

The background image shows a dark industrial smelting plant. In the foreground, a large, bright orange and yellow stream of molten metal flows from a large container on the right towards the left. Several workers in white protective suits and hard hats are visible in the background, some appearing to be operating machinery or monitoring the process. The scene is dimly lit, with the primary light source being the intense heat of the molten metal.

NICKEL
MINES LIMITED

HALF YEAR RESULTS PRESENTATION
FOR THE PERIOD ENDED
30 JUNE 2020

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The information in this report that relates to Mineral Resources, the Exploration Target and Exploration Results is based on data compiled 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.

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Half Year Review

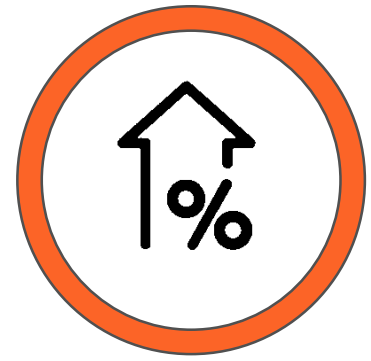
Highlights



Strong profitability and cash flow generation



Record production from RKEF Projects



Increased ownership interest in RKEF Projects



Regular repatriation of funds to Project shareholders



Voluntary debt repayments to further strengthen balance sheet



Declaration of maiden interim dividend

Strong Operational Performance Underpins Solid Financial Result



□ Group P&L:

	1H 2020	1H 2019
Sales revenue:	US\$227.8M	US\$56.8M
Gross profit:	US\$56.4M	US\$67.5M ¹
Operating profit:	US\$51.6M	US\$13.4M
Profit after tax:	US\$45.5M	US\$73.5M ¹
RKEF EBITDA:	US\$74.0M	US\$18.3M
Net Cash from Operations:	US\$78.7M	US\$4.1M

¹ 30 June 2019 results include a \$57.3M accounting profit from the revaluation of the Hengjaya Nickel Project upon switching from equity accounting to consolidated accounting.

A strong financial and result achieved against the backdrop of the Covid-19 Pandemic



□ Group Balance Sheet:

	June 2020	June 2019
Net assets:	US\$744.5M	US\$454.8M
Current assets:	US\$218.6M	US\$108.2M
Cash at bank:	US\$91.2M	US\$49.0M

- **US\$80M** Ranger debt facility established in August 2019.
 - First mandatory repayments commence November 2020.
 - **US\$15M** voluntary repayments made by 31 December 2019.
 - **US\$20M** voluntary repayment made YTD 2020.
 - Total voluntary repayments totalling **US\$35M** leaving an outstanding balance of **US\$45M**.
- Strong balance sheet free to capitalise on future growth opportunities.

Regular Repatriation of Funds from Indonesia



- ❑ 1H 2020 saw Hengjaya Nickel and Ranger Nickel commence a regular repatriation of funds out of Indonesia to RKEF Project shareholders.
- ❑ Hengjaya Nickel - **US\$25.2M** was repatriated to Nickel Mines and **US\$16.8M** was repatriated to Shanghai Decent.
- ❑ Ranger Nickel - **US\$10.8M** was repatriated to Nickel Mines and **US\$7.2M** was repatriated to Shanghai Decent.
- ❑ Repatriations out of Indonesia currently benefit from a withholding tax shield which will remain in effect until intercompany construction loans from Nickel Mines and Shanghai Decent to the RKEF Project companies are fully repaid.



Half Year Review

Dividend Declaration



- Declaration of maiden dividend* of A\$0.01 per share.**
- Intention to maintain a dividend of at least A\$0.01 per share as a full year final dividend in March 2021.
- Caveat - Future dividends will be a function of:
 - Continued strong operations of the Company's RKEF projects.
 - Prevailing macro-economic conditions.
 - Potential growth opportunities which may temporarily take priority over capital returns to shareholder.
- A more formal dividend policy will be enunciated by the NIC Board at an appropriate time in the future.

