> quartile NPI operating costs underpinned by IMIP's ability to source cheap, high-grade Ni ore and thermal coal for reliable power.
- Guaranteed offtake for all NPI produced by HNI at a floor price of 90% of LME nickel price.



# HENGJAYA NICKEL 'HNI' CONSTRUCTION UPDATE



- Foundation work and support structures for the rotary kilns and electric furnace are complete.
- Material capital equipment components including the rotary kilns and electric furnaces have all been fabricated and are progressively being shipped to the IMIP.
- Construction support equipment (cranes, trucks etc) on site have been re-prioritised to expedite HNI construction.
- HNI operations will require ~500 Indonesian staff / ~150 Chinese technical staff. Recruitment and training of Indonesian staff has begun.
- **Targeting first NPI production during June Qtr 2019.**
- Commissioning targeting 80% capacity 6-8 weeks from first NPI production.

September 2018



**Construction has progressed rapidly over the last 2 months**

November 2018





# HENGJAYA NICKEL ('HNI') CONSTRUCTION UPDATE



**NICKEL**  
MINES LIMITED



**By official decree of the Minister of Finance of the Republic of Indonesia material tax concessions have been granted to HNI**

- **100%** Corporate Income Tax Reduction for **7 years** commencing from the year of commercial production.
- **Plus** an additional **2 Years** Corporate Income Tax Reduction at **50%** of payable income tax, starting from the end of the initial seven year period.
- **Exemption** from withholding and tax collection by third parties on sales proceeds that would normally be remitted to the Indonesian Revenue Department for a period of seven years, also commencing from the tax year in which commercial production is achieved.



**Tax concessions further strengthen HNI's impressive EBITDA and FCF profile and enhance future growth/dividend optionality**

# RANGER NICKEL ('RNI') RECAP

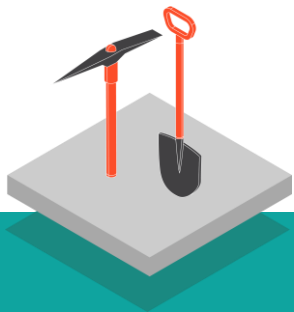


- MOU for additional 2 RKEF Lines signed in June 2018.
- Formalised with signing of a Collaboration Agreement ('CA') in October 2017.
- Initial 17% interest acquired November 2018 for US\$50M.
- 'Second Acquisition Option' to increase ownership to 51%-60%.
  - < 60 days of first NPI production, valuation of US\$280M.
  - > 60 days of first NPI production, valuation of US\$300M .
- 'Third Acquisition Option' to move to 80 ownership with 18 months of first NPI production.
- Identical capital cost, operating, offtake and pricing arrangements as HNI.

# RANGER NICKEL ('RNI') CONSTRUCTION UPDATE

- All component equipment will be shipped to IMIP by end of December 2018.
- RNI targeted to come on line 3 months after HNI.
- **Targeting first NPI production during September Qtr 2019.**
- Commissioning targeting 80% capacity 6-8 weeks from first NPI production.
- Construction of additional 350MW power plant for RNI is being expedited to meet RNI commissioning time.





## WORLD CLASS NICKEL RESOURCE

JORC compliant resource of 37.5M dmt at 1.81% nickel (~680kt contained Ni) with significant extension potential.

Ability to supply RKEF plant for 30+ years (at 1.5M wmt pa).

Adjacent to Tsingshan's IMIP.



## STRATEGIC PARTNERSHIP WITH GLOBAL INDUSTRY LEADER

Multi-faceted Collaboration Agreement with the world's largest stainless steel and NPI producer.

SDI currently operating 2Mt pa stainless steel plant and 20 RKEF lines at IMIP with further expansion plans.



## PROVEN LOW COST PROCESSING TECHNOLOGY

Tsingshan is a leading exponent of pyrometallurgical technology using the RKEF process to produce NPI from laterite ores.

RKEFs built at industry-low levels of capital intensity.

Current C1 cash operating costs across existing RKEF lines averaging ~US\$8,000/t NiEq.

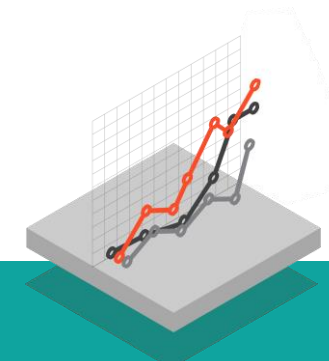


## ABILITY TO LEVERAGE IMIP INFRASTRUCTURE

IMIP is a fully permitted industrial zone jointly sanctioned by the Indonesian and Chinese Governments.

Largest vertically integrated NPI/Stainless Steel facility in the world.

Supported by world class infrastructure and logistics – featuring on site power station and port facilities.



## STRENGTHENING NICKEL MARKET FUNDAMENTALS

Nickel demand expected to grow 2-3% over medium to long term underpinned by improving outlook for stainless steel and growing EV battery market.

Global nickel supply deficit emerged in 2016 and is expected to remain in place until at least 2027.

Wood Mackenzie Ni price outlook – peaking at ~US\$25k/t in 2025 before settling at a long term price of ~US\$22k/t.

# A COMPELLING NICKEL INVESTMENT THESIS



Indonesia is now the epicentre of global nickel supply growth

- If you want nickel exposure you need to be invested in this region.



NPI is the now the most prevalent source of new nickel supply.

- While NPI is currently predominantly consumed by the stainless steel market, it may soon provide an alternative source of supply (to sulphides) for the battery market.



Tsingshan is by far the most dominant producer of Indonesia's NPI and has established clear competitive advantages with regards to the cost and supply of nickel ore and power.



Tsingshan has demonstrated an ability to build nickel capacity at industry-low levels of capital intensity.

- As an investor you cannot buy exposure to cheaper operational nickel units.



NIC offers unmatched leverage to growth in global nickel unit production capacity.

- IMIP nickel units set to rapidly increase over the next 5 years.

**NIC offers the only publicly available investment exposure to Tsingshan and its world class NPI and stainless steel operations in Indonesia.**

# STATEMENT OF COMPLIANCE

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by the staff and contractors of Nickel Mines Limited and its subsidiaries and approved by Mr Brett Gunter, a Member of the Australasian Institute of Mining and Metallurgy. Mr Gunter is an employee of PT GMT Indonesia and has sufficient experience which is relevant to the style of mineralisation and type of deposit 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'.

Information in this report that relates to Exploration Results and Mineral Resources was first published in a Technical Assessment Report prepared by PT GMT Indonesia dated April 2018 which is available on the Company's website ([www.nickelmines.com.au](http://www.nickelmines.com.au)). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original publication.

Mr Gunter has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.



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