NICKEL MINES LIMITED

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23 February 2022

The Manager, Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(76 pages by email)

Dear Madam,

ANNUAL REPORT AND APPENDIX 4E

I attach the Nickel Mines Limited and its controlled entities ('Nickel Mines Group') Annual Report for the year ended 31 December 2021 and Appendix 4E, Preliminary Final Report.

Highlights:

	12 Months to 31 December 2021 US$	**12 Months to 31 December 2020 US$**
• Nickel Mines Group Results:		
○ Sales revenue:	US$645.9M	US$523.5M
○ Gross profit:	US$216.8M	US$165.1M
○ Operating profit:	US$194.0M	US$157.7M
○ Profit after tax:	US$176.0M	US$153.7M
○ EBITDA:	US$242.5M	US$197.1M

	31 December 2021 US$	**31 December 2020 US$**
• Nickel Mines Group Balance Sheet:		
○ Net assets:	US$1,329.9M	US$1,086.2M

- 40,410 tonnes (32,328 tonnes attributable) of nickel metal produced in 298,353 tonnes of nickel pig iron.
- Acquired an 80% interest in the Angel Nickel RKEF Project.
- A record 2,457,694 tonnes of saprolite ore mined at the Hengjaya Mine.
- Execution of agreement to acquire 70% of the Oracle Nickel RKEF Project.
- A$100.6M (US$75.1M) of dividends distributed to shareholders.

Yours sincerely

Richard Edwards
Company Secretary

pjn11140

Appendix 4E

Preliminary final report

Name of entity

NICKEL MINES LIMITED

ABN or equivalent company reference	Financial year ended ('current period')
44 127 510 589	**31 DECEMBER 2021**

Results for announcement to the market

Revenues from ordinary activities	Up	23.4%	to	US$645.9M
Profit from ordinary activities after tax attributable to members	Up	24.6%	to	US$137.9M
Net profit for the period attributable to members	Up	24.6%	to	US$137.9M

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend Interim dividend	A$0.02 A$0.02	Nil Nil
Previous corresponding period Final dividend Interim dividend	A$0.02 A$0.01	Nil Nil

Record date for determining entitlements to the dividend.	3 February 2022

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 audited financial reports for the year ended 31 December 2021.

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	US$0.529	US$0.432

The attached Annual Report which forms part of this Appendix 4E has been audited.

NICKEL MINES LIMITED
and its controlled entities

A.B.N. 44 127 510 589

ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2021

CONTENTS

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

It is with great pleasure I present to you the Nickel Mines Limited (the 'Company' or 'Nickel Mines') Annual Report for the financial year ended 31 December 2021.

Notwithstanding the ongoing challenges presented by the global covid-19 pandemic, the year saw Nickel Mines continue on its rapid growth trajectory with the construction and financing of its Angel Nickel Project ('Angel' or 'ANI') within the Indonesia Weda Bay Industrial Park ('IWIP'), which at the time of this letter is now pleasingly in its commissioning phase.

Excitingly in November 2021 we were able to announce our investment into the Oracle Nickel Project ('Oracle; or 'ONI'), a new 4-RKEF line development project within the IMIP. Oracle represents another highly value accretive investment for the Company and one which alongside ANI will see the Company's existing production profile more than triple current levels when fully commissioned, not to mention the transformative impact both projects will have on the Company's finances. Once again, the ONI transaction is further evidence of our strengthening relationship with our trusted collaboration partner Shanghai Decent who continue to impress with their construction feats. We are also delighted to now be expanding our collaboration to involve a series of "Future Energy" initiatives which we believe demonstrates a strong commitment from both parties to a more sustainable future for Indonesia's nickel industry.

Underpinning these transformative growth projects have been strong levels of production and cash flow generation from our existing assets. Our Hengjaya and Ranger RKEF operations were again able to consistently produce 10,000 tonnes of nickel metal per quarter for an annual output of just over 40,000 tonnes, and with margins expanding over the course of the second half of the year we were able to deliver a record RKEF EBITDA result of US$224.9M. This exceptional result was achieved against the backdrop of materially higher global energy costs, which saw significantly reduced profitability across many other mining and industrial projects, serving to highlight the robustness and resilience of our operations across all commodity price environments.

Equally pleasing has been the performance of our Hengjaya Mine. Two years ago, the Company committed a material amount of time and resources to ensure the mine would be optimally positioned to realise the full strategic value of its world class resource. It is with great pride and satisfaction that I have watched regular quarterly production records established over 2021 with the near 850kt mined in the most recent December quarter almost matching 2020's entire annual production of 870kt. The introduction of the Central Pit to our operations, in addition to significant upgrades to our campsite, jetty and internal haul road network, has had a remarkable impact on overall operational efficiencies and the entire Hengjaya mine and contractor staff should be congratulated for their efforts.

As always, I would like to finish by thanking you, our shareholders, for another year of support and belief in the Company's vision to rapidly and responsibly build Nickel Mines into a globally significant nickel business. We are delighted to have been able to pay out A$0.04 per share for 2021 and distribute to our shareholders some of the cash flows generated by operations. Responsibly managing our capital and the deployment of cashflows will again be a key objective for the Company in 2022, but with 8 RKEF lines coming online over the next 12 months and a growing contribution from Hengjaya Mine set to continue, we should all be optimistic for a prosperous 2022.

Yours sincerely

RC Neale

Robert Neale
Chairman

Principal Activities and Review of Operations
(All amounts in US$ unless otherwise stated)

The operating profit of Nickel Mines Limited and its controlled entities (together 'the Group') for the year ended 31 December 2021 after income tax was $175,976,986 (31 December 2020: $153,698,840).

Nickel Mines Limited ('the Company' or 'Nickel Mines') was incorporated on 12 September 2007, under the laws of the State of New South Wales, Australia. The Group has become a globally significant, low cost producer of nickel pig iron ('NPI'), a key ingredient in the production of stainless steel. The Group's principal operations, located in Central Sulawesi, Indonesia, are the Hengjaya Nickel and Ranger Nickel rotary kiln electric furnace ('RKEF') projects located within the Indonesia Morowali Industrial Park ('IMIP'), the Angel Nickel RKEF Project currently commencing commissioning at the Indonesia Weda Bay Industrial Park ('IWIP') and the Hengjaya Mine. At year end, the Company held an 80% interest in each RKEF project and the Hengjaya Mine, a large tonnage, high grade nickel laterite deposit in close proximity to the IMIP. Additionally, the Company has executed an agreement to acquire a 70% interest in an additional four RKEF lines and a 380 megawatt ('MW') power plant being constructed at IMIP ('Oracle Nickel').

During and following the year ended 31 December 2021 significant milestones were achieved as follows:

- The Company's Hengjaya Nickel and Ranger Nickel projects produced a combined 298,353 tonnes of NPI, containing 40,410 tonnes of nickel metal equivalent. A total of 41,193 tonnes of nickel metal equivalent were sold during the year. EBITDA from RKEF operations for 2021 was a record $224.9M.
- At a General Meeting held in January 2021, the Company's shareholders approved the 70% acquisition of the Angel Nickel project, which consists of four RKEF lines with an annual nameplate production capacity of 36,000 tonnes of nickel metal (in nickel pig iron) and a 380MW power plant. Subsequently, the Company secured the right to acquire an additional 10% interest in Angel Nickel. Over the course of 2021 the Company completed the acquisition of the 80% interest in Angel Nickel through the payment of US$557.6M, inclusive of a $2.4M discount for early payment. Subsequent to year end, the Angel Nickel project has commenced commissioning, with NPI being produced from the first RKEF line in January 2022.
- In December 2021, the Company executed a definitive agreement with Shanghai Decent Investment (Group) Co., Ltd ('Shanghai Decent'), for Nickel Mines to acquire a 70% equity interest in the Oracle Nickel Project, which consists of four RKEF lines with an annual nameplate production capacity of 36,000 tonnes of nickel metal and a 380MW power plant. The acquisition was approved by the Company's shareholders at a General Meeting held in January 2022.
- In January 2021 the Company declared a final dividend for 2020 of A$0.02 per share, being a distribution of A$50.3M and in August 2021 the Company declared an interim dividend for of A$0.02 per share, being a distribution of A$50.3M Subsequent to year end the Company declared a final dividend of A$0.02 per share, being a further distribution of A$50.3M.
- A total of 2,457,694 wet metric tonnes ('wmt') of nickel saprolite ore were mined at the Hengjaya Mine, with an average stripping ratio of 1.6:1 BCM/wmt. A total of 2,169,972 wmt were sold during the year at an average grade of 1.76% nickel. Additionally, a further 1,161,600 wmt of limonite was mined for delivery to HPAL plants being built at the IMIP. Limonite supply commenced in November 2021, with 98,313 tonnes of limonite delivered to the Huaye Nickel Cobalt project. EBITDA from mine operations was $22.0M.
- In March 2021, the Company completed a $175M inaugural offering of Senior Unsecured Notes at an interest rate of 6.5%, maturing 1 April 2024. This was followed in September 2021 with a $150M 'tap' issuance of additional Senior Unsecured Notes, forming a $325M single series of notes.
- The Company undertook a number of new resource project initiatives. These included (i) the signed a binding memorandum of agreement with PT Iriana Mutiara Mining for the staged acquisition of a 100% interest in the Siduarsi Nickel-Cobalt project ('Siduarsi') in Papua province, Indonesia, (ii) the signing of a conditional share purchase agreement to acquire 100% of the Tablasufa Nickel project with Bolt Metals Corp. and (iii) the execution of a facility agreement with PT Sinar Inti Pembangunan under which the Company advanced $3.5M to assist in funding the development and eventual acquisition of the Pt. Adadi Nikel Nusantara ('ANN') and Pt. Sulawesi Nikel Abadi ('SNA') nickel projects.

REVIEW OF OPERATIONS

RKEF OPERATIONS (80% interest held by Nickel Mines)

Nickel Mines held throughout 2021 an 80% interest in the Hengjaya Nickel and Ranger Nickel RKEF projects.

A summary of production from the Hengjaya Nickel and Ranger Nickel projects for the year ended 31 December 2021 is as follows:

		Hengjaya Nickel	Ranger Nickel	Total
NPI production	tonnes	149,045	149,308	298,353
NPI grade	%	13.4	13.7	13.5
Nickel metal production	tonnes	20,020	20,390	40,410
Nickel metal production attributable to Nickel Mines	tonnes	16,016	16,312	32,328
Nickel metal s	tonnes	20,358	20,835	41,193

Hengjaya Nickel (80% interest held by Nickel Mines)

During the year, Hengjaya Nickel produced 20,020 tonnes of nickel metal at an average NPI grade of 13.4% at a weighted average cash cost of $10,166/tonne of nickel metal.

HENGJAYA NICKEL		Mar 2021 Quarter	Jun 2021 Quarter	Sep 2021 Quarter	Dec 2021 Quarter	Total
NPI production	tonnes	36,811	36,928	36,174	39,132	**149,045**
NPI grade	%	13.8	13.6	13.8	12.7	**13.4**
Nickel metal production	tonnes	5,065	5,008	4,990	4,957	**20,020.0**
Cash costs	US$/t Ni	8,725	9,133	10,429	12,418	**10,166**
Nickel metal sold	tonnes	5,031	5,380	4,990	4,957	**20,358**

Nickel Mines' attributable nickel metal production from Hengjaya Nickel for the year ended 31 December 2021 was 16,016 tonnes.

For the year ended 31 December 2021, Hengjaya Nickel recorded sales of $317.8M for 20,358 tonnes of nickel metal sold. EBITDA for Hengjaya Nickel for the year was $108.8M.