* Dividends will be unfranked due to the Company not paying any corporate income tax in Australia.

Record date for Dividend participation
8 September 2020

Estimated Dividend payment date
14 September 2020

Half Year Review

Corporate



- ❑ Successful completion of 1-for-3.6 Accelerated Non-Renounceable Entitlements Offer raising **A\$231M**.
 - ❑ Overwhelming support for the transaction from the Company's shareholders.
- ❑ Increase in NIC's attributable interest in the Hengjaya Nickel and Ranger Nickel RKEF Projects from **60% to 80%** (effective 1 July 2020).
 - ❑ NIC now positioned to become a globally significant nickel producer of **~32kt - 34kt pa** (materially higher than other ASX peers).
- ❑ PT Karunia Bara Perkasa (**PT. KBP**) acquires a substantial shareholding.
 - ❑ Current holding of **16.1%** (Now NIC's 2nd largest shareholder).
 - ❑ Mr Stephanus (Dasa) Sutantio appointed as a Non-Executive Director.



- ❑ IMIP has been exceptionally well managed throughout the COVID-19 pandemic.
- ❑ Strict access controls implemented at the onset of the pandemic (late January 2020).
- ❑ **No Covid-19** cases reported at any of the Company's operations and no direct adverse operational impacts.
- ❑ Many global mining operations have been shutdown or temporarily suspended. The IMIP has remained open and operating at near full capacity.
- ❑ Strong emphasis in safety resulted in **no LTIs during 1H 2020**.

Half Year Review

RKEF Operations



Half Year Review

RKEF Operations



- ❑ Record RKEF production
 - ❑ **21,395 tonnes** nickel production (100% basis).
 - ❑ **12,387 tonnes** nickel production (NIC attributable).
 - ❑ *Attributable production to increase with increased ownership.*

- ❑ NPI grades stable around **14%-15%**.

- ❑ Bottom quartile operating costs:
 - ❑ Hengjaya Nickel: **US\$7,292/t Ni.**
 - ❑ Ranger Nickel : **US\$7,301/t Ni.**

- ❑ Industry leading nickel payabilities.

- ❑ A strong operational track record has now been established.

