

31 August 2020

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(30 pages by email)

Dear Madam

HALF YEAR REPORTS AND DIVIDEND DECLARATION

The Directors are pleased to announce the declaration of the Company's maiden interim dividend of A\$0.01 per share, being a distribution of A\$21.3M.

Shareholders who hold shares on the Record Date of 8 September 2020 will be entitled to the dividend.

In addition, the Company has made a further early voluntary repayment against the Ranger debt facility of US\$10.0M reducing the balance of the facility to US\$45.0M.

Highlights for the 6 Months to 30 June 2020 (in US\$ unless otherwise stated):

- Nickel Mines Group Results:
 - Sales revenue: \$227.8M (6 months to 30 June 2019: \$56.8M).
 - Gross profit: \$56.4M (6 months to 30 June 2019: \$67.5M¹).
 - Operating profit: \$51.6M (6 months to 30 June 2019: \$13.4M).
 - Profit after tax: \$45.5M (6 months to 30 June 2019: \$73.5M¹).
 - EBITDA from RKEF operations: \$74.0M (6 months to 30 June 2019: \$18.3M).
 - Net cash from operating activities: \$78.7M (6 months to 30 June 2019: \$4.1M).

¹ 30 June 2019 results include a \$57.3M accounting profit from the revaluation of an investment.

- 20,594 tonnes (12,356 tonnes attributable) of nickel metal produced in 147,476 tonnes of nickel pig iron.
- Successful completion of a A\$231M 1 for 3.6 Entitlement Offer.
- Increased ownership of Hengjaya Nickel and Ranger Nickel RKEF projects from 60% to 80%.
- Nickel Mines Group Balance Sheet:
 - Net assets: \$744.5M (30 June 2019: \$454.8M).
 - Current assets: \$218.6M (30 June 2019: \$108.2M).
 - Net current assets: \$167.1M (30 June 2019: \$61.0M).

By order of the Board



Richard Edwards
Company Secretary

pjn10453

Appendix 4D

Half Year Report

Name of entity

NICKEL MINES LIMITED

ABN or equivalent company reference

44 127 510 589

Financial year ended ('current period')

30 JUNE 2020

Results for announcement to the market

Revenues from ordinary activities	up	300.9%	to	US\$227.8M
Profit from ordinary activities after tax attributable to members	down	63.9%	to	US\$24.4M
Net profit for the period attributable to members	down	63.9%	to	US\$24.4M
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	Nil¢		Nil¢	
Interim dividend	A\$0.01		Nil¢	
Previous corresponding period				
Final dividend	Nil¢		Nil¢	
Interim dividend	Nil¢		Nil¢	
Record date for determining entitlements to the dividend.	8 September 2020			
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
Refer attached reports.				
NTA backing	Current period		Previous corresponding period	
Net tangible asset backing per ordinary security	US\$0.35		US\$0.298	

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 30 June 2020.

This report is based on the consolidated financial statements for the half-year ended 30 June 2020 which have been reviewed by KPMG.

NICKEL MINES LIMITED
and its controlled entities

A.B.N. 44 127 510 589

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

30 JUNE 2020

Contents

Directors' Report	3
Lead Auditor's Independence Declaration	12
Condensed consolidated interim statement of profit or loss and other comprehensive income	13
Condensed consolidated interim statement of financial position.....	14
Condensed consolidated interim statement of changes in equity.....	15
Condensed consolidated interim statement of cash flows	16
Notes to the financial statements	17
Director's Declaration	25
Independent Auditor's Review Report	26
Corporate Directory	28

NICKEL MINES LIMITED and its controlled entities

DIRECTOR'S REPORT

The Directors of Nickel Mines Limited ('Nickel Mines' or 'the Company') and its subsidiaries ('the Group') submit their financial report for the half year ended 30 June 2020 and the Auditors' Review Report thereon.

All amounts are reported in US\$ unless otherwise stated.

DIRECTORS

The names of the Directors of the Company in office during the half year period and until the date of this report were:

Robert Neale – Chairman and Non-Executive Director since 16 April 2018
Norman Seckold – Deputy Chairman and Executive Director since 12 September 2007
Justin Werner – Managing Director since 23 August 2012
Peter Nightingale – Chief Financial Officer and Executive Director since 12 September 2007
James Crombie – Non-Executive Director since 23 May 2008
Weifeng Huang – Non-Executive Director since 26 April 2018
Mark Lochtenberg – Non-Executive Director since 10 March 2017
Dasa Sutantio - Non-Executive Director since 29 May 2020
Yuanyuan Xu – Non-Executive Director since 26 April 2018

RESULTS

The profit of the Group for the half year after providing for income tax amounted to \$45,531,581 (six months ended 31 December 2019 - profit of \$91,280,434).

REVIEW OF OPERATIONS

During and following the half year ended 30 June 2020 significant milestones were achieved as follows:

Highlights:

- The Company's now 80% owned rotary kiln electric furnace ('RKEF') projects produced a combined 148,999.8 tonnes of nickel pig iron ('NPI'), containing 21,395.2 tonnes of nickel metal equivalent. A total of 147,475.9 tonnes of NPI containing 20,594.0 tonnes of nickel metal equivalent were sold during the six month period at an average grade of 14.0% nickel. EBITDA from RKEF operations for the six months to 30 June 2020 was \$74,032,506.
- At the Company's Annual General Meeting held in May 2020, the Company's shareholders approved the increase in the Company's interest in the Hengjaya Nickel and Ranger Nickel RKEF projects from 60% to 80% for \$120 million, plus 20% of undistributed retained earnings attributable to Shanghai Decent and associates. Consideration was funded via the completion of a A\$231 million 1 for 3.6 Entitlement Offer, completed in June 2020. The Company completed these acquisitions on 30 June 2020.
- In April 2020, the Company made a further voluntary early repayment of \$10M against the Ranger senior debt facility, reducing the outstanding facility balance to \$55M. Subsequent to the end of the half year, the Company made a further voluntary debt repayment of \$10M, reducing the outstanding facility balance to \$45 million. In total, the Company has now made early voluntary prepayments totalling \$35M against the Ranger facility.
- In January 2020, Hengjaya Nickel commenced routine monthly repatriation of funds to its Singaporean holding company, Hengjaya Holdings Private Limited, which, in turn, distributes the funds to its shareholders, Nickel Mines and Shanghai Decent Investment (Group) Co., Ltd and its associates ('Shanghai Decent'). During the six month period, \$25.2M was repatriated to Nickel Mines and \$16.8M was repatriated to Shanghai Decent.