Hengjaya and Ranger RKEF operations

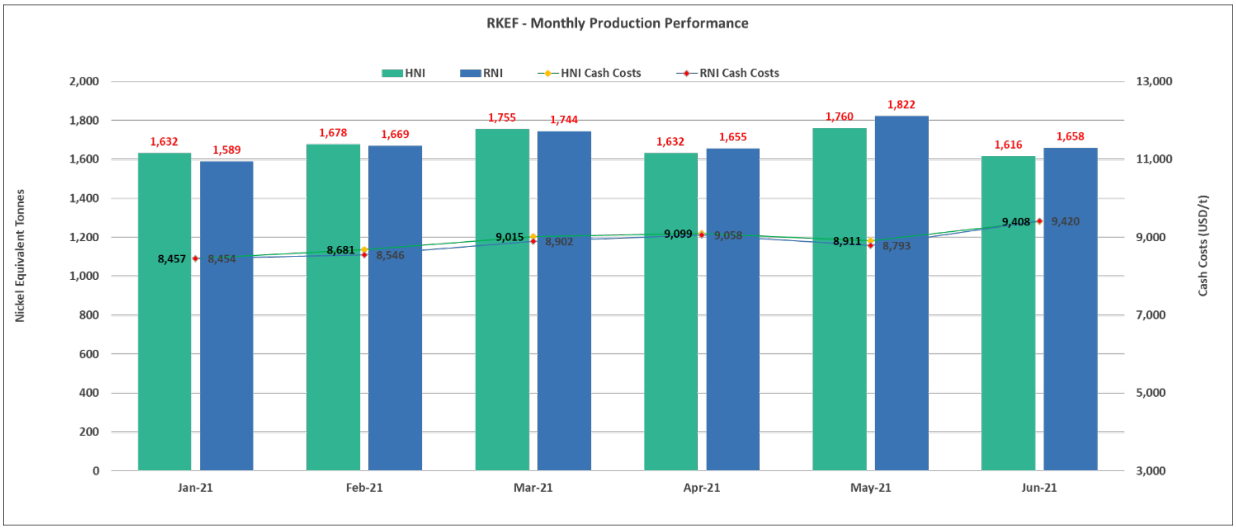
Ranger Nickel (80% interest held by Nickel Mines)

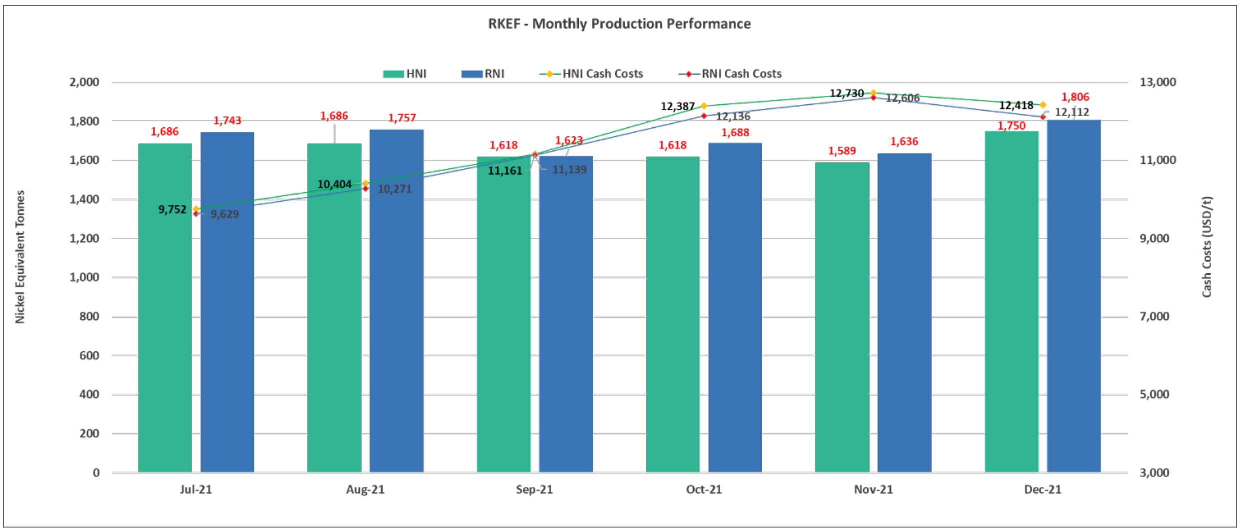
During the year, Ranger Nickel produced 20,390 tonnes of nickel metal at an average NPI grade of 13.7% at a weighted average cash cost of $10,090/tonne of nickel metal.

RANGER NICKEL		Mar 2021 Quarter	Jun 2021 Quarter	Sep 2021 Quarter	Dec 2021 Quarter	Total
NPI production	tonnes	35,128	37,559	36,980	39,641	**149,308**
NPI grade	%	14.2	13.7	13.9	12.9	**13.7**
Nickel metal production	tonnes	5,003	5,135	5,123	5,130	**20,390**
Cash costs	US$/t Ni	8,641	9,081	10,327	12,277	**10,090**
Nickel metal sold	tonnes	5,226	5,355	5,123	5,130	**20,835**

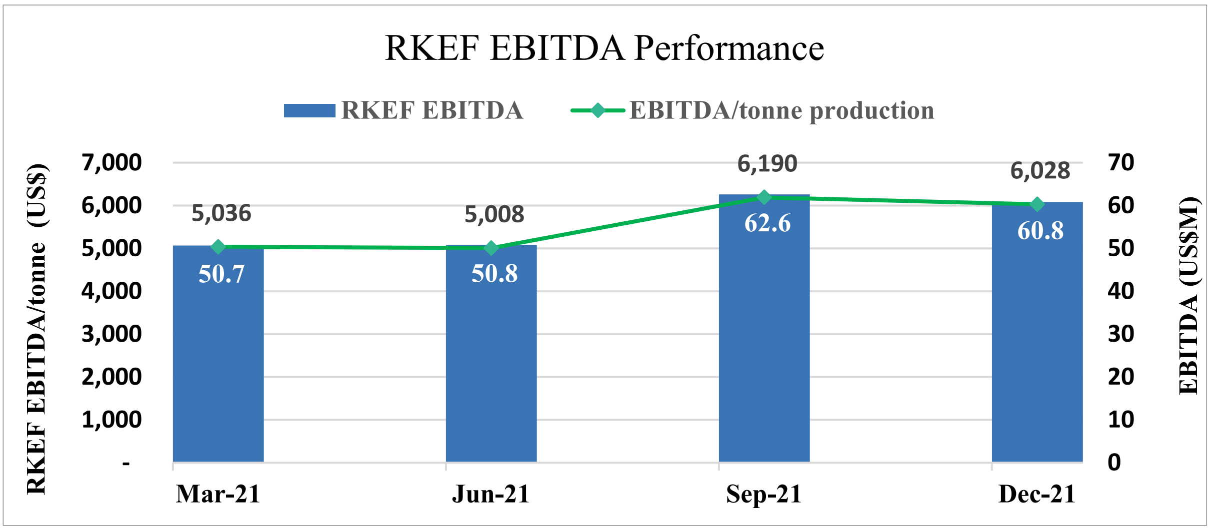
Nickel Mines' attributable nickel metal production from Ranger Nickel for the year ended 31 December 2021 was 16,312 tonnes.

For the year ended 31 December 2021, Ranger Nickel recorded sales of $327.0M for 20,835 tonnes of nickel metal sold. EBITDA for Ranger Nickel for the year was $116.2M.





Production and cost performance from the Hengjaya Nickel and Ranger Nickel RKEF projects in 2021.



Commentary on RKEF Operations

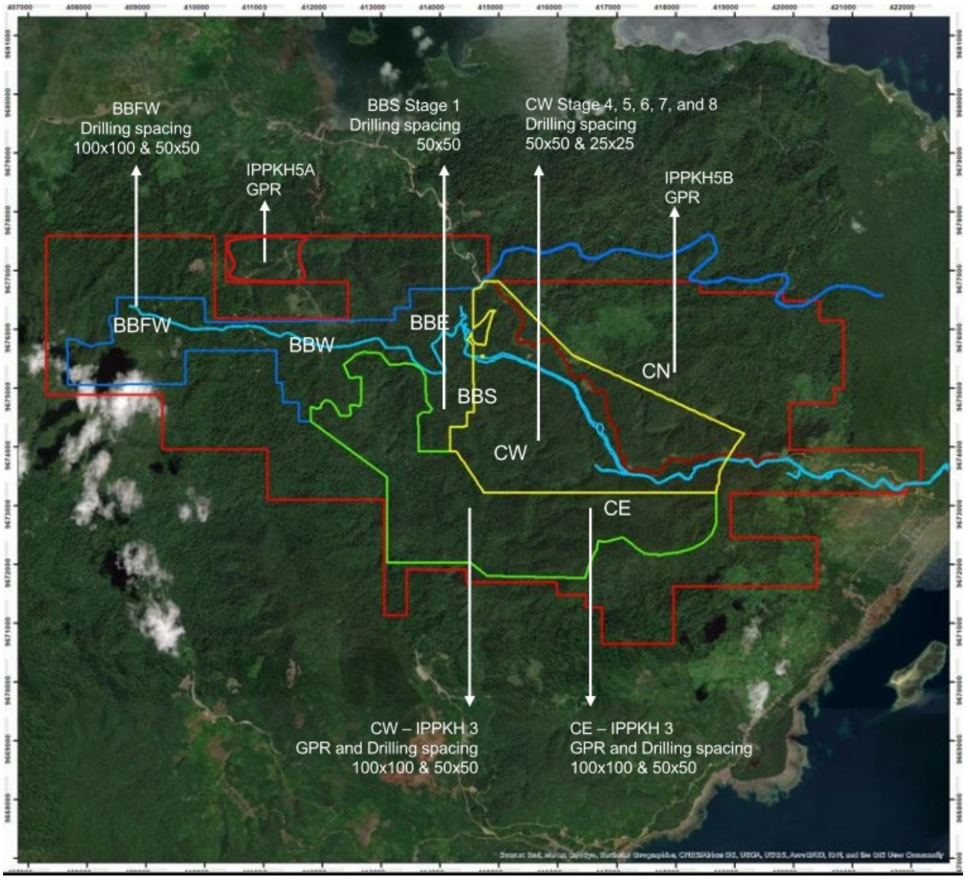
The Company's RKEF operations delivered a record EBITDA of US$224.9M for the year ended 31 December 2021, underpinned by continued strong margins which averaged US$5,607/t for the year. Despite rising coal and energy prices over the second half of 2021, which saw cash costs average more an US$11,300/t, higher realised contract prices allowed the Company to operate at margins of greater than US$6,000/t across the second half and deliver a record EBITDA of US$123.6M for the second half of 2021. The ability of the Company's RKEF operations to produce this record operational performance serves to highlight the robustness and resilience of these operations across all commodity price environments.

Hengjaya RKEF operations

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 June 2011) with two further 10 year extension periods.



Map showing the boundary of the Hengjaya Mine IUP and various drilling programs

Mining

In the December quarter, the Hengjaya Mine set a new production record of 847,260 wmt of saprolite ore mined, a 46% increase on the previous record of 579,156 wmt in the September quarter with this strong second half resulting in a record annual production result of 2,457,694 wmt of saprolite ore mined. This performance is the result of significant investment in mining operations and supporting infrastructure over the last two years including material upgrades to the campsite, jetty and internal haul road network, all of which have delivered significant operational efficiencies that now see the mine optimally positioned to realise the full strategic value of its world class resource. As evidenced in the table below continual quarterly production records were established over 2021 with the 847kt mined in the December 2021 quarter almost matching 2020's entire annual production of 870kt. Current operational momentum, along with detailed mine planning and associated support services, has the mine on target to deliver on its budgeted 3 million tonnes of saprolite ore production for 2022.

In November 2021 the first barges of limonite were delivered to the Huayue Nickel Cobalt project located within the IMIP. A total of 98,313 tonnes of limonite ore were delivered in November and December with supply volumes set to increase to up to 100,000 wmt per month during 2022. The limonite will be processed by the IMIP's two high-pressure acid leach ('HPAL') plants producing battery grade nickel for use in the burgeoning electric vehicle ('EV') battery market.

Hengjaya Mine continues to focus on achieving safe, consistent quality production rates with the December quarter increasing production in 2021 to over 2.5 million wmt of saprolite for the year at a grade of 1.76% Ni. The overburden strip ratio for the quarter was 1.4:1 and averaged 1.6:1 for the year. Production results continue to reconcile well against the geological model, providing confidence in the continued delivery of quality saprolite ore to the RKEF plants, while also enabling the separation of limonite ore for supplying the HPAL plant.

		March 2021 Quarter	June 2021 Quarter	September 2021 Quarter	December 2021 Quarter	Total 2021
Tonnes mined	wmt	456,487	574,791	579,156	847,260	2,457,694
Overburden mined	BCM[3]	262,270	549,213	793,045	1,183,367	2,787,895
Limonite mined	BCM	402,557	349,373	257,448	152,222	1,161,600
Overburden and limonite mined	BCM	664,827	898,586	1,050,493	1,335,589	3,949,495
Strip ratio[1]	BCM/wmt	1.5	1.6	1.8	1.6	1.6
Tonnes sold	wmt	424,410	542,384	568,692	634,486	2,169,972
Average grade sold	%	1.77	1.78	1.74	1.75	1.76
Average price received	US$/t	35.40	36.09	36.45	37.55	36.48
Average cost of production[2]	CIF US$/t	22.78	23.48	24.61	24.98	24.20

(1) Strip ratio includes limonite as overburden.

(2) Average cost of production includes amortisation and depreciation costs for the 12 months of $0.79/t.

(3) BCM represents bank cubic metres.

Mine Expansion

As was the case the previous year, the numerous expansion initiatives undertaken and/or completed during 2021 had the underlying objective of unlocking the strategic value of Hengjaya Mine's large scale resource. While having the immediate effect of scaling up production levels and reducing costs, many of the expansion initiatives have been designed to prepare the mine to be a future material supplier of both saprolite and limonite ore to the IMIP.