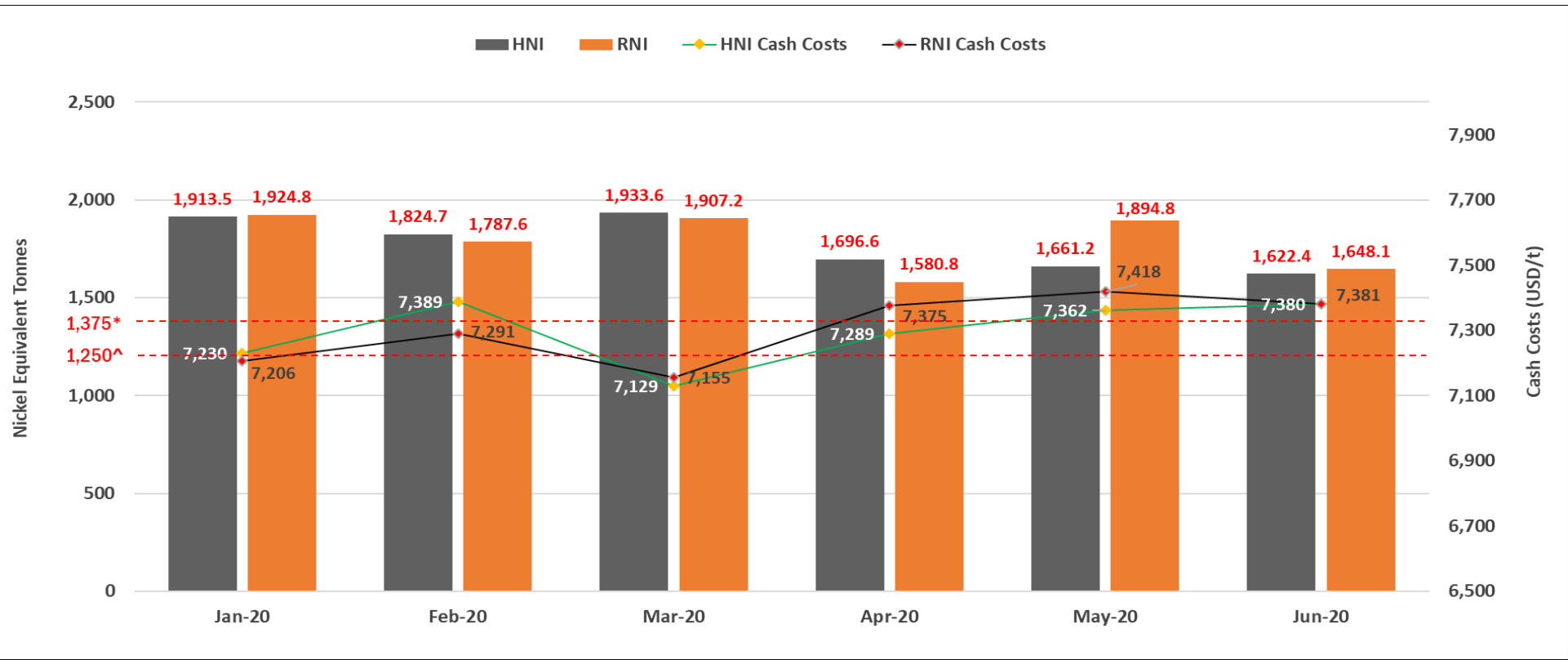


Half Year Review

RKEF Operations

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

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



21,395 tonnes nickel metal (100% basis)

12,837 tonnes nickel metal (NIC attributable)

* 16.5kt pa / 1,375t pm (Prospectus guidance)
 ^ 15.0kt pa / 1,250t pm (Design capacity)

Half Year Review

Hengjaya Mine Operations



Hengjaya Mine Operations



- ❑ Sapolite production of **212,568 tonnes**.
- ❑ **209,628 tonnes** sold at an average grade of 1.81%.
- ❑ **257,984 tonnes** of limonite were stockpiled during the 1H 2020.
 - ❑ Limonite stockpiles now stand at **400,033 tonnes**.
- ❑ All operations affected by severe weather during the June quarter.
 - ❑ Rainfall of **1,128mm (3.7 feet)** was recorded at the Hengjaya Mine in June 2020, almost double the June 2016 - 2019 average.
 - ❑ Heavy rain and localised flooding materially impacted mining activities and caused delays to the planned ramp-up of operations at the Central Pit.



- ❑ Hengjaya Mine expansion initiatives largely completed during 1H 2020.
- ❑ Significant progress made on haul road connecting Central Pit and Bete Bete Pit.
 - ❑ Connected road system will enhance mining operation flexibility and logistical efficiencies.
- ❑ Expanded jetty capacity now in place.
 - ❑ 6,500 tonne and 10,000 tonne capacity barges will facilitate additional tonnage volumes to the IMIP.
- ❑ Construction of mine camp and associated infrastructure completed.
 - ❑ New infrastructure includes technical offices and workshops, community relations centre, safety, training and recreational buildings.

Hengjaya Mine is now fully equipped to materially ramp up production and optimise its strategic value to the IMIP.