NICKEL MINES LIMITED
and its controlled entities

DIRECTOR'S REPORT

- In April 2020, Ranger Nickel commenced routine monthly repatriation of funds to its Singaporean holding company, Ranger Investment Private Limited, which, in turn, distributes the funds to its shareholders, Nickel Mines and Shanghai Decent. During the six month period, \$10.8M was repatriated to Nickel Mines and \$7.2M was repatriated to Shanghai Decent.
- A total of 212,568 wet metric tonnes ('wmt') of nickel ore were mined at the Hengjaya Mine, with an average stripping ratio of 2.2. A total of 209,628 wmt were sold during the six month period at an average grade of 1.81% nickel. Additionally, during the period 368,120 tonnes of limonite were stockpiled for eventual delivery to HPAL plants being built at the Indonesia Morowali Industrial Park ('IMIP').
- Hengjaya Mine expansion activities continued during the six month period and are now materially complete. The Central Pit commenced mining operations in April 2020. The expanded jetty capacity is now fully operational and capable of berthing 10,000 tonne barges and the construction of the new mine camp and associated infrastructure, including technical offices and workshops, community relations centre, training and recreational buildings and a mosque have been completed.

RKEF OPERATIONS (80% interest held by Nickel Mines)

During the six month period, the Company held a 60% interest in Hengjaya Nickel and Ranger Nickel RKEF projects. Following the completion of an Entitlement Offer in June 2020, Nickel Mines exercised its option to acquire a further 20% of the shareholder loans and issued and paid-up share capital of Hengjaya Holdings Private Limited and Ranger Investment Private Limited, being the respective Singaporean domiciled holding companies that wholly own PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, the Indonesian PMA¹ companies that in turn own 100% of the Hengjaya Nickel and Ranger Nickel projects.

A summary of production from the Hengjaya Nickel and Ranger Nickel projects for the six months to 30 June 2020 is as follows:

		Hengjaya Nickel	Ranger Nickel	Total
NPI Production	tonnes	74,155.1	74,844.7	148,999.8
NPI Grade	%	14.4	14.4	14.4
Nickel Metal Production	tonnes	10,651.9	10,743.3	21,395.2
Nickel Metal Production Attributable to Nickel Mines	tonnes	6,391.1	6,446.0	12,837.1

Hengjaya Nickel (80% interest held by Nickel Mines)

During the six months to 30 June 2020, Hengjaya Nickel produced 10,651.9 tonnes of nickel metal at an average NPI grade of 14.4% at a weighted average cash cost of \$7,292/tonne of nickel metal.

HENGJAYA NICKEL		March 2020 Quarter	June 2020 Quarter	Total
NPI Production	tonnes	40,076.8	34,078.3	74,155.1
NPI Grade	%	14.2	14.6	14.4
Nickel Metal Production	tonnes	5,671.7	4,980.2	10,651.9
Cash Costs	US\$/t Ni	7,247	7,342	7,292

The Group's attributable nickel metal production for the six months ended 30 June 2020 was 6,391.1 tonnes.

For the six months to 30 June 2020, Hengjaya Nickel recorded (on a 100% basis) sales of \$115.3 million for 10,377.4 tonnes of nickel metal sold. EBITDA for the 6 months at was \$37,261,516.

¹ PMA company means a 'Penanaman Modal Asing', an Indonesian foreign investment company in which foreign share ownership of up to 100% is allowed.

NICKEL MINES LIMITED
and its controlled entities

DIRECTOR'S REPORT

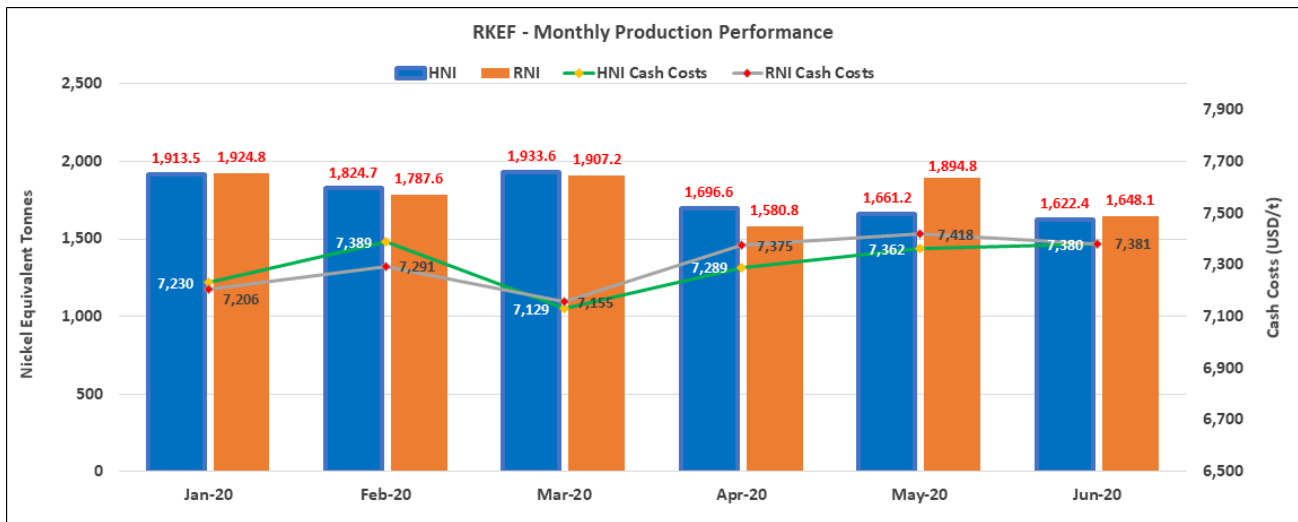
Ranger Nickel (80% interest held by Nickel Mines)

During the six months to 30 June 2020, Ranger Nickel produced 10,743.3 tonnes of nickel metal at an average NPI grade of 14.4% at a weighted average cash cost of \$7,301/tonne of nickel metal.

RANGER NICKEL		March 2020 Quarter	June 2020 Quarter	Total
NPI Production	tonnes	39,321.1	35,523.6	74,844.7
NPI Grade	%	14.3	14.4	14.4
Nickel Metal Production	tonnes	5,619.6	5,123.7	10,743.3
Cash Costs	US\$/t Ni	7,216	7,392	7,301

The Group's attributable nickel metal production for the six months ended 30 June 2020 was 6,446.0 tonnes.

For the six months to 30 June 2020, Ranger Nickel recorded (on a 100% basis) sales of \$112.5 million for 10,216.6 tonnes of nickel metal sold. EBITDA for the 6 months at was \$36,770,990.



Production and cost performance from the Hengjaya Nickel and Ranger Nickel RKEF projects.