With the majority of material operational improvements fully implemented across 2021, in conjunction with opening new mine areas at the Bete Bete and Central pit operations, Hengjaya Mine was able to successfully deliver its production targets. Jetty operations have also operated at a significantly higher capacity since their expansion and upgrade, whilst the finalisation of the 6.5km of mine haul road to IMIP is planned to be completed in 2022. Internal haul roads connecting several Bete Bete and Central pits are now in full operation and have been a significant contributor to improved mining efficiencies.

Stockpiles and jetty operating at 2.5m tpa

Exploration

During 2021 there were a total of 26,269 metres drilled at Hengjaya Mine. Infill drilling totalled 15,593 metres, while exploration drilling accounted for 10,676 metres. All drilling costs were absorbed in the mine's operating costs.

The primary focus of infill drilling throughout the IUP were the Bete Bete and Central pit resource areas to enable accurate, detailed medium term mine planning and resource optimisation to continue well in advance of the mine's production targets. Generally, the mine infill drilling was conducted on a 25x25 meters grid, depending on the location and associated geology. Exploration drill density was determined by the level of geological confidence and ranged from 200 metres to 50 metres drill patterns. As well as the accurate production planning, the infill drilling also allowed for longer term mine infrastructure, overburden and rehabilitation planning. This has enabled the Hengjaya Mine to optimise both the saprolite and limonite resources.

The mine reconciliation of saprolite ore modelled versus actual saprolite mined continued to confirm excellent results, well above the forecasted industrial recovery of 80% throughout the planning and mining operations.

In the latter part of 2021 exploration work commenced on a prospective new area of IPPKH 3 totaling approximately 990 hectares. A ground penetrating radar ('GPR') survey was undertaken and has identified an initial area of over 300 hectares of thick laterite with drilling to commence in 2022, with ongoing GPR work to continue throughout this area during the first half of 2022. Drilling of IPPKH3 is planned to be followed by a resource update later in the year.

Closely associated with drilling activities is the Hengjaya Mine's on-site laboratory which includes preparation and assay facilities. During the year, the laboratory processed and assayed over 47,000 samples enabling fast turnaround times whilst being very cost affective across all areas of exploration, mine grade control and barging operations. A percentage of samples were also sent off-site to a third party for quality control and assurance reconciliation.

Safety, Environment and Community

Safety

The dedicated focus on safety at the Hengjaya Mine resulted in over 3.4 million-man work lost time injury free ('LTIF') hours being achieved by early November. Sadly, an accident involving a contractor haul-truck driver occurred on the 19 November resulting in a fatality. The Group's sincere condolences are extended to the deceased's family, friends and fellow workers. The ESDM (Mines and Energy) worked with senior mine site staff to review the accident and revisit training and safety protocols for its drivers.

Community

Nickel Mines is strongly committed to contributing to both human and infrastructure development around the Hengjaya Mine and local communities and as such is actively involved in numerous Community Development and Empowerment (PPM) and Community Social Responsibility initiatives.

REVIEW OF OPERATIONS

CORPORATE

Angel Nickel

During the year, the Company reached agreement with its collaboration partner, Shanghai Decent, for the Company to acquire an additional 10% interest in the Angel Nickel, increasing the Company's interest to 80%. The acquisition of Angel Nickel was a fixed purchase price on the basis of a valuation of $700M, subject to an early payment discount, for 100% of the share capital.

During the year, the Company completed the acquisition of 80% of Angel Nickel in three tranches:

- 30% was acquired in January 2021 for $210M, inclusive of a $30M down payment made in 2020;
- a further 20% was acquired in April 2021 for $137.6M, inclusive of a $2.4M discount for early payment; and
- a further 30% was acquired on 30 September 2021 for $210M.

In January 2022, the Company announced Angel Nickel had entered its commissioning phase, with the first of its four RKEF lines having commenced NPI production. All four lines are anticipated to have commenced operations by the end of April 2022.

Oracle Nickel

During the year, the Company agreed to purchase a 70% interest in the Oracle Nickel Project, a new development project that has commenced construction within the IMIP comprising four RKEF lines with an annual nameplate production capacity of 36,000 tonnes of nickel metal (in nickel pig iron). The Oracle Nickel project company will also separately undertake the construction of a 380MW power plant that will support both the Oracle Nickel RKEF lines and IMIP's overall grid power requirements. The Oracle Nickel asset specifications will replicate those of the Company's Angel Nickel Project.

Oracle Nickel's total valuation of $750M (on a 100% basis) represents a modest uplift in valuation from Angel Nickel (US$700M on a 100% basis) but still representing industry low levels of capital intensity for newly installed nickel production capacity. The Company will secure its 70% interest in the Oracle Nickel Project though an "acquisition" component comprising $371M ($530M * 70%) in addition to providing $154M ($220M * 70%) of funding by way of shareholder loans.

The agreed payment schedule and Nickel Mines' ownership interest in the Oracle Nickel Project is as follows:

Date	Amount ($M)		Ownership interest (%)
Signing of MoU	10.0	Paid	
Definitive Agreement	20.0	Paid	
By 31 March 2022	23.0	Paid	10%
By 30 June 2022	106.0		30%
By 30 September 2022	46.2	1st shareholder loan	
By 31 December 2022	212.0		70%
	46.2	2nd shareholder loan	
By 31 March 2023	61.6	3rd shareholder loan	
Total	**525.0**		

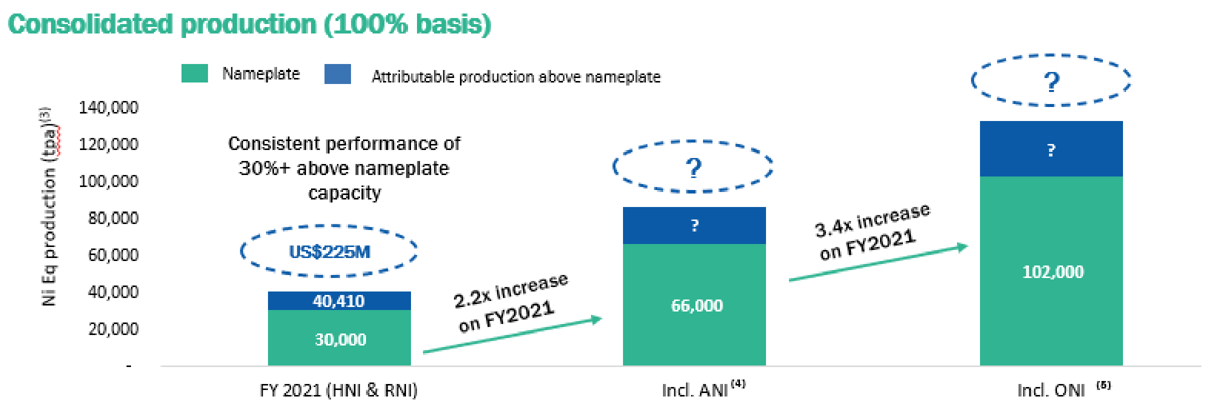
Nickel Mines' 70% interest in Oracle Nickel represents 25,200 tonnes per annum ('tpa') of attributable nameplate nickel metal capacity, increasing the Company's total attributable nameplate capacity to 78,000tpa of nickel metal.

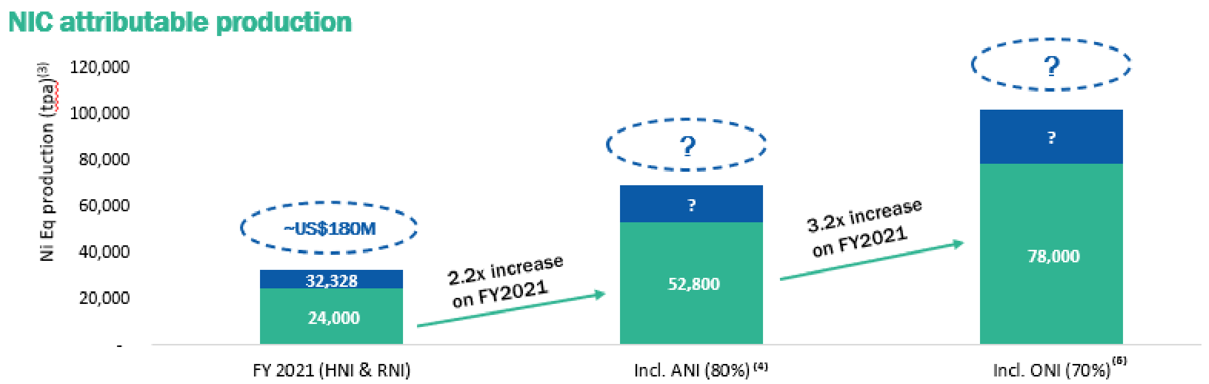
		IMIP	IMIP	IMIP	IWIP	Total
Annual Capacity		**HNI**	**RNI**	**ONI**	**ANI**	
Nameplate	Ni tonnes	15,000	15,000	36,000	36,000	102,000
NIC attributable	Ni tonnes	12,000	12,000	25,200	28,800	78,000

The acquisition of the Oracle Nickel Project represents a further transformative increase in both the Company's production and final profile. Along with Angel Nickel, the addition of Oracle Nickel will see the Company's RKEF operations increase from 4 lines to 12 lines and provide a clearly defined growth path towards 100kt pa of attributable nickel metal production.

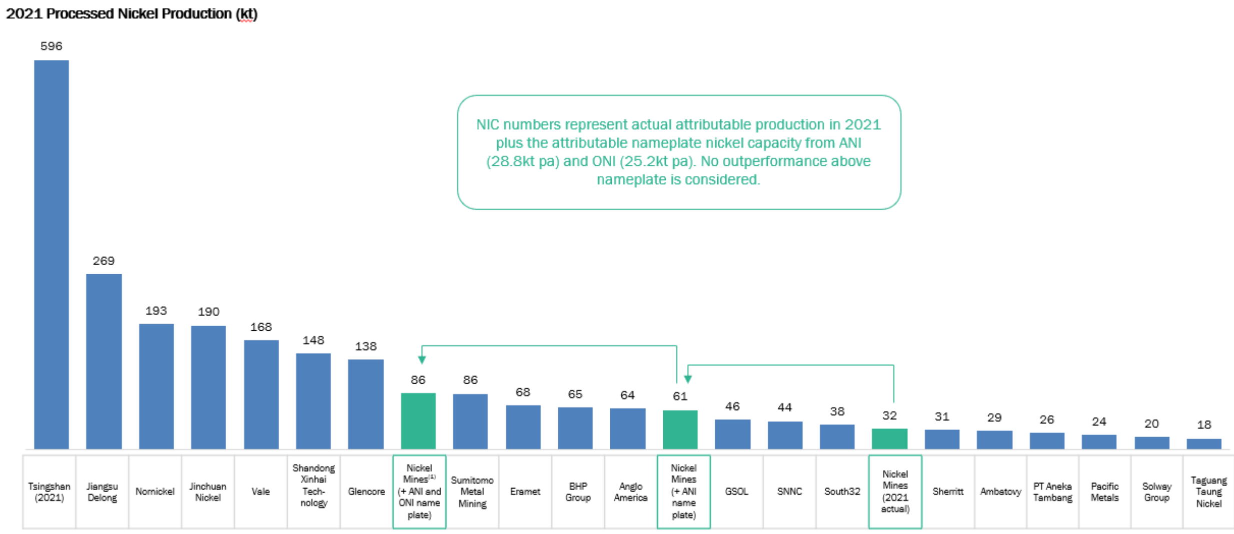
In addition, both new projects:

- have a 20% larger nameplate capacity than the existing HNI and RNI operations;
- are expected to deliver a ~20% saving on electricity costs by virtue of "owning" their own power;
- are expected to deliver a similar level of production outperformance above nameplate capacity as existing operations (+30%); and
- will firmly establish the Company as a global top-10 nickel producer.





(1) Nameplate production levels at its various ownership levels, based on nameplate nickel metal capacities of 15ktpa for HNI and RNI and 36ktpa for ANI and ONI (once fully commissioned).
(2) Actual production figures reflect annualised quarter production performance over time against nameplate capacity at various ownership levels at HNI and RNI.
(3) Ni Eq is nickel metal equivalent contained in NPI.
(4) Assumes ANI operating at nameplate capacity for a full year.
(5) Assumes both ANI and ONI are operating at nameplate capacity for a full year



The Angel Nickel and Oracle Nickel projects are set to transform the Company's existing production and financial profile

Retirement of Ranger Debt Facility

During the year, the Company fully repaid the remaining $45M balance of the Ranger Debt Facility.

Admission to the S&P/ASX 200

In March 2021, Nickel Mines was included in the S&P/ASX 200 Index as part of the S&P Dow Jones Indices March quarter rebalance.