Half Year Review

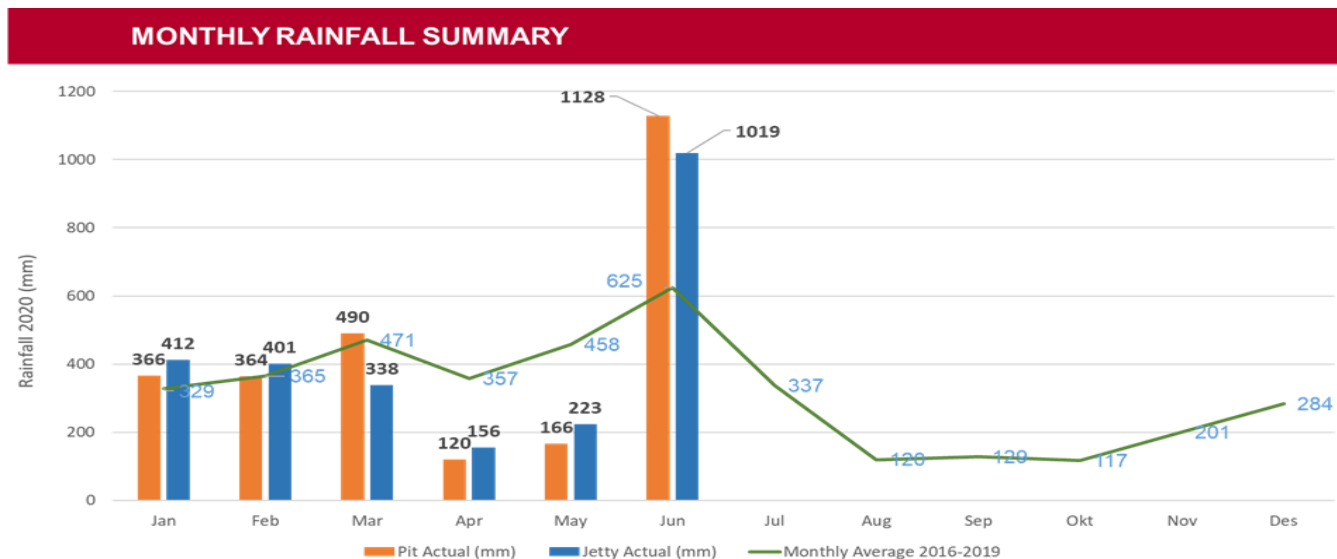
Hengjaya Mine Operations

		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



Kendari Road – June 2020

*Strip ratio includes limonite as overburden



Central Pit – July 2020

Half Year Review

Mineral Resource Upgrade



- ❑ Upgraded 2020 mineral resource of **185M dmt @1.3% Ni** for contained nickel of ~2.4Mt (calculated over 1,144 hectares).
 - ❑ Based on more stringent calculation methods.
 - ❑ Application of 2.75% Ni top-cut. No top-cut applied in 2018 resource.
- ❑ New resource calculated across only 60% of existing resource area because of changes in the JORC code that no longer permit the reporting of resources outside the Company's current 'Pinjam Pakai' areas.
- ❑ Significant resource upside still exists.
- ❑ Infill drill program over the last 12 months has seen a significant upgrade in measured and indicated resource.
 - ❑ **2020 resource - ~70% M&I**
 - ❑ 2018 resource - ~31% M&I