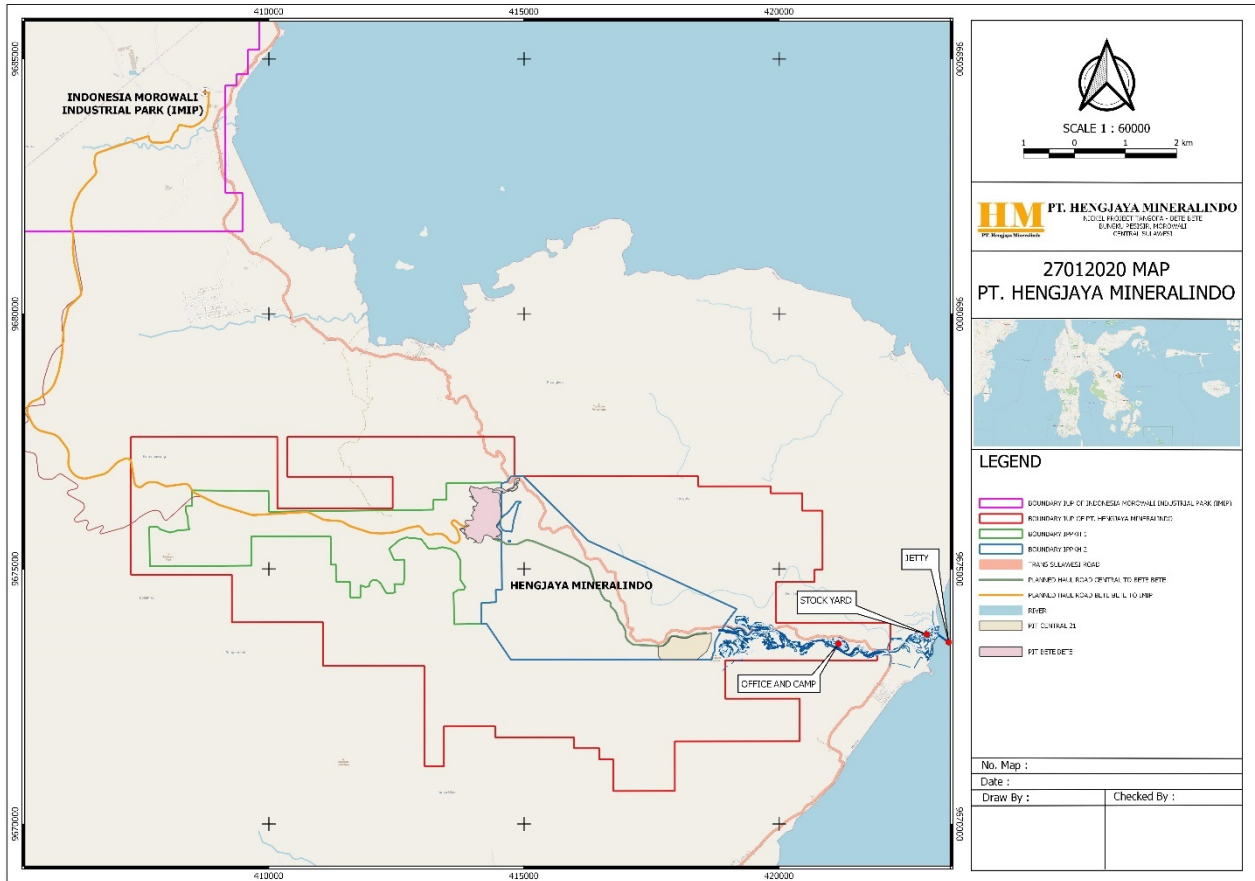
HENGJAYA MINE (80% interest held by Nickel Mines)

The Company holds an 80% interest in PT Hengjaya Mineralindo, the owner of 100% of the Hengjaya mine, with the remaining 20% interest owned by the Company's Indonesian partner.

The mine is located approximately 12 kilometres from the IMIP in the Morowali Regency, Central Sulawesi, Indonesia. The Hengjaya mine tenement covers 5,983 hectares and holds a 20 year mining operation/production licence (issued May 2012) with two further 10 year extension periods.

NICKEL MINES LIMITED
and its controlled entities

DIRECTOR'S REPORT



Map showing the Hengjaya Mine and proximity to the IMIP.

Resources

Subsequent to the end of the half year, an updated JORC 2012 compliant resource estimate for the Hengjaya mine was reported as follows:

Category	Dry Tonnes (million)	Ni (%)	Co (%)	Fe (%)
Measured	20	1.3	0.08	28
Indicated	109	1.3	0.08	29
Inferred	56	1.3	0.07	27
Total	185	1.3	0.08	28

The 185 million dry metric tonnes ('dmt') at 1.3% nickel and 0.08% cobalt (cut-off 0.8% nickel), representing 2,405,000 tonnes of nickel and 148,500 tonnes of cobalt, is from an area of 1,144 hectares of the 5,983 hectare Hengjaya mine tenement area.

The updated resource exceeds the previous resource estimate reported in December 2018 which covered an area of 1,919 hectares. Further, Measured and Indicated resources have increased 185% and 117% respectively with a 49% decrease in Inferred resources, providing very strong resource confidence.

High grade saprolite resource of 39.7 million dmt at 1.8% nickel (cut-off 1.5% nickel), represents more than 15 years of ore supply to the Hengjaya Nickel and Ranger Nickel RKEF projects' total combined ore requirements of approximately 2.6 million dmt per annum.

NICKEL MINES LIMITED
and its controlled entities

DIRECTOR'S REPORT

In addition to the updated Mineral Resource, at least five significant Exploration Targets, covering a further 1,500 hectares within the Hengjaya Mine licence area have been identified in locations where similar type nickel laterite deposits of between 60 - 120 million wet metric tonnes is postulated. In these areas nickel laterite has already been identified by surface mapping and wide spaced drilling.

An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade, relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. The potential quantity and grade of the Exploration Target is conceptual in nature, as there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Mining

Production totalled 212,568wmt for the six months to 30 June 2020, at an average stripping ratio of 2.2:1.0. Sales for the half year totalled 209,628 wmt at an average grade of 1.81%.

Overburden included limonite ore which has been stockpiled adjacent to waste dumps at both Bete Bete and Central Pits in readiness for eventual supply to the IMIP's HPAL projects. As at 30 June 2020, 368,120 wmt of limonite ore grading approximately 1.2% nickel had been stockpiled.

		March 2020 Quarter	June 2020 Quarter	Total
Tonnes mined	wmt	149,958	62,610	212,568
Overburden mined	BCM	179,524	150,817	330,341
Limonite mined	wmt	75,254	182,730	257,984
Strip ratio⁽¹⁾	BCM/wmt	1.5	4.0	2.2
Tonnes sold	wmt	155,599	54,029	209,628
Average grade	%	1.83	1.80	1.81
Average price received	US\$/t	24.32	23.79	23.64
Average cost of production⁽²⁾	CIF US\$/t	29.70	44.73	34.17

⁽¹⁾ Strip ratio includes limonite as overburden.