Memorandum of Understanding signed to diversify into nickel matte production

In May 2021, the Company signed a memorandum of understanding with Shanghai Decent for two of the Company's RKEF lines within the IMIP (either Hengjaya Nickel or Ranger Nickel) to undergo the necessary modifications to allow them to produce a low-grade nickel matte which can be further processed to produce a product that can be used to make battery grade nickel for use in the electric vehicle market.

Tsingshan recently announced signing a one-year contract to produce and supply 100,000 tonnes of nickel matte and that the trial production of this high-grade nickel matte (>75%) within the IMIP had been successful.

An initial 10 RKEF lines within the IMIP will be converted by Tsingshan, to produce low-grade nickel matte that will then be tolled into high-grade nickel matte in convertors majority owned and operated by Tsingshan, and then sold to market.. The opportunity to convert two RKEF lines will diversify the Company's product range and provide the opportunity to participate in the EV battery supply chain.

While the specific details of capital modification costs, operating costs and selling arrangements with Shanghai Decent remain commercial-in-confidence and subject to a definitive agreement, the Company advises:

- the required modification cost for the two RKEF lines is expected to be approximately $7 million;
- the cash operating costs for producing a tonne of low-grade nickel in matte are expected to be broadly comparable to the cash costs of producing a tonne of nickel metal in NPI;
- units of production, measured in contained tonnes of nickel metal, produced by the Company's RKEF lines after conversion to produce nickel matte are expected to be comparable with the current units of production in NPI;
- Tsingshan will act as an aggregator of the high-grade nickel matte produced within IMIP and on-sell the nickel matter to 3rd parties on a contract basis;

- switching between NPI and nickel matte production is possible with minimal production disruption. However, it is not optimal to do so regularly, and it is proposed that Nickel Mine's converted RKEF lines will be utilised for dedicated nickel matte production unless there is an extended period where operational economics would favour a switch back to NPI; and
- once the modifications are completed it will take approximately one week for the converted RKEF lines to produce an 'on-specification' nickel matte product.

Four RKEF lines operating within the IMIP (not owned by Nickel Mines) have successfully transitioned to producing nickel matte. It is anticipated that two of the Company's four existing RKEF lines within the IMIP, the two Hengjaya Nickel lines, will be converted in March 2022 to allow for the production of nickel matte suitable for use in the EV battery market.

Successful Issues of Senior Unsecured Notes totalling $325M

In March 2021, the Company completed a $175 million inaugural offering of Senior Unsecured Notes at an interest rate of 6.5% payable semi-annually, maturing 1 April 2024. This was followed in September 2021 by a $150 million 'tap' issuance, with the new notes constituting a further issuance and were consolidated with the existing notes to form a $325 million single series of notes ('Notes').

Memorandum of Agreement signed for Siduarsi Nickel-Cobalt Project

In September 2021 the Company signed a binding Memorandum of Agreement ('MoA') with PT Iriana Mutiara Mining ('IMM') for the staged acquisition of a 100% interest in the Siduarsi Nickel-Cobalt project ('Siduarsi') in Papua province, Indonesia. Siduarsi is a 6th generation Contract of Work ('CoW') and is one of only four active nickel CoWs in Indonesia.

Siduarsi covers 16,470 hectares with previous work undertaken by Battle Mountain and Freeport McMoran, who were assessing the project's limonite potential. Work undertaken by Battle Mountain and Freeport McMoran included 367 shallow hand and machine soil augurs, 24 drill holes and 4 test pits. Highest individual grades of 2.07% nickel and 0.36% cobalt were recorded across 1-metre vertical channel samples at very shallow depths, which indicates further potential for discreet pods of higher grade saprolite ore underlying the high iron (results up to 77.1% iron oxide in 1-metre drillcore sampling) and high cobalt limonite cap. High levels of scandium, chromite (up to 12.0% in 1 metre drillcore sampling) and aluminium were also reported.

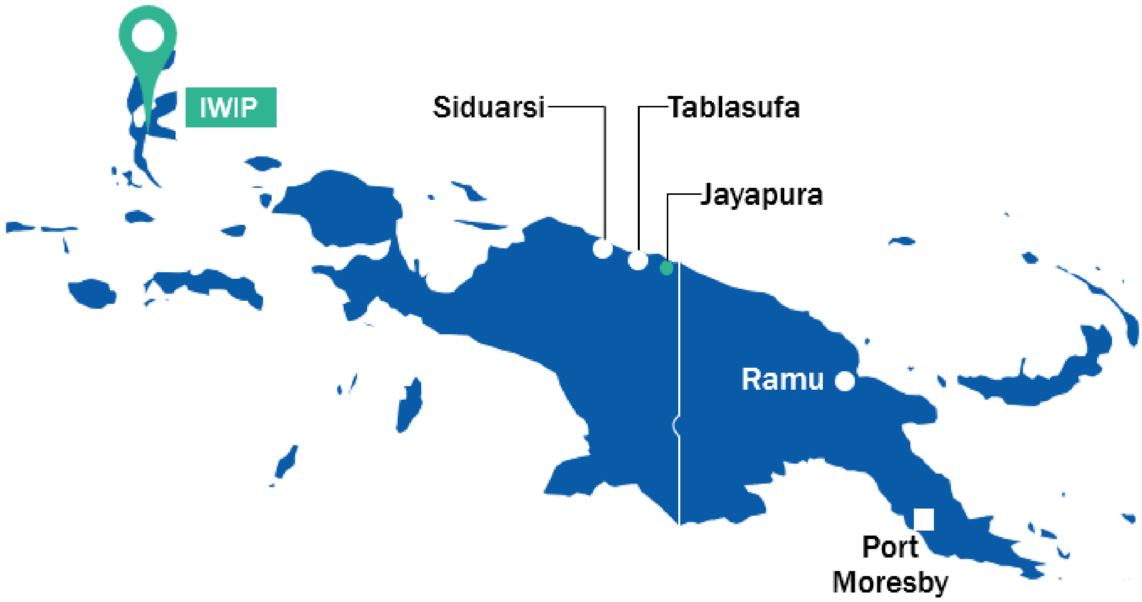
Siduarsi is along geo-tectonic strike from the Ramu nickel-cobalt project in neighbouring Papua New Guinea which has reported mineral resources of 166Mt at 0.90% nickel and 0.10% cobalt. Ramu was successfully commissioned in 2012 and is operated by Metallurgical Corporation of China. In 2020, Ramu produced 33kt of nickel and 3kt of cobalt in mixed hydroxide precipitate ('MHP') at an average cash cost of US$4,600/t per tonne of nickel equivalent, placing it in the lower-cost quartile of global nickel.

CSPA executed for the Tablasufa Nickel Project

In December 2021 the Company signed a conditional share purchase agreement ('CSPA') to acquire 100% of the Tablasufa Nickel Project ('Tablasufa'), with Bolt Metals Corp. ('Bolt'), a company listed on the Canadian Securities Exchange ('CSE'), which holds a 65% interest in PT Tablasufa Nickel Mining ('TNM') and PT Best Resources, which holds the remaining 35% interest.

Tablasufa, an opportunity complementary to the Siduarsi project, is a 5,000ha operation production IUP located in West Papua Province, Indonesia which has undergone considerable past exploration and is considered to have with good potential for a large resource of both limonite and saprolite ore. Previous exploration from 1952 to 2021 includes 1,633 augur and 189 core holes and 26 test pits, with highest individual grades of 2.65% nickel and 0.49% cobalt recorded. Exploration undertaken by Bolt from 2017 includes 657 augur and 123 core holes and 11 test pits. Tablasufa is located on the north-east coast of West Papua, approximately 200km from the Siduarsi CoW.

Under the terms of the CSPA, Nickel Mines can acquire 100% of Tablasufa for a total consideration of US$8.5 million, with the key conditional terms being (i) the completion of satisfactory due diligence, at Nickel Mines absolute discretion, (ii) extension of the Tablasufa Production IUP, and (iii) Bolt shareholder approval.



Siduarsi and Tablasufa represent low-cost opportunities for the Company to secure additional limonite and saprolite resources

Binding agreement signed to supply limonite ore to the IMIP HPAL Project

The Company signed a binding agreement with PT Huayue Nickel Cobalt ('HNC') for the supply of limonite ore to the HNC high pressure acid leach ('HPAL') project, which is currently commissioning within the IMIP. The HPAL project has a planned annual capacity of 60,000 tonnes of nickel and up to 8,000 tonnes of cobalt produced as MHP, a preferred raw material feedstock for the EV battery supply chain. The ore supply agreement was for an initial volume of 150,000 wmt grading between 1.0% to 1.3% nickel, with delivery between the middle of November and the end of December 2021. The limonite ore at the Hengjaya Mine has historically been treated as overburden and as such, the cost of mining this ore has been expensed. Hengjaya Mine has stockpiled 2.14 million wmt of limonite ore at an average grade of 1.12%. This agreement underscores the significant strategic value of the Hengjaya Mine to existing NPI production, as well as new HPAL production which is currently being developed within IMIP for the EV battery industry. Expansion initiatives undertaken at the mine over the last year have in part been to prepare for the delivery of limonite ore to the IMIP's HPAL projects and with supply now set to commence, Hengjaya Mine will be important to the success of the HNC HPAL project's commissioning and ramp up. The future supply of limonite ore will now allow the Company to monetise a much greater portion of the ore body, significantly enhancing the revenue generation from its mining operations.

Declaration and payment of maiden interim and final dividends

In January 2021 the Company declared a final dividend for 2020 of A$0.02 per share, being a distribution of A$50.3M ($38.7M). In August 2021 the Company declared a A$0.02 interim dividend. The dividend was paid on 10 September 2021, totalling A$50.3M ($36.4M). Subsequent to year end, the Company declared a A$0.02 final dividend. The dividend was paid on 10 February 2022, totalling A$50.3M ($35.4M).

COMPETENT PERSONS STATEMENT

The information provided in this report that relates to Exploration Results, excluding Exploration Results in relation to the Siduarsi Nickel-Cobalt Project, 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.

The information in this announcement that relates to Exploration Results in relation to the Siduarsi Nickel-Cobalt Project is based on and fairly represents information and supporting documentation compiled by Michael Thirnbeck BSc (Hons), a Competent Person, who is a Member of the Australasian Institute of Mining and Metallurgy. Michael Thirnbeck is a full-time employee of PT. Iriana Mutiara Mining and has sufficient experience that is relevant to the style of mineralisation, type of deposit and activities being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. The Competent Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Mr. Thirnbeck consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Corporate Governance Statement

The Board is committed to maintaining standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practises against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The Corporate Governance Statement is dated as at 23 February 2022, reflecting the corporate governance practises throughout the 2020 financial year and was approved by the Board of Directors of the Company on 23 February 2022. A description of the Company's current corporate governance practises is set out in the Company's Corporate Governance Statement which can be viewed at www.nickelmines.com.au/corporate-governance/.

The Directors present their report together with the financial report of Nickel Mines Group, being Nickel Mines Limited ('the Company' or 'Nickel Mines') and its controlled entities ('the Group'), for the year ended 31 December 2021 and the auditor's report thereon:

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the year are:

Robert Charles Neale – Non-Executive Chairman
Director since 16 April 2018.

Mr Neale graduated from the University of Queensland with a First Class Honours Degree in Geology and Mineralogy with an additional major in Chemistry. Mr Neale is currently the Non-Executive Chairman of Mayur Resources Limited, an industrial minerals and energy company with assets in Papua New Guinea.

Mr Neale is the former Managing Director of New Hope Corporation Limited ('NHC') and non-executive director of Planet Gas Limited (now Sky Metals Limited) until February 2016. He joined NHC in 1996 as General Manager and was appointed as an executive officer in 2005 and to the Board of Directors in 2008 until his retirement in 2014. Mr Neale has more than 45 years' experience in the mining, oil and gas and exploration industries covering base metals, gold, coal, synthetic fuels and conventional oil and gas, bulk materials shipping, and power generation. Prior to NHC he spent 23 years with Esso Australia and EXXON Coal and Minerals Company.

Norman Alfred Seckold – Executive Deputy Chairman
Executive Chairman to 16 April 2018. Director since 12 September 2007.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney and has spent more than 30 years in the full time management of natural resource companies, both in Australia and overseas.

Mr Seckold has been the Chairman of a number of publicly listed companies including Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria, Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden, Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico and Bolnisi Gold N.L, which discovered and developed the Palmarejo and Guadalupe gold and silver mines in Mexico.

Mr Seckold is currently Chairman of ASX-listed companies Alpha HPA Limited, Santana Minerals Ltd and Sky Metals Limited.

Justin Charles Werner – Managing Director
Director since 23 August 2012.

Mr Werner, holds a Bachelor of Management from the University of Sydney and has been involved in the mining industry for 20 years. He was a founding partner of PT Gemala Borneo Utama, a private Indonesian exploration and mining company, which developed a heap leach gold mine in West Kalimantan and also discovered the highly prospective Romang Island with then ASX-listed Robust Resources Limited which was acquired in 2012 by Indonesian business tycoon Anthony Salim.