2020

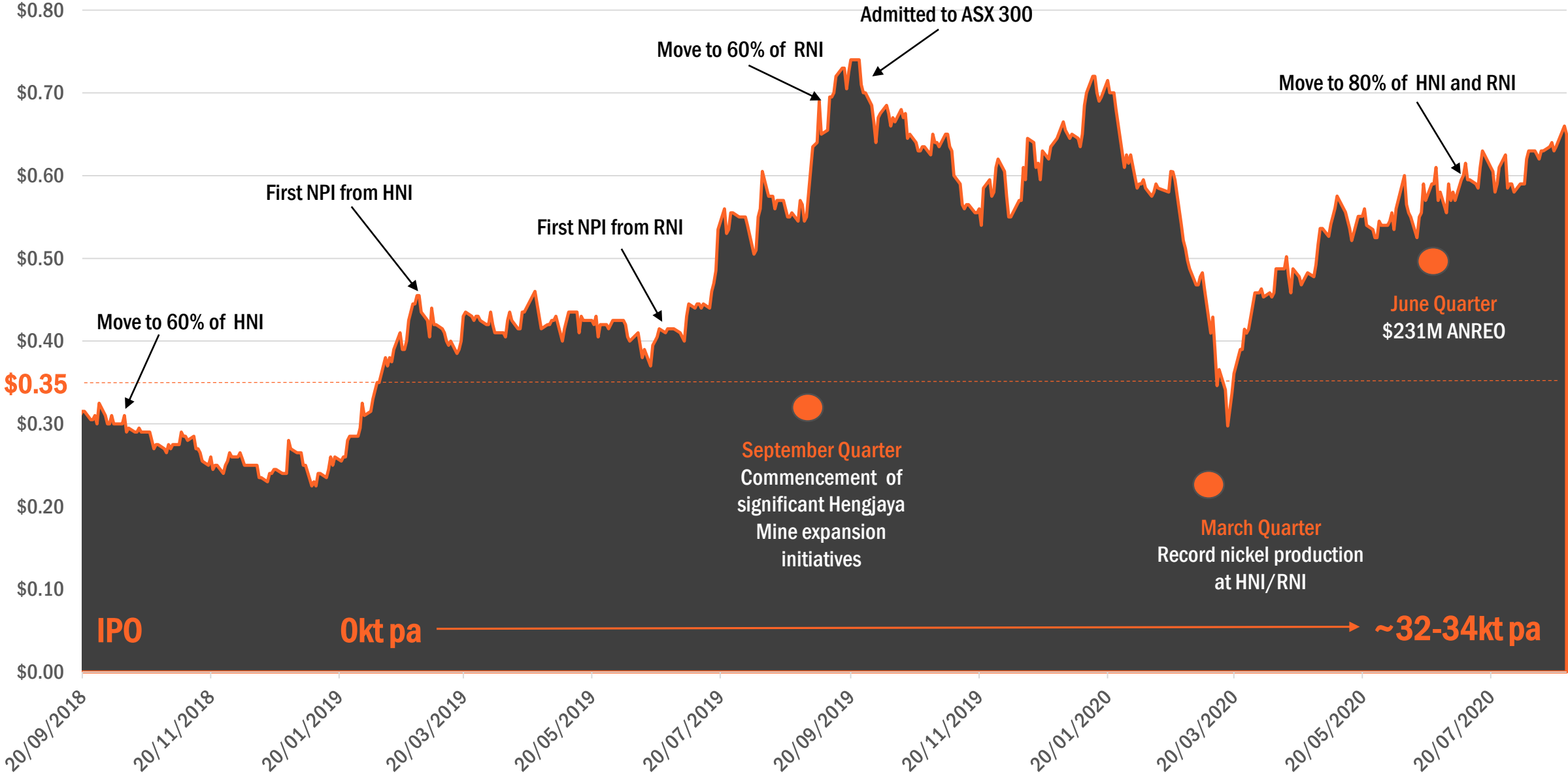
Category	Dry Tonnes (million)	Ni (%)	Co (%)	Fe (%)
Measured	20	1.3	0.08	28
Indicated	109	1.3	0.08	29
Inferred	56	1.3	0.07	27
Total	185	1.3	0.07	28

2018

Category	Dry Tonnes (million)	Ni (%)	Co (%)	Fe (%)
Measured	6.9	1.2	0.07	23
Indicated	50	1.4	0.07	26
Inferred	120	1.3	0.08	29
Total	180	1.3	0.08	28

The upgraded mineral resource and exploration target potential confirms the strategic value of the Hengjaya Mine to the IMIP.

In less than 2 years since its IPO, Nickel Mines has transitioned from a small-scale supplier of nickel ore to a globally significant nickel producer with attributable nickel production of >30kt pa



Emerging as a Pre-Eminent Global Nickel Investment Exposure



- ❑ Australia's largest listed pure play nickel producer. ✓
- ❑ Unique exposure to the epicentre of global nickel growth - Indonesia and Tsingshan. ✓
- ❑ Significant nickel price leverage and a bottom quartile industrial-style cost base - without the usual "mining operational risk" profile. ✓
- ❑ Now a dividend paying stock. ✓
- ❑ Cash flow and balance sheet to responsibly fund future growth opportunities. ✓

Thank You

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