⁽²⁾ Average cost of production includes amortisation and depreciation costs for the 6 months of \$2.81/t.

First ore from the Central Pit was mined and trucked to the jetty for barging in early April, however, mine production during the remainder of the June quarter was severely impacted by an above-average wet season. Heavy rain and localised flooding materially impacted mining activities and caused delays to the planned ramp-up of operations at the Central Pit.

With the abatement of the wet season and the return to more normal operating conditions (commencing from around the middle of July) all expansion initiatives and logistics are in place to see a future increased mining production.

The Company continues to stockpile limonite ore which is mined as an overburden material of its saprolite mining operations. By the end of June 2020, a total of 400,033 wmt of limonite ore, grading approximately 1.2% nickel, had been stockpiled adjacent to waste dumps at Bete Bete and Central Pits.

The Company is positioned to become a material supplier of limonite ore to several of the HPAL plants currently under construction within the IMIP.

NICKEL MINES LIMITED
and its controlled entities

DIRECTOR'S REPORT

Mine Expansion

Expansion of the Hengjaya Mine operations commenced in late 2019 to facilitate significantly increased production levels and are now materially complete.

Mining operations at the Central Pit commenced in April 2020 and the expanded jetty capacity is now fully operational and capable of berthing 10,000 tonne barges. Haulage from the Central Pit to the Company's jetty is approximately 6km less than from the previously mined Bete Bete Pit and will allow for the use of much larger 40 tonne trucks (previously 8 tonnes), significantly improving transport efficiencies and reduce mining costs.

In addition, construction of the new mine camp and associated infrastructure, including technical offices and workshops, community relations centre, training and recreational buildings and a mosque have been completed.



Mining in the Central Pit in mid-July upon the abatement of the wet season.

Exploration

During the half ground penetrating radar ('GPR') surveys were completed over 35 kilometres in and around the Central pit area in advance of further drilling. Initial results were extremely promising showing good thickness of limonite and saprolite orebodies throughout a majority of the IPPKH1 and IPPKH2 areas.

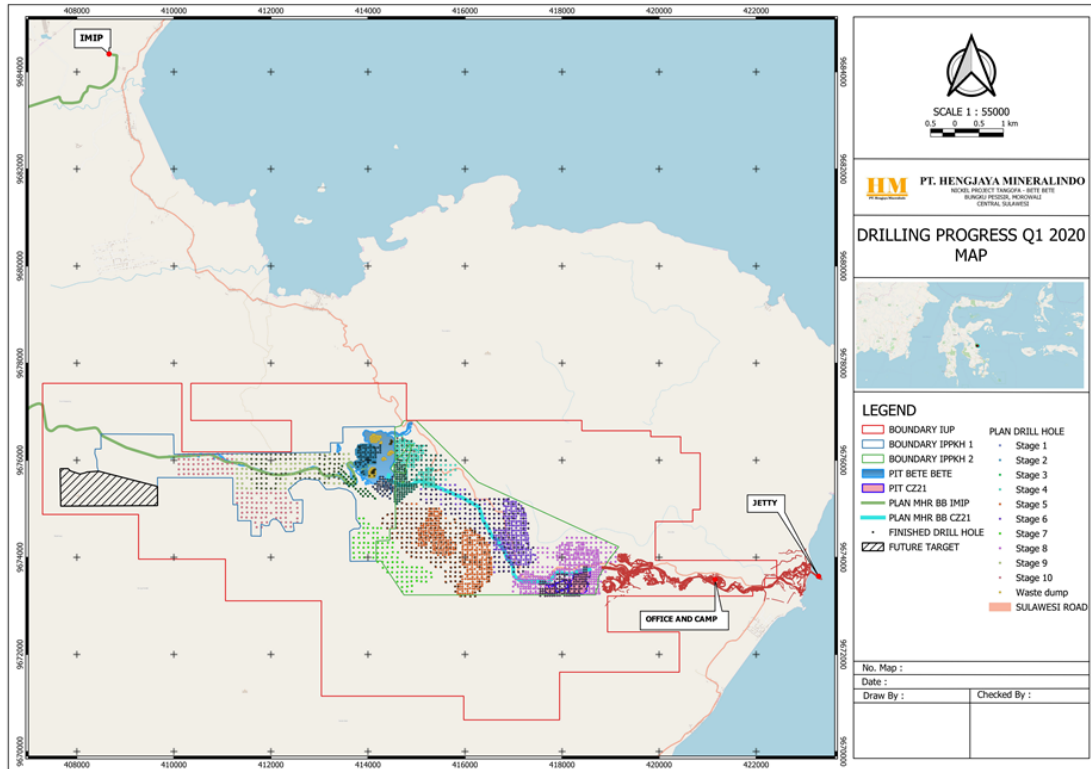
Resource drilling saw 467 holes completed for 9,593 metres. The program included infill drilling at the Central Pit area to enhance mine planning and scheduling and to assist with planning for the separation of limonite and saprolite ore.

Data from these exploration activities contributed to the updated resource estimate.

The drilling program is planned to continue throughout 2020 targeting new areas of limonite and saprolite ores identified by the GPR. In addition to nickel ore exploration, preliminary work has commenced on identifying significant quality mineable limestone deposits inside IPPKH1 which may be used for future off-take agreements for HPAL projects and main haul road construction works between the Hengjaya Mine and the IMIP.

**NICKEL MINES LIMITED
and its controlled entities**

DIRECTOR'S REPORT



Extensive drilling has now been completed across a majority of the Hengjaya Mine tenement.

Hengjaya Mine to IMIP Haul Road

Construction works on a haul road from HM mine to IMIP commenced during the period with 5.4km of pilot road currently completed and construction of the haul road works approximately 30% into the program at the end of the period. Once completed, this haul road will allow both saprolite and limonite ore from Hengjaya Mine to be hauled directly to IMIP. An internal haul road connecting the Bete Bete pit and Central Pit and jetty was commenced during the period and is aiming to be completed by October 2020, this haul road will provide the opportunity to further increase production and blend ore (if required) from current and future pit locations, enabling further optimisation of the Hengjaya Mine resource potential.

Safety, Environment and Community

There were no lost time injuries or high potential incidents reported during the six months to 30 June 2020.

The record operating performance of both the Hengjaya Nickel and Ranger Nickel projects were achieved across the Chinese New Year season and against the backdrop of the emergence of the COVID-19 global pandemic from mid-January. Early recognition of the potential impacts of COVID-19 and the prompt implementation of strict access controls and health and safety measures to ensure the health and wellbeing of all its workers have ensured the continuation of normal, uninterrupted operations to date.