Prior to developing projects in Indonesia, Justin worked as a consultant, leading many successful turnaround projects for blue chip mining companies around the world including Freeport McMoran (Grasberg deposit, Indonesia where he spent 2 years), Lihir Gold (Lihir mine, Papua New Guinea), Placer Dome (Nevada, USA), BHP Billiton (Ingwe Coal, South Africa), Rio Tinto (West Angeles Iron Ore, Australia), Nickel West (Western Australia) and QNI Yabulu refinery (Queensland, Australia).

Mr Werner is currently a non-executive director of ASX-listed Alpha HPA Limited and unlisted public company Far East Gold Limited.

Peter James Nightingale – Executive Director and Chief Financial Officer
Director since 12 September 2007. Resigned 15 November 2021.

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants Australia and New Zealand. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 30 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., Mogul Mining N.L., Bolnisi Gold N.L, and Planet Gas Limited (now Sky Metals Limited). Mr Nightingale is currently a director of ASX-listed Alpha HPA Limited and Prospech Limited.

James Crombie – Non-Executive Director
Director since 23 May 2008.

Jim Crombie graduated from the Royal School of Mines, London, with a B.Sc. (Hons) in Mining Engineering, having been awarded an Anglo American Scholarship. Mr. Crombie held various positions with DeBeers Consolidated Mines and the Anglo American Corporation in South Africa and Angola between 1980 and 1986. He spent the next thirteen years as a Mining Analyst and Investment Banker with Shepards, Merrill Lynch, James Capel & Co. and finally with Yorkton Securities. Mr Crombie was the Vice President, Corporate Development of Hope Bay Mining Corporation Inc. from February 1999 through May 2002 and President and CEO of Ariane Gold Corp. from August 2002 to November 2003. Mr Crombie was President, CEO and a director of Palmarejo Silver and Gold Corporation until the merger with Coeur d'Alene Mines Corporation, one of the world's leading silver companies, in December 2007. He was a director of Sherwood Copper Corporation until its business combination with Capstone Mining Corp. in November 2008. Currently, Mr Crombie is President and CEO of Odyssey Resources Corp., and a director of Torex Gold Resources Inc.

Weifeng Huang – Non-Executive Director
Director since 26 April 2018.

Mr Huang has graduated with a Bachelor of Engineering degree from Zhejiang University and a Masters of Business Administration from Zhejiang University.

Mr Huang began his career in several industrial enterprises and has broad management experiences from serving as the Plant Manager of Wenzhou Tractor Plant, the General Manager of Wenzhou Machinery Industrial Corporation, the Vice Mayor of Wenzhou and the Executive Chairman of China Perfect Machinery Industry Corp., Ltd. Mr Huang also served as the Deputy Director of the Management Committee of Shanghai Jinqiao Export Processing Zone, where he was appointed as a Director of Shanghai Jinqiao Export Processing Zone Development Co., Ltd, a publicly-listed company on the Shanghai Stock Exchange and the Deputy CEO of Shanghai Jinqiao Group. Mr Huang was also a former Chairman of the board of Harbin High Tech (Group) Co., Ltd, another publicly-listed company on the Shanghai Stock Exchange.

Mr Huang is currently the Chairman of Shanghai Decent Investment (Group) Co., Ltd, a flagship company within the Tsingshan group which led in the development of the IMIP and he is a Director of PT Indonesia Morowali Industrial Park.

Mark Hamish Lochtenberg – Non-Executive Director
Director since 10 March 2017.

Mr Lochtenberg graduated with a Bachelor of Law (Hons) degree from Liverpool University, U.K. and has been actively involved in the coal industry for more than 25 years. He was the Executive Chairman and founding Managing Director of ASX-listed Cockatoo Coal Limited.

He was also formerly the co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata Coal. Prior to this Mr Lochtenberg established a coal "swaps" market for Bain Refco, (Deutsche Bank) after having served as a senior coal trader for Hansen Neuerburg AG and as coal marketing manager for Peko Wallsend Limited.

Mr Lochtenberg is currently Chairman of ASX-listed Equus Resources Limited, a minerals exploration company with operations in Chile and a Director of Australian Transport Energy Corridor Pty Ltd and Montem Resources Limited.

Dasa Sutantio – Non-Executive Director
Director since 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, currently the Company's second largest shareholder.

Yuanyuan Xu – Non-Executive Director
Director since 26 April 2018.

Ms Yuanyuan Xu graduated with a Bachelor's Degree in Fashion Business & Fashion Design from Instituto Marangoni. Since graduation, Ms Xu has focused on marketing, public relations and procurement activities.

She is currently an Executive Director of Shanghai Wanlu Investment Co., Ltd.

Management

Christopher Shepherd – Chief Financial Officer
Chief Financial Officer since 15 November 2021.

Chris Shepherd is a Chartered Accountant who holds Bachelor degrees in Applied Finance and Commerce. Most recently Chris acted as a Partner and Managing Director of The Pallinghurst Group in London and has over 20 years' experience in private equity, investment banking and corporate finance, advising on more than US$30 billion in transactions across Australasia, North America, Europe and Africa.

Prior to The Pallinghurst Group where he was responsible for establishing and executing Pallinghurst's battery materials investment strategy, Chris was an investment banker at Merrill Lynch and Deutsche Bank gaining extensive experience in transaction origination, structuring and execution across the mining, industrial and consumer sectors.

Richard James Edwards – Company Secretary
Company Secretary since 28 March 2012.

Richard Edwards graduated with a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Governance Institute of Australia, a member of CPA Australia and holds a Graduate Diploma of Applied Finance and Investment from FINSIA. Mr Edwards has worked for over fifteen years providing financial reporting and company secretarial services to a range of publicly listed companies in Australia with a focus on the mining sector. He is also Company Secretary of ASX-listed Alpha HPA Limited and Prospech Limited.

Directors' Meetings

The number of Directors' meetings held and number of meetings attended by each of the Directors of the Company, while they were a Director, during the year are:

Director	Board meetings		Audit Committee meetings		Nomination Committee meetings		Remuneration Committee meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Robert Neale	12	12	2	2	1	1	3	3
Norman Seckold	12	12	-	-	1	1	-	-
Justin Werner	12	12	-	-	-	-	-	-
Peter Nightingale*	11	11	-	-	-	-	-	-
James Crombie	12	12	2	2	-	-	3	3
Weifeng Huang	12	11	2	1	-	-	-	-
Mark Lochtenberg	12	12	2	2	1	1	3	3
Dasa Sutantio	12	12	-	-	-	-	-	-
Yuanyuan Xu	12	11	-	-	-	-	-	-

* Resigned as a Director on 15 November 2021.

Directors' Interests

The beneficial interests of each Director of the Company in the issued share capital of the Company are:

Director	1 January 2021	Purchased	Sold	Date of this report
Robert Neale	700,000	-	-	700,000
Norman Seckold	123,715,661	-	-	123,715,661
Justin Werner	29,209,673	555,555	-	29,765,228
Peter Nightingale*	27,601,995	-	-	27,601,995*
James Crombie	6,580,000	-	-	6,580,000
Weifeng Huang	1,450,000	1,370,000	-	2,820,000
Mark Lochtenberg	34,538,584	3,000,000	-	37,538,584
Dasa Sutantio	-	-	-	-
Yuanyuan Xu	121,258,258	-	24,000,000	97,258,258

* Number held at date of resignation on 15 November 2021.

Dividends

The company paid an interim unfranked dividend of A$0.02 per share during the year and a final unfranked dividend for 2020 of A$0.02 during the year ended 31 December 2021 amounting to $75,088,707. Total dividends of A$0.04 were paid or declared during the year ended 31 December 2021. Subsequent to year end, the Company declared a final dividend of A$0.02 per share, being a distribution of $35,366,339.

Significant Changes in State of Affairs

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 31 December 2021 were as follows:

- At a General Meeting held in January 2021, the Company's shareholders approved the 70% acquisition of the Angel Nickel project, which consists of four RKEF lines with an annual nameplate production capacity of 36,000 tonnes of nickel metal and a 380MW power plant. Subsequently, the Company secured the right to acquire an additional 10% interest in Angel Nickel. Over the course of 2021 the Company completed the acquisition of the 80% interest in Angel Nickel through the payment of US$557.6M, inclusive of a $2.4M discount for early payment.
- In December 2021 the Company executed a definitive agreement with Shanghai Decent for Nickel Mines to acquire a 70% equity interest in the Oracle Nickel Project, which consists of four RKEF lines with an annual nameplate production capacity of 36,000 tonnes of nickel metal and a 380MW power plant. The acquisition was approved by the Company's shareholders at a General Meeting held in January 2022.
- In March 2021, the Company completed a $175M inaugural offering of Senior Unsecured Notes at an interest rate of 6.5%, maturing 1 April 2024. This was followed in September 2021 with a $150M 'tap' issuance of additional Senior Unsecured Notes, forming a $325M single series of notes.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group during the year ended 31 December 2021 other than as disclosed in this Directors' Report, or in the financial statements.

Impact of Legislation and Other External Requirements

On 12 January 2014 the Indonesian Government introduced a ban on the export of unprocessed minerals. As a consequence, the mining operations at the Hengjaya Mine ceased. Whilst the ban on the export of unprocessed minerals remains in place, mining operations were recommenced in October 2015 following the signing of a series of offtake agreements to supply ore to Tsingshan group companies within the IMIP. There were no environmental or other legislative requirements during the year that have significantly impacted the results or operations of the Group.

Environmental Regulations

The Group's operations are subject to environmental regulations in the Republic of Indonesia.

The Board of Directors regularly monitors compliance with environmental regulations. The Directors are not aware of any significant breaches of these regulations during the period covered by this report.

The Group's maiden Sustainability Report is expected to be published in 2022.

Likely Developments

Information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

Indemnification of Officers and Auditors

During or since the end of the year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Non-audit Services

During the year ended 31 December 2021 KPMG, the Company's auditor, has performed other services in addition to their statutory audit duties.

	2021	2020
	$	$
Auditors of the Company – KPMG	340,401	336,757
Other assurance services – KPMG	234,914	-
	575,315	336,757

The Directors are satisfied that the provision of non-audit services, during the 2021 year, by the auditor, or by another person or firm on the auditor's behalf, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

The Directors are of the opinion that these services, do not compromise the external auditor's independence for the following reasons:

- - All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- - None of the services undermine the general principles relating to auditor independence, as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Events Subsequent to Balance Date

- At an Extraordinary General Meeting of shareholders held on 25 January 2022, shareholders approved the acquisition of 70% of Oracle Nickel.
- On 27 January 2022, the Company announced that the Angel Nickel Project had entered its commissioning phase with the first of its four RKEF lines having commenced the production of NPI.
- On 27 January 2022, the Company declared a A$0.02 final dividend for 2021, which was paid on 10 February 2022, being a distribution of $35,366,339.
- On 9 February 2022, the Company announced an approximately $225M capital raising to fund the acquisition of an initial 30% interest in Oracle Nickel. On 15 February 2022 the Company issued 108,122,223 shares in the Institutional Placement component of the raising at A$1.37 per share, raising A$148.1M ($105.6M), before costs. In addition to the Institutional Placement, the capital raising also includes a share purchase plan as well as a placement to Shanghai Decent which is subject to shareholder and Foreign Investment Review Board approval.
- In February 2022, the Company completed the acquisition of an initial 10% interest in Oracle Nickel following the payment of $23M to Shanghai Decent, with $30M in deposits having already been paid in 2021.

Other than the matters outlined above, there has not arisen in the interval between the end of the financial 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.

Remuneration Report - (Audited)

All amounts in this remuneration report are in Australian Dollars unless otherwise stated.

Principles of Compensation - (Audited)

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Company. No other employees have been deemed to be key management personnel. The policy of remuneration of Directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Compensation levels have been, and will be, set to be in line with Australian listed entities of equivalent size and comparable operations in order to attract and retain suitably qualified and experienced key management personnel but also having regard to the prevailing financial capacity of the Company.

The Board is responsible for reviewing and evaluating its own performance. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Remuneration generally consists of salary payments. The remuneration disclosed below represents the cost to the Group for the services provided under these arrangements.

Consultancy Agreements with key management personnel

The Company has entered into an executive consultancy agreement with a company associated with Norman Seckold. Under this executive consultancy agreement, the consultancy company of Mr Seckold agrees to make Mr Seckold available to perform the duties and responsibilities of the position of Executive Chairman up to the IPO and Executive Deputy Chairman after the IPO. During the period from 1 January 2021 to 30 September 2021, the consultancy company received a fee of A$12,500 per month, equating to A$150,000 per annum. From 1 October 2021, the Company received a fee of A$33,333 per month, equating to A$400,000 per annum. The consultancy agreement commenced on 1 May 2018 and continues until terminated in accordance with its terms.

The Company has entered into an executive consultancy agreement with a company associated with Justin Werner. Under this executive consultancy agreement, the consultancy company of Mr Werner agrees to make Mr Werner available to perform the duties and responsibilities of the position of Managing Director. During the period from 1 January 2021 to 30 September 2021 the consultancy company received a fee of US$29,167 per month, equating to US$350,000 per annum, at the equivalent of A$468,545. From 1 October 2021, the consultancy company received a fee of US$41,667 per month, equating to US$500,000 per annum, the equivalent of A$669,350. The consultancy agreement commenced on 1 April 2018 and continues until terminated in accordance with its terms.

The Company has entered into an executive consultancy agreement with a company associated with Peter Nightingale. Under this executive consultancy agreement, the consultancy company of Mr Nightingale agrees to make Mr Nightingale available to perform the duties and responsibilities of the position of Chief Financial Officer and Executive Director. During the period from 1 January 2021 to 30 September 2021, the consultancy company received a fee of A$25,000 per month, equating to A$300,000 per annum. From 1 October 2021, the consultancy company received a fee of A$50,000 per month. The consultancy agreement commenced on 1 April 2018 and was terminated on 15 November 2021, the date of resignation of Mr Nightingale as a Director and CFO. At the time of his resignation Mr Nightingale was paid a A$300,000 termination payment in recognition of his service to the Company and his role as one of its founders.

The Company has entered into an employment agreement with Chief Financial Officer Chris Shepherd. Under this agreement, Mr Shepherd received a fee of A$50,000 per month, including superannuation, equating to A$600,000 per annum. The agreement commenced on 1 August 2021 and Mr Shepherd assumed the position of Chief Financial Officer on 15 November 2021, following the resignation of Mr Nightingale.

Remuneration Report - (Audited)

Principles of Compensation - (Audited) (Cont.)

Each Executive Director is entitled to be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board and any committee on which he or she serves. The consultancy agreements may be terminated by the Company or the consultancy company by either party giving three months' notice. The Company may terminate the consultancy agreements without notice in certain circumstances, including but not limited to a breach of contract, criminal activity or serious misconduct by the consultancy company or the key management personnel.

Each of the Company's Non-Executive Directors have entered into Letters of Appointment with the Company to serve as Non-Executive Directors. During the period from 1 January 2021 to 30 September 2021, each of the Non-Executive Directors James Crombie, Weifeng Huang, Mark Lochtenberg, Dasa Sutantio and Yuanyuan Xu received a fee of A$4,167 per month, equating to A$50,000 per annum. From 1 October 2021 each of these Non-Executive Directors received a fee of A$8,333 per month, equating to A$100,000 per annum.

During the period from 1 January 2021 to 30 September 2021, Non-Executive Chairman Robert Neale received a fee of A$12,500 per month, equating to A$150,000 per annum. From 1 October 2021 he received a fee of A$16,667 per month, equating to A$200,000 per annum.

Additionally from 1 October 2021 each Non-Executive Director is to receive a fee of A$10,000 per annum for each Board committee on which they serve. i.e. Mark Lochtenberg and Robert Neale three committees, James Crombie two committees and Weifeng Huang one committee.

No Directors or senior executives received performance related remuneration during the year ended 31 December 2021. There were no remuneration consultants used by the Group during the year ended 31 December 2021, or in the prior period.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following information in respect of the current year ended 31 December 2021 and the previous five financial periods.

USD	**2021** **$**	**2020** **$**	**6 Months to 31 December 2019** **$**	**2019** **$**	**2018** **$**	**2017** **$**
Net profit/(loss) attributable to owners of the Company	137,938,917	110,610,841	56,504,374	65,525,988	(3,311,526)	(3,831,761)
Dividends paid	75,088,707	15,441,648	-	-	-	-

The Board also considers non-financial indices in assessing the Group's performance and the shareholders wealth. This includes obtaining the permits and approvals to further develop the mining operations, identifying opportunities for potential strategic business partnerships and ventures and the success of fund raising ventures.

Remuneration Report - (Audited)

Details of Remuneration for the Year Ended 31 December 2021 - (Audited)

Details of Director remuneration and the nature and amount of each major element of the remuneration of each Director of the Company are set out below. All balances included are denominated in Australian dollars.

Remuneration for year ended 31 December 2021:

Key management personnel	Short term	Post-employment	Share based payments	Termination Benefit	Total	Proportion of remuneration performance related	Value of options as a proportion of remuneration
	Salary and fees A$	Superannuation A$	Shares A$	A$	A$	%	%
Executive Directors							
Norman Seckold	212,500	-	-	-	212,500	-	
Justin Werner	594,473	-	-	-	594,473	-	
*Peter Nightingale^*	300,000	-	-	300,000	600,000	-	-
Non-Executive Directors							
Robert Neale	155,012	15,159	-	-	170,171	-	-
James Crombie	67,500	-	-	-	67,500	-	-
Weifeng Huang	65,000	-	-	-	65,000	-	-
Mark Lochtenberg	67,045	2,955	-	-	70,000	-	-
Dasa Sutantio	62,500	-	-	-	62,500	-	-
Yuanyuan Xu	62,500	-	-	-	62,500	-	-
Management							
*Christopher Shepherd**	69,697	6,970	-	-	76,667	-	-
Total	**A$1,656,227**	**A$25,084**	**-**	**A$300,000**	**A$1,981,311**	**-**	**-**

* Remuneration paid subsequent to his becoming Chief Financial Officer on 15 November 2021.

^ Resigned as Director and Chief Financial Officer on 15 November 2021.

Remuneration for the year ended 31 December 2020:

Key management personnel	Short term	Post-employment	Share based payments	Total	Proportion of remuneration performance related	Value of options as a proportion of remuneration
	Salary and fees A$	Superannuation A$	Shares A$	A$	%	%
Executive Directors						
Norman Seckold	150,000	-	-	150,000	-	
Justin Werner	524,553	-	-	524,553	-	
Peter Nightingale	300,000	-	-	300,000	-	-
Non-Executive Directors						
Robert Neale	136,986	13,014	-	150,000	-	-
James Crombie	50,000	-	-	50,000	-	-
Weifeng Huang	50,000	-	-	50,000	-	-
Mark Lochtenberg	50,000	-	-	50,000	-	-
*Dasa Sutantio**	29,578	-	-	29,578		
Yuanyuan Xu	50,000	-	-	50,000	-	-
Total	**A$1,341,117**	**A$13,014**	**-**	**A$1,354,131**	**-**	**-**

* Remuneration paid subsequent to his becoming a Director on 29 May 2020.

The total remuneration expense for the year ended 31 December 2021 of A$1,981,311 (December 2020: A$1,354,131) has been recognised in the Statement of Profit or Loss at the US$ equivalent of $1,480,026 (December 2020: $937,929).

Remuneration Report - (Audited)

Movement in shares - (Audited)

The movement during the reporting year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	1 January 2021	Purchased	Sold	31 December 2021
Robert Neale	700,000	-	-	700,000
Norman Seckold	123,715,661	-	-	123,715,661
Justin Werner	29,209,673	555,555	-	29,765,228
Peter Nightingale	27,601,995	-	-	27,601,995*
James Crombie	6,580,000	-	-	6,580,000
Weifeng Huang	1,450,000	1,370,000	-	2,820,000
Mark Lochtenberg	34,538,584	3,000,000	-	37,538,584
Dasa Sutantio	-	-	-	-
Yuanyuan Xu	121,258,258	-	24,000,000	97,258,258
Christopher Shepherd	^	57,723	-	57,723

* Number held at date of his resignation as a Director on 15 November 2021.

^ Number held at date of appointment as Chief Financial Officer on 15 November 2021.

	1 January 2020	Purchased	Sold	31 December 2020
Robert Neale	500,000	200,000	-	700,000
Norman Seckold	123,715,661	-	-	123,715,661
Justin Werner	25,016,297	4,193,376	-	29,209,673
Peter Nightingale	22,265,654	5,336,341	-	27,601,995
James Crombie	6,580,000	-	-	6,580,000
Weifeng Huang	-	4,450,000	3,000,000	1,450,000
Mark Lochtenberg	11,693,333	22,845,251	-	34,538,584
Dasa Sutantio	-*	-	-	-
Yuanyuan Xu	149,258,258	-	28,000,000	121,258,258

* Number held at date of his becoming a Director on 29 May 2020.

Transactions with Key Management Personnel - (Audited)

Norman Seckold and Peter Nightingale hold a controlling interest in an entity, MIS Corporate Pty Limited, 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. Fees charged by MIS Corporate Pty Limited during the year ended 31 December 2021 amounted to A$590,500 (31 December 2020: A$600,625) which included a fee of A$35,000 per month from January to September 2021, subsequently increased to A$37,000 in October 2021 and A$38,000 from November 2021 and reimbursement of consultant expenses incurred on behalf of the Group. At 31 December 2021 $3,000 (31 December 2020: A$16,250) remained outstanding.

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

The lead auditor's independence declaration is set out on page 29 and forms part of the Directors' Report for the year ended 31 December 2021.

Signed at Sydney this 23rd day of February 2022 in accordance with a resolution of the Board of Directors:

Robert Neale	**Norman Seckold**
Chairman	**Deputy Chairman**

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 financial year ended 31 December 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Stephen Board
Partner

Brisbane
23rd February 2022

NICKEL MINES LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

USD	Notes	31 December 2021 $	31 December 2020 $
Sales revenue	23	645,935,639	523,492,413
Cost of sales		(393,203,284)	(321,565,521)
Depreciation and amortisation expense		(35,977,298)	(36,786,945)
Gross profit		216,755,057	165,139,947
Directors' fees and consultants' expenses		(9,432,472)	(4,068,152)
Share of loss of equity accounted investees	15	(50,482)	-
Other expenses	4	(13,255,745)	(3,403,452)
Results from operating activities		194,016,358	157,668,343
Financial income	5	2,786,467	2,166,484
Financial expense	5	(15,763,290)	(5,268,152)
Net financial expense		(12,976,823)	(3,101,668)
Profit before income tax		181,039,535	154,566,675
Income tax expense	8	(5,062,549)	(867,835)
Profit for the year		175,976,986	153,698,840
Other comprehensive income			
Items that may be classified subsequently to profit or loss		(81,549)	(2,487)
Total comprehensive profit for the year		175,895,437	153,696,353
Profit attributable to:			
Owners of the Company		137,938,917	110,610,841
Non-controlling interest		38,038,069	43,087,999
Profit for the year		175,976,986	153,698,840
Total comprehensive profit attributable to:			
Owners of the Company		137,873,678	110,608,851
Non-controlling interest		38,021,759	43,087,502
Total comprehensive profit for the year		175,895,437	153,696,353
Earnings per share			
Basic and diluted profit per share (cents) for the year	9	5.48	5.68

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

USD	Notes	31 December 2021 $	31 December 2020 $
Current assets			
Cash and cash equivalents	19	137,861,958	351,445,322
Trade and other receivables	6	125,094,113	117,758,937
Inventory	10	106,997,153	61,285,049
Other current assets	7	15,208,226	8,150,977
Total current assets		385,161,450	538,640,285
Non-current assets			
Other non-current assets	7	13,193,397	9,868,209
Property, plant and equipment	11	1,296,281,811	600,763,595
Deposit	17	30,000,000	30,000,000
Goodwill	16	77,982,164	55,404,895
Total non-current assets		1,417,457,372	696,036,699
Total assets		1,802,618,822	1,234,676,984
Current liabilities			
Trade and other payables	12	55,738,089	40,259,761
Current tax payable	8	7,647,688	3,751,344
Provision		1,159,184	841,243
Borrowings	13	9,284,264	12,857,143
Total current liabilities		73,829,225	57,709,491
Non-current liabilities			
Provision – rehabilitation		1,955,576	1,929,408
Deferred income tax liability	8	77,982,164	55,404,895
Other non-current liability		617,535	1,261,425
Borrowings	13	318,322,283	32,142,857
Total non-current liabilities		398,877,558	90,738,585
Total liabilities		472,706,783	148,448,076
Net assets		1,329,912,039	1,086,228,908
Equity			
Share capital	14	732,929,135	732,929,135
Reserves		44,739,295	19,204,534
Retained profits		250,777,309	187,927,099
Total equity attributable to equity holders of the Company		1,028,445,739	940,060,768
Non-controlling interest		301,466,300	146,168,140
Total equity		1,329,912,039	1,086,228,908