Training of staff and contractors in safe operating practices continues on a regular and routine basis. Additional safe operating procedures continue to be developed including the review of all incoming mining fleet, associated risk management assessments and requirements.

No environmental incidents were reported during the six months to 30 June 2020, with work continuing to complete final landform contouring, drainage improvements and rehabilitation of previously mined production areas. Site rehabilitation continued at the Bete Bete waste dump areas with the Group continuing with its involvement in numerous local and regional rehabilitation programs.

As part of the Group's commitment to the local community, other potential, longer term sustainability programs in the local and regional areas continue to be assessed.

NICKEL MINES LIMITED
and its controlled entities

DIRECTOR'S REPORT

CORPORATE

Exercise of option to move to 80% ownership of the Hengjaya Nickel Project

In accordance with the Collaboration and Subscription Agreement ('CSA') governing the Hengjaya Nickel Project, the Company elected to increase (from 60% to 80%) its holding (comprising equity and shareholder loans) of Hengjaya Holdings Private Limited, the Singaporean domiciled holding company that wholly owns PT Hengjaya Nickel Industry ('HNI'), an Indonesian PMA company that owns 100% of the Hengjaya Nickel project.

Under the terms of the CSA and its subsequent supplementary agreements, the Company had until 30 November 2020 to exercise this option. The exercise price of the option was \$60 million, based on a valuation of \$300 million for HNI on a 100% basis.

Exercise of option to move to 80% ownership of the Ranger Nickel Project

In accordance with the Collaboration Agreement ('CA') governing the Ranger Nickel project, the Company elected to increase (from 60% to 80%) its holding (comprising equity and shareholder loans) of Ranger Investment Private Limited, the Singaporean domiciled holding company that wholly owns PT Ranger Nickel Industry ('RNI'), an Indonesian PMA company that owns 100% of the Ranger Nickel project.

Under the terms of the CA and its subsequent supplementary agreements, the Company had until 30 November 2020 to exercise this option. The exercise price of the option was \$60 million, based on a valuation of \$300 million for RNI on a 100% basis.

Entitlement Offer

To fund its increased interests in the Hengjaya Nickel and Ranger Nickel projects, the Company successfully completed a fully underwritten 1 for 3.6 entitlement offer at A\$0.50 per share to raise A\$231M (equivalent to approximately US\$155M). The entitlement offer resulted in the issue of 462,631,313 new fully paid ordinary shares in the Company.

Appointment of Dasa Sutantio

Mr Stephanus (Dasa) Sutantio was appointed as a Non-Executive Director of the Company on 29 May 2020.

Mr Sutantio graduated with a Bachelor of Commerce degree from the Australian National University in 1987 and has been involved in the Asian financial sector for more than 20 years, holding various senior positions at Citibank N.A., Bank Tiara Asia Tbk., the Indonesian Bank Restructuring Agency and PT Bank Mandiri Tbk.

He joined the Indonesian Tanito Group in 2010 and is currently a Director and CFO responsible for overseeing the Tanito Group's investments in the financial, mining support, marine logistics/shipping, property and hospitality sectors. Within the Tanito Group, Mr Sutantio is a Director of PT Karunia Bara Perkasa, the Company's second largest shareholder, which fully supported the Company's recent capital raising to fund the Company's increased interests in the Hengjaya Nickel and Ranger Nickel projects.

COMPETENT PERSONS STATEMENT

The information provided in this report that relates to Mineral resources, the Exploration Target and Exploration Results is based on information provided by Daniel Madre of PT Danmar Explorindo. Mr Madre is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Madre is an independent consulting geologist and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Madre has more than 18 years experience in exploration and mining of nickel laterites in Indonesia.

NICKEL MINES LIMITED
and its controlled entities

DIRECTOR'S REPORT

SUBSEQUENT EVENTS

- On 27 August 2020 the Company announced an upgraded resource estimate for the Hengjaya mine.
- On 28 August 2020 the Company made a further voluntary repayment of \$10 million against the Ranger debt facility, reducing the balance of the facility to \$45 million.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration on page 12 as required under Section 307C of the Corporations Act 2001 is attached to and forms part of the Directors' Report for the half-year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read 'R. Neale', is enclosed in a thin black rectangular border.

Robert Neale
Chairman
Sydney, 31 August 2020



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Nickel Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Nickel Mines Limited for the half-year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.


KPMG


Stephen Board
Partner

Brisbane
31 August 2020

NICKEL MINES LIMITED
and its controlled entities

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2020**

US\$	Notes	6 months to 30 June 2020 \$	6 months to 31 December 2019 \$
Sales revenue		227,842,571	236,059,160
Cost of sales		(153,090,152)	(136,207,419)
Depreciation and amortisation expense		(18,308,167)	(16,419,372)
Gross profit		56,444,252	83,432,369
Directors' fees and consultants' expenses		(2,103,389)	(2,893,410)
Share of profit of equity accounted investees		-	1,239,032
Other expenses	4	(2,768,841)	(1,023,527)
Results from operating activities		51,572,022	80,754,464
Financial income	5	260,589	13,035,913
Financial expense	5	(6,301,030)	(2,336,467)
Net financial income/(expense)		(6,040,441)	10,699,446
Profit before income tax		45,531,581	91,453,910
Income tax expense		-	(173,476)
Profit for the period		45,531,581	91,280,434
Other comprehensive income		-	(22,393)
Total comprehensive profit for the period		45,531,581	91,258,041
Profit attributable to:			
Owners of the Company		24,383,770	56,504,374
Non-controlling interest		21,147,811	34,776,060
Profit for the period		45,531,581	91,280,434
Total comprehensive profit attributable to:			
Owners of the Company		24,383,770	56,486,460
Non-controlling interest		21,147,811	34,771,581
Total comprehensive profit for the period		45,531,581	91,258,041
Earnings per share			
Basic and diluted profit per share (cents)	7	1.40	3.46

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

NICKEL MINES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	30 June 2020	31 December 2019
US\$		\$	\$
Current assets			
Cash and cash equivalents		91,255,001	49,820,013
Trade and other receivables	6	51,905,269	97,208,882
Inventory	8	68,070,814	56,238,558
Prepayments		7,331,779	1,293,301
Total current assets		<u>218,562,863</u>	<u>204,560,754</u>
Non-current assets			
Other non-current asset		8,764,067	9,014,394
Property, plant and equipment	9	613,772,143	628,516,578
Goodwill		55,404,895	55,404,895
Total non-current assets		<u>677,941,105</u>	<u>692,935,867</u>
Total assets		<u>896,503,968</u>	<u>897,496,621</u>
Current liabilities			
Trade and other payables	10	33,412,131	52,489,262
Current tax payable		2,645,692	652,704
Provision – employee’s benefit obligation		506,936	662,427
Borrowing	12	11,000,000	4,333,333
Deferred consideration payable	11	3,896,453	-
Total current liabilities		<u>51,461,212</u>	<u>58,137,726</u>
Non-current liabilities			
Provision – rehabilitation		146,958	149,919
Deferred income tax liability		55,404,895	55,404,895
Other non-current liability		966,483	1,018,309
Borrowings	12	44,000,000	60,666,667
Total non-current liabilities		<u>100,518,336</u>	<u>117,239,790</u>
Total liabilities		<u>151,979,548</u>	<u>175,377,516</u>
Net assets		<u>744,524,420</u>	<u>722,119,105</u>
Equity			
Share capital	13	463,647,350	315,501,048
Reserves		17,274,036	19,206,524
Retained profits		117,141,676	92,757,906
Total equity attributable to equity holders of the Company		<u>598,063,062</u>	<u>427,465,478</u>
Non-controlling interest		146,461,358	294,653,627
Total equity		<u>744,524,420</u>	<u>722,119,105</u>

The above consolidated statement of financial position should be read in conjunction with accompanying notes.

NICKEL MINES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2020

US\$	Notes	Share capital \$	Retained profits \$	Reserves \$	Total \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2019		275,938,304	36,253,532	(639,437)	311,552,399	143,214,479	454,766,878
Total comprehensive income for the period							
Profit for the period		-	56,504,374	-	56,504,374	34,776,060	91,280,434
Remeasurement of defined benefit obligation		-	-	(17,914)	(17,914)	(4,479)	(22,393)
Total comprehensive income for the period		-	56,504,374	(17,914)	56,486,460	34,771,581	91,258,041
Transactions with owners, recorded directly in equity							
Issue of shares	13	40,000,000	-	-	40,000,000	-	40,000,000
Costs of issue	13	(437,256)	-	-	(437,256)	-	(437,256)
Non-controlling interest arising on acquisition		-	-	-	-	136,531,442	136,531,442
Transaction with non-controlling interest without a change of control		-	-	19,863,875	19,863,875	(19,863,875)	-
Balance at 31 December 2019		315,501,048	92,757,906	19,206,524	427,465,478	294,653,627	722,119,105
Balance at 1 January 2020		315,501,048	92,757,906	19,206,524	427,465,478	294,653,627	722,119,105
Total comprehensive income for the period							
Profit for the period		-	24,383,770	-	24,383,770	21,147,811	45,531,581
Total comprehensive income for the period		-	24,383,770	-	24,383,770	21,147,811	45,531,581
Transactions with owners, recorded directly in equity							
Issue of shares	13	155,105,932	-	-	155,105,932	-	155,105,932
Costs of issue	13	(6,959,630)	-	-	(6,959,630)	-	(6,959,630)
Transaction with non-controlling interest without a change of control	11	-	-	(1,932,488)	(1,932,488)	(145,340,080)	(147,272,568)
Distributions to non-controlling interest		-	-	-	-	(24,000,000)	(24,000,000)
Balance at 30 June 2020		463,647,350	117,141,676	17,274,036	598,063,062	146,461,358	744,524,420

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

NICKEL MINES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2020

US\$	Notes	6 months to 30 June 2020 \$	6 months to 31 December 2019 \$
Cash flows from operating activities			
Cash receipts from customers		275,298,808	212,696,681
Cash payments in the course of operations		(191,849,231)	(169,899,088)
Interest received		107,485	89,507
Taxes and fees paid		(4,853,069)	(4,677,776)
Net cash from operating activities		<u>78,703,993</u>	<u>38,209,324</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(5,105,092)	(29,617,317)
Payments for investments in controlled entities	11	(143,268,607)	-
Payments for acquisition of controlled entity		-	(1,400,000)
Cash on acquisition of controlled entity		-	7,244,743
Net cash used in investing activities		<u>(148,373,699)</u>	<u>(23,772,574)</u>
Cash flows from financing activities			
Proceeds from issue of shares	13	155,105,932	-
Costs of issue	13	(6,055,696)	(444,893)
Contribution by/(distributions to) non-controlling interest		(24,000,000)	16,986,235
Repayment of borrowings and interest changes	12	(12,592,500)	(29,886,953)
Net cash from/(used in) financing activities		<u>112,457,736</u>	<u>(13,345,611)</u>
Net increase in cash and cash equivalents		42,788,030	1,091,139
Effect of exchange rate adjustments on cash held		(1,353,042)	(274,103)
Cash and cash equivalents at the beginning of the period		<u>49,820,013</u>	<u>49,002,977</u>
Cash and cash equivalents at the end of the period		<u><u>91,255,001</u></u>	<u><u>49,820,013</u></u>
Non-cash financing and investing activities:			
The acquisition of a controlled entity in August 2019 included a non-cash transaction of \$120,000,000 which was funded through the issue of \$40,000,000 in shares and \$80,000,000 in debt.			
Non-cash investing activities			
Payments for acquisition of controlled entity		-	(120,000,000)
Total non-cash investing activities		<u>-</u>	<u>(120,000,000)</u>
Non-cash financing activities			
Proceeds from issue of shares	13	-	40,000,000
Proceeds from borrowings	12	-	80,000,000
Total non-cash financing activities		<u>-</u>	<u>120,000,000</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NICKEL MINES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 1 - REPORTING ENTITY

Nickel Mines Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial report for the half year ended 30 June 2020 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is involved in nickel mining and production operations.

The consolidated annual financial report of the Group as at and for the six month period ended 31 December 2019 is available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.nickelmines.com.au.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

The condensed consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the 6 month period ended 31 December 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The financial report was authorised for issue by the Directors on 31 August 2020.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Functional and presentation currency

These financial statements are presented in United States dollars, which is the Company's functional currency.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are materially the same as those applied by the Group in its consolidated financial statements as at and for the period ended 31 December 2019.