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

NICKEL MINES LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

USD	Notes	Share capital $	Retained profits $	Reserves $	Total $	Non-controlling interest $	Total equity $
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 year							
Profit for the year		-	110,610,841	-	110,610,841	43,087,999	153,698,840
Remeasurement of defined benefit obligation		-	-	(1,990)	(1,990)	(497)	(2,487)
Total comprehensive income for the year		-	110,610,841	(1,990)	110,608,851	43,087,502	153,696,353
Transactions with owners, recorded directly in equity							
Issue of shares	14	430,033,781	-	-	430,033,781	-	430,033,781
Costs of issue	14	(12,605,694)	-	-	(12,605,694)	-	(12,605,694)
Dividends	14	-	(15,441,648)	-	(15,441,648)	-	(15,441,648)
Transaction with non-controlling interest without a change of control	16	-	-	-	-	(147,018,262)	(147,018,262)
Distributions to non-controlling interest		-	-	-	-	(44,554,727)	(44,554,727)
Balance at 31 December 2020		732,929,135	187,927,099	19,204,534	940,060,768	146,168,140	1,086,228,908
Balance at 1 January 2021		732,929,135	187,927,099	19,204,534	940,060,768	146,168,140	1,086,228,908
Total comprehensive income for the year							
Profit for the year		-	137,938,917	-	137,938,917	38,038,069	175,976,986
Remeasurement of defined benefit obligation		-	-	(65,239)	(65,239)	(16,310)	(81,549)
Total comprehensive income for the year		-	137,938,917	(65,239)	137,873,678	38,021,759	175,895,437
Transactions with owners, recorded directly in equity							
Dividends	14	-	(75,088,707)	-	(75,088,707)	-	(75,088,707)
Non-controlling interest arising on acquisition	16	-	-	-	-	140,000,000	140,000,000
Transaction with non-controlling interest without a change of control	14	-	-	25,600,000	25,600,000	6,400,000	32,000,000
Distributions to non-controlling interest		-	-	-	-	(29,123,599)	(29,123,599)
Balance at 31 December 2021		732,929,135	250,777,309	44,739,295	1,028,445,739	301,466,300	1,329,912,039

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

NICKEL MINES LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

USD	Notes	31 December 2021 $	31 December 2020 $
Cash flows from operating activities			
Cash receipts from customers		660,867,873	517,640,552
Cash payments to employees and suppliers		(463,987,522)	(358,863,954)
Interest received		335,985	301,618
Taxes and fees paid		(8,195,616)	(9,123,479)
Net cash from operating activities	19	189,020,720	149,954,737
Cash flows from investing activities			
Payments for property, plant and equipment		(6,494,484)	(7,387,864)
Payments for construction in progress		(41,719,173)	-
Payments for deposit	17	(30,000,000)	(30,000,000)
Payments for investments in controlled entities	16	-	(147,018,262)
Payments for acquisition of controlled entity	16	(527,600,000)	-
Cash on acquisition of controlled entity	16	11,458,128	-
Advancement of loan monies		(3,500,000)	-
Net cash used in investing activities		(597,855,529)	(184,406,126)
Cash flows from financing activities			
Proceeds from issue of shares	14	-	430,033,781
Costs of issue	14	-	(12,359,577)
Dividend distributions	14	(75,088,707)	(15,441,648)
Proceeds from borrowings, net of borrowing costs	13	320,844,143	-
Repayment of borrowings	19(c)	(45,000,000)	(20,000,000)
Payment of interest charges	19(c)	(6,340,658)	(5,268,152)
Distributions to non-controlling interest		(29,123,599)	(43,330,951)
Contributions to construction in progress by non-controlling interest		32,000,000	-
Net cash from financing activities		197,291,179	333,633,453
Net increase in cash and cash equivalents		(211,543,630)	299,182,064
Effect of exchange rate adjustments on cash held		(2,039,734)	2,443,245
Cash and cash equivalents at the beginning of the year		351,445,322	49,820,013
Cash and cash equivalents at the end of the year		137,861,958	351,445,322

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

NOTE 1 - REPORTING ENTITY

Nickel Mines Limited (the 'Company') is a company domiciled in Australia. The consolidated financial report for the year ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is involved in nickel ore mining and nickel pig iron production operations.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards ('IFRS') and interpretations adopted by the International Accounting Standards Board ('IASB').

The financial report was authorised for issue by the Directors on 23rd February 2022.

Basis of measurement

The consolidated 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 consolidated 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 8 – Income tax expense and the recoverability of deferred tax assets.
- Note 15 – Impairment of goodwill.
- Note 16 – Controlled entities.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Where a controlled entity issues shares to minority interests which does not result in loss of control by the Group, any gain or loss arising on the Group's interest in the controlled entity is recognised directly in equity.

Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Nickel ore and nickel pig iron sales revenue

Saprolite and limonite nickel ore and nickel pig iron sales revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods or a service to a customer.

Invoices for nickel ore sales are generated once a month upon receipt of assay results and are usually payable within 10 working days. Pro-forma invoices for exports of nickel pig iron are generated based on the loading inspection report and a final invoice is issued based on the nickel content delivered, following receipt of third party assay results. They are usually payable within 60 days. No discounts are provided for nickel ore and nickel pig iron products, but adjustments are made to the final sale price for items including final nickel grade, moisture content and nickel content.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to United States dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to United States dollars at foreign exchange rates ruling at the dates the fair value was determined.

The Group transacts in the following foreign currencies: Australian dollars (A$ or AUD), Indonesian Rupee (IDR) and Singapore Dollars (SGD).

Financial statements of foreign operations

The assets and liabilities of foreign entities are translated to United States dollars at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to United States dollars at rates using a monthly average rate for the month in which the transaction occurred. Foreign exchange differences arising on retranslation are recognised directly in the foreign currency translation reserve (‘FCTR’), a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to United States dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States dollars using a monthly average rate for the month in which the transaction occurred. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

At 31 December 2021, the functional currency of all components in the Group is United States dollars. The FCTR represents the foreign exchange differences which arose on retranslation in prior years on subsidiaries which have not yet been disposed.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Construction in progress

The Group recognises plant construction in progress costs at cost in a construction in progress account. Once construction has been completed and the plant is in service, costs recognised as construction in progress will be transferred to the appropriate assets category within property, plant and equipment and depreciation charges will commence.

Depreciation and amortisation

Mining properties’ amortisation rate is applied on a straight-line basis over the remaining term of the mining licence. The amortisation is included in the costs of conversion of inventories.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Property, plant and equipment (Cont.)

Depreciation (Cont.)

Depreciation is charged to the income statement using a reducing balance method from the date of acquisition using the following rates:

- Furniture and fittings and plant and machinery are depreciated at 25%.
- Buildings and infrastructure are depreciated at 5%.
- Mine infrastructure assets are depreciated at 5%.
- Office equipment is depreciated at rates of between 25% and 40%.
- Plant and machinery are depreciated at rates if between 6.25% and 12.5%.
- Motor vehicles are depreciated at 25%.

Impairment

Financial assets

The Group recognises expected credit losses ('ECLs'), where material, on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12 month ECLs:

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime ECLs. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through profit or loss are credit impaired.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

The carrying amounts of the Group's assets, other than deferred tax assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill, being an indefinite life intangible asset, is subject to annual impairment testing, in which the goodwill is allocated to a cash generating unit ('CGU') for impairment testing and the value-in-use is compared to the carrying value of assets and liabilities in that CGU.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)
Impairment (Cont.)

Reversals of impairment
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment charges against the carrying value of goodwill cannot be reversed.

Share capital
Transaction costs
Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends
Dividends are recognised as a liability in the period in which they are declared.

Finance income and finance costs
The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities; and
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination.

Interest income or interest expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs which are directly attributable to the Group's exploration and evaluation and development activities are capitalised in relation to qualifying assets.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Income tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Goods and services tax and Value Added Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (‘GST’) or value added tax (‘VAT’), except where the amount of GST or VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST or VAT included. The net amount of GST or VAT recoverable from, or payable to taxation authorities is included as a current asset or liability in the statement of financial position.

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

Employee benefits

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average costs over the relevant period of production, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of disturbed land, and the related expense, is recognised when the land is disturbed.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes by refencing the acquisition cost of assets and liabilities on the date of acquisition and if available the findings of Independent Expert's Reports who prepared a valuation on a recent comparable transaction basis. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Exploration, evaluation and development expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised at cost or fair value, as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

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

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)
Leases accounting policy

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single measurement recognition and approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group's exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Financial instruments
Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)
Financial instruments (Cont.)

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- fair value through other comprehensive income ('FVOCI') – equity investment; or
- fair value through profit or loss ('FVTPL').

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss if:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value through other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Changes in significant accounting policies

All new standards and interpretations effective for periods after 1 January 2021 have been adopted by the Group in the preparation of these financial statements and have not had any material effect on the financial statements presented.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are able to be early adopted for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

	31 December 2021 $	31 December 2020 $
NOTE 4 - OTHER EXPENSES		
Audit fees – KPMG audit of financial reports	340,401	336,757
Travel	11,400	70,265
Legal fees	325,039	64,158
Withholding tax expense	11,554,670	2,795,999
Other	1,024,235	136,273
	13,255,745	3,403,452

	31 December 2021 $	31 December 2020 $
NOTE 5 - FINANCIAL INCOME AND FINANCE EXPENSE		
Interest income	335,985	518,573
Interest expense*	(13,044,911)	(5,268,152)
Net change in fair value of investment in associate	2,450,482	-
Foreign exchange gain/(loss)	(2,718,379)	1,647,911
	(12,976,823)	(3,101,668)

* Includes bond issue costs of $1,478,140 which are being expensed under the effective interest rate method. Refer to Note 13 for further details.

	31 December 2021 $	31 December 2020 $
NOTE 6 - TRADE AND OTHER RECEIVABLES		
Sales taxes receivable	48,017,752	23,352,812
Trade receivables	77,076,361	94,406,125
	125,094,113	117,758,937

	31 December 2021 $	31 December 2020 $
NOTE 7 - OTHER ASSETS		
Current		
Prepayments	15,208,226	8,150,977
Non-current		
Prepayments	8,466,969	8,466,970
Loan*	3,500,000	-
Other	1,226,428	1,401,239
	13,193,397	9,868,209

* The Company executed a facility agreement with PT Sinar Inti Pembangunan ('PT SIP') under which the Company advanced to PT SIP $3.5M to assist in funding the development and eventual acquisition of the Pt. Adadi Nikel Nusantara ('ANN') and Pt. Sulawesi Nikel Abadi ('SNA') nickel projects. Interest is calculated at a rate of 8.5% p.a., with interest payable every thirty days following a six month interest free period commencing on 9 August 2021. The loan is secured and management assessed that no provision for impairment is required.

	31 December 2021 $	31 December 2020 $
NOTE 8 - INCOME TAX EXPENSE		
Profit before tax – continuing operations	181,039,534	154,566,675
Prima facie income tax expense/(benefit) at the Australian tax rate of 30% (31 December 2020: 30%)	54,311,860	46,370,003
Increase in income tax expense/(benefit) due to:		
- Effect of tax rates in foreign jurisdictions	(53,513,320)	(50,130,131)
- Non-deductible/non-assessable income	5,652,778	6,249,619
- Effect of deferred tax assets for tax losses not brought to account	(85,545)	(211,341)
- Effect of net deferred tax assets not brought to account	(1,781,330)	(1,621,656)
- Effect of foreign currency conversion	478,106	211,341
Income tax expense – current and deferred	5,062,549	867,835
Deferred tax liabilities have been recognised in respect of the following items:		
Net deductible temporary differences – property, plant and equipment	77,982,164	55,404,895
	77,982,164	55,404,895
Deferred tax assets have not been recognised in respect of the following items:		
Net deductible temporary differences	2,213,208	4,802,482
Tax losses	1,431,016	1,065,326
	3,644,224	5,867,808

The deductible temporary differences and tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits of the deferred tax asset. The Company does not have any franking credits.

Current tax payable:		
Income taxes payable	4,080,929	1,242,010
Indirect taxes payable		
Value added taxes payable	2,911,108	1,801,149
Withholding taxes payable	588,046	708,185
Other taxes payable	67,605	-
	7,647,688	3,751,344

	31 December 2021 $	31 December 2020 $
NOTE 9 - PROFIT PER SHARE		
Basic and diluted profit per share have been calculated using:		
Net profit for the year attributable to equity holders of the Company	137,938,917	110,610,841
	Nº of shares	**Nº of Shares**
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at the beginning of the year	2,515,029,051	1,665,468,329
- Effect of shares issued on 29 May 2020	-	211,367,737
- Effect of shares issued on 16 June 2020	-	56,522,197
- Effect of shares issued on 14 December 2020	-	13,569,602
- Effect of shares issued on 24 December 2020	-	1,812,806
Weighted average number of shares at the end of the year	2,515,029,051	1,948,740,671

	31 December 2021 $	31 December 2020 $
NOTE 10 - INVENTORY		
Inventory – nickel ore stockpiles	3,858,039	661,338
Inventory – nickel pig iron production raw materials	103,139,114	54,079,991
Inventory – nickel pig iron	-	6,543,720
	106,997,153	61,285,049

During the year ended 31 December 2021, the Company's 80% subsidiary PT Hengjaya Mineralindo supplied nickel saprolite ore to the Company's subsidiaries PT Hengjaya Nickel Industry and PT Ranger Nickel Industry under monthly contracts to supply a minimum of between 50,000 to 70,000 wmt per month to each entity for the year ended 31 December 2021. In November 2021 PT Hengjaya Mineralindo also commenced the supply of limonite ore to the Huayue Nickel Cobalt project within the IMIP.