NICKEL MINES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

	6 months to 30 June 2020	6 months to 31 December 2019
	\$	\$
NOTE 4 - OTHER EXPENSES		
Audit fees – KPMG audit and review of financial reports	139,163	232,490
Travel	62,254	191,119
Legal fees	47,646	167,804
Other	2,519,778	432,114
	2,768,841	1,023,527
NOTE 5 - FINANCIAL INCOME AND FINANCE EXPENSE		
Interest income	260,589	228,603
Interest expense	(2,622,435)	(2,336,467)
Net change in fair value of financial assets at fair value	-	7,400,232
Foreign exchange gain/(loss)	(3,678,595)	5,407,078
	(6,040,441)	10,699,446
NOTE 6 - TRADE AND OTHER RECEIVABLES		
	30 June 2020	31 December 2019
	\$	\$
Sales taxes receivable	17,433,530	12,517,281
GST/VAT receivable	34,479	22,562
Trade receivables	34,437,260	84,669,039
	51,905,269	97,208,882
NOTE 7 – PROFIT PER SHARE		
	6 months to 30 June 2020	6 months to 31 December 2019
	\$	\$
Basic and diluted profit per share have been calculated using:		
Net profit for the period attributable to equity holders of the Company	24,383,770	56,504,374
	N° of shares	N° of shares
Weighted average number of ordinary shares (basic and diluted)		
- Issued ordinary shares at the beginning of the year	1,665,468,329	1,525,495,624
- Effect of shares issued on 14 August 2019	-	105,740,250
- Effect of shares issued on 29 May 2020	62,971,585	-
- Effect of shares issued on 16 June 2020	8,036,956	-
Weighted average number of shares at the end of the period	1,736,476,870	1,631,235,874

NICKEL MINES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

	30 June	31 December
	2020	2019
	\$	\$
NOTE 8 – INVENTORY		
Current		
Inventories – nickel ore stockpiles at Hengjaya Mine	228,869	237,071
Inventories – nickel pig iron production raw materials	52,709,449	43,306,276
Inventories – nickel pig iron	15,132,496	12,695,211
	68,070,814	56,238,558
	68,070,814	56,238,558

During the six month period ended 30 June 2020, the Company’s 80% subsidiary PT Hengjaya Mineralindo supplied nickel ore to the Company’s subsidiaries PT Hengjaya Nickel Industry and PT Ranger Nickel Industry under contracts to supply 100,000 wmt to each entity for the period January to June 2020.

Nickel pig iron production raw materials includes nickel ore acquired by PT Hengjaya Nickel Industry and PT Ranger Nickel Industry from PT Hengjaya Mineralindo, operator of the Hengjaya Mine. This continues to be valued at the PT Hengjaya Mineralindo cost of production.

Inventories are measured at the lower of cost and net realisable value.

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

	30 June	31 December
	2020	2019
	\$	\$
Furniture and Fittings	106,958	115,328
Mine infrastructure assets	7,221,394	4,712,552
Buildings	59,474,527	61,084,560
Mining properties	25,141,048	25,450,598
Office equipment	489,778	433,728
Plant and machinery	521,079,607	536,454,333
Motor Vehicles	258,831	265,479
	613,772,143	628,516,578
	613,772,143	628,516,578

During the period the Group acquired \$3,563,734 of property, plant and equipment and recognised depreciation and amortisation totalling \$18,308,167.

NOTE 10 - TRADE AND OTHER PAYABLES

	30 June	31 December
	2020	2019
	\$	\$
Current		
Creditors	28,368,173	50,156,272
Accruals	2,475,447	2,150,921
Other	2,568,511	182,069
	33,412,131	52,489,262
	33,412,131	52,489,262

NICKEL MINES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 11 – ACQUISITION OF ADDITIONAL INTERESTS IN CONTROLLED ENTITIES

In June 2020 Nickel Mines notified Shanghai Decent of its intention to exercise its option to acquire a further 20% of the issued and paid-up share capital of Hengjaya Holdings Private Limited and Ranger Investment Private Limited, being the respective Singaporean domiciled holding companies that wholly own PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, the Indonesian PMA companies that in turn own 100% of the Hengjaya Nickel and Ranger Nickel Projects. The acquisitions were completed on 30 June 2020, with the Company paying Shanghai Decent and its nominees US\$120 million for the additional 20% interest in the two Projects, plus a settlement of \$23,268,607 for the 20% of the undistributed retained earnings attributable to Shanghai Decent remaining in both PT Hengjaya Nickel Industry and PT Ranger Nickel Industry to the end of April 2020. A final settlement of the undistributed retained earnings at 30 June 2020 of \$3,896,453 will be made following the release of these half year financial statements.

	30 June 2020	31 December 2019
	\$	\$
NOTE 12 - BORROWINGS		
Current		
Ranger debt facility	11,000,000	4,333,333
Non-current		
Ranger debt facility	44,000,000	60,666,667

Ranger debt facility

In August 2019, as part of the financing package to increase the Company's interest in the Ranger Nickel project from 17% to 60% the Company secured a senior debt facility agreement with a Shanghai Decent associated company. Key terms of the Ranger debt facility agreement are as follows:

- Facility amount of \$80,000,000.
- Interest rate of 6% plus the greater of (i) 3-month US\$ LIBOR or (ii) 2.5% per annum.
- Interest is payable on the last day of each interest period of one month.
- Principal to be repaid in quarterly instalments by repaying on the last business day of November, February, May and August (beginning on 30 November 2020) an amount equal to 1/15th of the amount borrowed under the debt facility.
- Nickel Mines granted security over its equity interests in Ranger Investment Private Limited, the Singaporean entity which holds a 100% indirect interest in the Ranger Nickel project, and its equity interest in Hengjaya Holdings Private Limited, the Singaporean entity which holds a 100% indirect interest in the Hengjaya Nickel project. As detailed in Note 11, on 30 June 2020 the Company's interest in the Hengjaya Nickel and Ranger Nickel projects increased to 80% in each.

Prior to 30 June 2020, the Company has made voluntary prepayments against the Ranger debt facility totalling \$25,000,000, which includes \$10,000,000 paid in the six months period to 30 June 2020. Prepayments are applied on a pro rata basis against all repayment dates following the prepayment. On 28 August 2020 the Company made a further voluntary debt repayment of \$10,000,000, reducing the outstanding facility balance to \$45,000,000.

NICKEL MINES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

	As at 30 June 2020	\$	As at 31 December 2019	\$
NOTE 13 - ISSUED CAPITAL				
Issued and paid up capital				
2,128,099,642 ordinary shares fully paid (31 December 2019 – 1,665,468,329)	2,128,099,642		1,665,468,329	
	Number of shares	\$	Number of shares	\$
Ordinary shares				
Fully paid ordinary shares carry one vote per share and carry the right to dividends.				
Balance at the beginning of the period	1,665,468,329	315,501,048	1,525,495,624	275,938,304
Issue of shares	462,631,313	155,105,932	139,972,705	40,000,000
Costs of issue	-	(6,959,630)	-	(437,256)
Balance at the end of the period	<u>2,128,099,642</u>	<u>463,647,350</u>	<u>1,665,468,329</u>	<u>315,501,048</u>

Period ended 30 June 2020

In May and June 2020, through an Accelerated Non-Renounceable Entitlement Offer, the Group issued 462,631,313 shares for cash totalling A\$231,315,657 (equivalent to \$155,105,932). There were no amounts unpaid on the shares issued and share issue costs amounted to \$6,959,630.

Period ended 31 December 2019

In August 2019, the Group issued 139,972,705 shares for cash totalling A\$57,388,809 (equivalent to \$40,000,000). There were no amounts unpaid on the shares issued and share issue costs amounted to \$437,256.

Options

There were no options granted, exercised or lapsed unexercised during the half year ended 30 June 2020 or the period ended 31 December 2019.

Dividends

There were no dividends paid or declared during the half year ended 30 June 2020 or the period ended 31 December 2019.

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time.

NICKEL MINES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 14 - RELATED PARTIES

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities. A number of these entities transacted with the Group during the year. The aggregate value of transactions and outstanding balances (excluding the compensation noted above) relating to key management personnel and entities over which they have control or joint control were as follows:

Norman Seckold and Peter Nightingale hold an interest in an entity, MIS Corporate Pty Limited ('MIS'), which provided full administrative services, including administrative, accounting, company secretarial and investor relations staff both within Australia and Indonesia, rental accommodation, services and supplies, to the Group. On 1 January 2019 MIS agreed to provide these services for a fee of A\$35,000 per month. This fee will be reviewed quarterly by the Company and MIS. Fees charged by MIS during the period amounted to A\$298,125 (6 months to 31 December 2019: A\$290,250) which included the agreed monthly fee and the reimbursement of consultant expenses incurred by MIS on behalf of the Group. At 30 June 2020 A\$50,625 (31 December 2019: A\$15,000) remained outstanding and was included in the creditor's balance.

Apart from the details disclosed in this note, no Director or other related party has entered into a material contract with the Group during the year and there were no material contracts involving Director's interests subsisting at year end.

NOTE 15 -SEGMENT INFORMATION

Segment information is presented in respect of the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

Reportable segments

For the period ended 30 June 2020, the Group had two segments, being nickel ore mining in Indonesia and the RKEF projects in Indonesia.

	Indonesia - Mine Development \$	Indonesia – RKEF Projects \$	Unallocated \$	Total \$
6 months ended 30 June 2020				
External revenues	-	227,842,571	-	227,842,571
Reportable segment profit/(loss) before tax	(3,922,308)	64,119,472	(14,665,583)	45,531,581
Interest income	8,563	219,649	32,377	260,589
Interest expense	-	29,935	2,592,500	2,622,435
Depreciation and amortisation	1,127,622	17,179,800 ⁽²⁾	745	18,308,167
Reportable segment assets	39,694,888	813,264,436	43,544,644	896,503,968
Reportable segment liabilities	8,031,715	83,858,314	60,089,519	151,979,548

⁽¹⁾ All sales of nickel ore are internal to the Group and so are eliminated on consolidation.

⁽²⁾ Includes \$9,288,790 of amortisation on the fair value uplift of property, plant and equipment resulting from the acquisition of the Hengjaya Nickel and Ranger Nickel RKEF projects.

NICKEL MINES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 15 -SEGMENT INFORMATION (con't)

	Indonesia - Mine Development \$	Indonesia – RKEF Projects \$	Unallocated \$	Total \$
6 months ended 31 December 2019				
External revenues	-(¹)	236,059,160	-	236,059,160
Reportable segment profit/(loss) before tax	1,042,957	96,385,556	(5,974,603)	91,453,910
Interest income	9,882	(8,098)	104,338	106,122
Interest expense	-	127,648	2,208,819	2,336,467
Depreciation and amortisation	496,175	15,922,402 ⁽²⁾	795	16,419,372
Reportable segment assets	35,733,798	837,616,884	24,143,940	897,496,621
Reportable segment liabilities	8,716,103	101,262,603	65,398,810	175,377,516

⁽¹⁾ All sales of nickel ore are internal to the Group and so are eliminated on consolidation.

⁽²⁾ Includes \$8,188,321 of amortisation on the fair value uplift of property, plant and equipment resulting from the acquisition of the Hengjaya Nickel and Ranger Nickel RKEF projects.

	30 June 2020 \$	31 December 2019 \$
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total profit for reportable segments	60,197,164	97,428,513
Net other corporate expenses	(14,665,583)	(5,974,603)
Consolidated profit before tax	45,531,581	91,453,910
Reconciliations of reportable assets and liabilities		
Assets		
Total assets for reportable segments	852,959,324	873,352,681
Unallocated corporate assets	43,544,644	24,143,940
Consolidated total assets	896,503,968	897,496,621
Liabilities		
Total liabilities for reportable segments	(91,890,029)	(109,978,706)
Unallocated corporate liabilities	(60,089,519)	(65,398,810)
Consolidated total liabilities	(151,979,548)	(175,377,516)

Revenue

All sales during the half year and the comparative period were to Shanghai Decent Investment (Group) Co., Ltd, based in China and are recognised at a set point in time.

NICKEL MINES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 16 – SUBSEQUENT EVENTS

- On 27 August 2020 the Company announced an upgraded Resource Report for the Hengjaya Mine, as detailed in the Mineral Resource Statement set out in this report on page 10.
- On 28 August 2020 the Company made a further voluntary repayment of \$10 million against the Ranger debt facility, reducing the balance of the facility to \$45 million.

Other than the matters detailed above, there has not arisen in the interval between the end of the half year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

NICKEL MINES LIMITED
and its controlled entities

DIRECTOR'S DECLARATION

In accordance with a resolution of the Directors of Nickel Mines Limited, I state that in the opinion of the Directors:

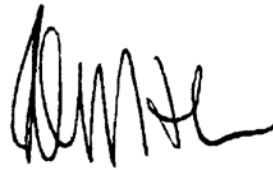
- (a) the financial statements and notes set out on pages 13 to 24 are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 31st day of August 2020

in accordance with a resolution of the Board of Directors:



Robert Neale
Non-Executive Chairman



Peter Nightingale
Chief Financial Officer



Independent Auditor's Review Report

To the shareholders of Nickel Mines Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Nickel Mines Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Nickel Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated interim statement of financial position as at 30 June 2020;
- Condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the half-year ended on that date;
- Notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Nickel Mines Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year period.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim 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 30 June 2020 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Nickel Mines Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Stephen Board
Partner

Brisbane
31 August 2020

NICKEL MINES LIMITED
and its controlled entities

CORPORATE DIRECTORY

Directors:

Robert Neale
Norman Seckold
James Crombie
Weifeng Huang
Mark Lochtenberg
Peter Nightingale
Dasa Sutantio
Justin Werner
Yuanyuan Xu

Company Secretary:

Richard Edwards

Principal Place of Business and Registered Office:

Level 2, 66 Hunter Street
SYDNEY NSW 2000
Phone: 61-2 9300 3311
Fax: 61-2 9221 6333
Email: info@nickelmines.com.au

Auditors:

KPMG
Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Share Registrar:

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
SYDNEY NSW 2000
Phone : 1300 787 272
Overseas Callers : 61-3 9415 4000
Fax : 61-3 9473 2500