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.

	31 December 2021 $	31 December 2020 $
NOTE 11 - PROPERTY, PLANT AND EQUIPMENT		
Furniture and fittings		
Furniture and fittings – cost	316,255	313,144
Accumulated depreciation	(167,696)	(99,830)
Net book value	148,559	213,314
Mine infrastructure assets		
Mine infrastructure assets – cost	10,033,705	7,306,786
Accumulated depreciation	(1,608,529)	(1,356,267)
Net book value	8,425,176	5,950,519
Buildings and land		
Buildings – cost	66,247,888	65,843,834
Accumulated depreciation	(8,798,255)	(5,449,163)
Net book value	57,449,633	60,394,671
Mining properties		
Mining properties – cost	31,342,848	31,324,712
Accumulated amortisation	(5,926,464)	(4,045,761)
Net book value	25,416,384	27,278,951
Office equipment		
Office equipment – cost	1,455,486	1,145,295
Accumulated depreciation	(774,991)	(518,962)
Net book value	680,495	626,333
Plant and machinery		
Plant and machinery – cost	560,218,885	557,548,908
Accumulated depreciation	(81,649,914)	(51,620,499)
Net book value	478,568,971	505,928,409
Motor vehicles		
Motor vehicles – cost	768,694	663,136
Accumulated depreciation	(433,667)	(291,738)
Net book value	335,027	371,398
Construction in progress		
Construction in progress	725,257,566	-
Accumulated depreciation	-	-
Net book value	725,257,566	-
Total property, plant and equipment	1,296,281,811	600,763,595

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Cont.)

Impairment

After consideration of both internal and external factors, the Directors believe that no indicators of impairment existed at 31 December 2021 and have therefore not completed an impairment assessment over the carrying value of the Group's property, plant and equipment assets at 31 December 2021.

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below.

	31 December 2021 $	31 December 2020 $
Furniture and fittings		
Carrying amount at beginning of year	213,314	115,328
Additions	3,111	139,418
Depreciation	(67,866)	(41,432)
Net book value	148,559	213,314
Mine infrastructure assets		
Carrying amount at beginning of year	5,950,519	4,712,552
Additions	2,726,918	1,406,293
Depreciation	(252,261)	(168,326)
Net book value	8,425,176	5,950,519
Buildings and land		
Carrying amount at beginning of year	60,394,671	61,084,560
Additions	404,053	2,558,560
Depreciation	(3,349,091)	(3,248,449)
Net book value	57,449,633	60,394,671
Mining properties		
Carrying amount at beginning of year	27,278,951	25,450,598
Additions	43,648	3,333,690
Disposal	(25,511)	-
Amortisation	(1,880,704)	(1,505,337)
Net book value	25,416,384	27,278,951
Office equipment		
Carrying amount at beginning of year	626,333	433,728
Additions	310,191	395,551
Depreciation	(256,029)	(202,946)
Net book value	680,495	626,333
Plant and machinery		
Carrying amount at beginning of year	505,928,409	536,454,333
Additions	2,669,977	996,606
Depreciation	(30,029,415)	(31,522,530)
Net book value	478,568,971	505,928,409

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Cont.)	31 December 2021 $	31 December 2020 $
Motor vehicles		
Carrying amount at beginning of year	371,398	265,479
Additions	105,559	203,843
Depreciation	(141,930)	(97,924)
Net book value	335,027	371,398
Construction in progress		
Carrying amount at beginning of year	-	-
Additions*	36,571,799	-
Additions arising from business combination**	688,685,767	-
Depreciation	-	-
Net book value	725,257,566	-
Total property, plant and equipment	1,296,281,811	600,763,595

* Construction in progress represents construction costs from construction of the Angel Nickel Project.
** Additions arising from the acquisition of Angel Capital Private Limited ('Angel Capital') from 1 October 2021 (see Note 16 for further details).

NOTE 12 - TRADE AND OTHER PAYABLES

	31 December 2021 $	31 December 2020 $
Current		
Creditors	49,759,427	33,633,284
Accruals	5,125,121	3,161,092
Other	853,541	3,465,385
	55,738,089	40,259,761

NOTE 13 - BORROWINGS

	31 December 2021 $	31 December 2020 $
Current		
Ranger debt facility	-	12,857,143
Interest on Senior Unsecured Notes	5,281,250	-
Working capital loan	4,000,000	-
Interest on working capital loan	3,014	-
	9,284,264	12,857,143
Non-current		
Ranger debt facility	-	32,142,857
Senior Unsecured Notes	318,322,283	-
	318,322,283	32,142,857

NOTE 13 - BORROWINGS (Cont.)

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 outlined on the following page:

Key terms:

- 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.

Prior to 1 January 2021, the Company had made voluntary prepayments against the Ranger debt facility totalling $35,000,000, which had reduced the outstanding facility balance to $45,000,000. During the year ended 31 December 2021, the Company paid the remaining $45,000,000, fully repaying the Ranger debt facility.

Senior Unsecured Notes

In March 2021, as part of the financing package to facilitate the Company's acquisition of an 80% interest Angel Nickel project the Company made an inaugural issue of US$175,000,000 senior unsecured notes ('Senior Unsecured Notes'). This was followed in September 2021 of a $150,000,000 'tap' of the notes, forming a $325,000,000 single series of notes. Key terms of the Senior Unsecured Notes are as follows:

- Issue size of $325,000,000.
- Coupon interest rate of 6.5% per annum.
- Interest is payable on a semi-annual basis in arrears.
- Principal to be repaid at Final Maturity Date of 1 April 2024.
- Total transaction costs for both the inaugural issue and the 'tap' issue totalled $8,155,857

Angel working capital loans

In December 2021 the indirect shareholders of Angel Nickel, Nickel Mines and Decent Resource Limited ('Decent Resource') an associate of Shanghai Decent, provided working capital loans to Angel Nickel totalling $20 million to fund operations through the ramp-up commissioning phase of operations. These loans were proportionate to the shareholders interest in Angel Nickel. i.e. Nickel Mines provided 80% of the total amount, $16 million and Decent Resource provided 40%, $4 million. Interest is charged at a rate of 2.5% per annum. Total interest payable by Angel Nickel to Decent Resource on the working capital loans was $15,069, with $12,055 payable to the Company eliminating on consolidation and $3,014 payable to Decent Resource. There is no fixed repayment date but it is anticipated the loans will be repaid within the next twelve months.

NOTE 13 - BORROWINGS (Cont.)

The terms and conditions of the outstanding loan are as follows:

	Currency	Nominal interest rate	Year of maturity	Carrying Value 31 December 2021 $	Face Value 31 December 2021 $	Carrying Value 31 December 2020 $	Face Value 31 December 2020 $
Ranger debt facility	US$	6% plus X%[1]	2020-24	-	-	45,000,000	45,000,000
Senior Unsecured Notes	US$	6.5%	2024	323,603,533	325,000,000	-	-
Angel working capital loan	US$	2.5%	-	4,003,014	4,000,000	-	-
Total interest bearing liabilities				327,606,547	329,000,000	45,000,000	45,000,000

[1] X% being the greater of (i) 3-month US$ LIBOR or (ii) 2.5% per annum.

NOTE 14 - ISSUED CAPITAL AND RESERVES

	Number of shares	$
Ordinary shares on issue at 31 December 2019+ - fully paid	1,665,468,329	315,501,048
Issue of shares - cash	849,560,722	430,033,781
Costs of issue	-	(12,605,694)
Ordinary shares on issue at 31 December 2020 - fully paid	2,515,029,051	732,929,135
Issue of shares - cash	-	-
Costs of issue	-	-
Ordinary shares on issue at 31 December 2021 - fully paid	2,515,029,051	732,929,135

Year ended 31 December 2020

In December 2020, through an Accelerated Non-Renounceable Entitlement Offer ('ANREO'), the Group issued 386,929,409 shares for cash totalling A$363,713,644 (equivalent to $274,927,849). There were no amounts unpaid on the shares issued and share issue costs amounted to $5,646,064.

In May and June 2020, through an ANREO, 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.

Options

There were no options granted, exercised or lapsed unexercised during the years ended 31 December 2021 or 31 December 2020.

NOTE 14 - ISSUED CAPITAL AND RESRVES (Cont.)

Dividends

The company paid an interim unfranked dividend of A$0.02 per share during the year and a final unfranked dividend for 2020 of A$0.02 during the year ended 31 December 2021 amounting to $75,088,707. Total dividends of A$0.04 was paid or declared during the year ended 31 December 2021. Subsequent to year end the Company declared a final dividend of A$0.02 per share, being a distribution of $35,366,339.

The company paid maiden interim unfranked dividend of A$0.01 per share during the year ended 31 December 2020 amounting to $15,441,648.

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.

Reserves

	31 December 2021 $	31 December 2020 $
Opening balance	19,204,534	19,206,524
Remeasurement of defined benefit obligation	(65,239)	(1,990)
Transaction with non-controlling interest without a change of control*	25,600,000	-
	44,739,295	19,204,534

* Subsequent to the Company consolidating Angel Capital Private Limited ('Angel Capital') from 1 October 2021 (see Note 16 for further details) Shanghai Decent has contributed $32 million to fund construction of the Angel Nickel project. Subsequently $25.6 million, 80% of this amount, equivalent to the Company's ownership interest in the Angel Capital is then assigned to the Company.

NOTE 15 - EQUITY-ACCOUNTED INVESTEES

	31 December 2021 $	31 December 2020 $
Opening balance	-	-
Acquisition of a 30% interest in equity accounted investee	210,000,000	-
Acquisition of an additional 20% interest	137,600,000	-
Share of loss of equity accounted investee	(50,482)	-
Acquisition of an additional 30% interest	210,000,000	-
Fair value movement in the carrying value of investment	2,450,482	-
Consideration for business combination	(560,000,000)	-
	-	-

NOTE 15 - EQUITY-ACCOUNTED INVESTEES (Cont.)

The Company acquired an initial 30% interest of the Angel Nickel project in January 2021 for $210 million, inclusive of a $30 million deposit having been paid prior to 31 December 2020. The interest was acquired through the acquisition of the issued share capital of Angel Capital Private Limited ('Angel Capital'), a Singaporean holding company which holds 100% of the shares (directly and indirectly) of PT Angel Nickel Industry ('Angel Nickel'), which is an Indonesian PMA company which will own and operate the Angel Nickel RKEF project once completed. An additional $137.6 million was paid in April 2021 to acquire of a further 20% interest in Angel Capital, taking the Company's current interest to 50% of the Angel Nickel project. This payment included a $2.4 million early payment discount. On 30 September 2021, the Company acquired an additional 30% interest in Angel Capital at the cost of an additional $210 million, taking its total interest to 80% and equity accounting of the investment in Angel Capital was ceased at 30 September 2021.

The Company's equity accounting share of the Angel Capital loss for the period 1 February 2021 to 30 September 2021 was $50,482.

NOTE 16 - CONTROLLED ENTITIES

Acquisition of controlled entities

On 30 September 2021, in accordance with its rights under a Collaboration Agreement, the Company acquired for $210 million a further 30% of the issued share capital of Angel Capital Private Limited ('Angel Capital'), a Singaporean holding company which holds 100% of the shares (directly and indirectly) of PT Angel Nickel Industry ('Angel Nickel'), which is an Indonesian PMA company which will own and operate the Angel Nickel RKEF project once completed. This took the Company's interest in Angel Capital to 80%, following the acquisition of an initial 30% interest of the Angel Nickel project in January 2021 for $210 million and the acquisition of a further 20% in April 2021 for an additional $137.6 million. This payment included a $2.4 million early payment discount. On moving to an 80% interest nominees of Nickel Mines constituted the majority of the Board of Angel Capital and it was then deemed that Nickel Mines controlled Angel Capital and equity accounting of the investment in Angel Capital was ceased at 30 September 2021.

The acquisition and control of Angel Capital had the following effect on the Group's assets and liabilities on acquisition date, determined on a provisional basis:

Fair value of net assets of entity acquired:	**Pre-acquisition carrying amounts**	**Fair value adjustments $**	**Advancement payment***	**Recognised values on acquisition**
Cash and cash equivalents	11,458,128	-	-	11,458,128
Other current assets	5,756,942	-	-	5,756,942
Property, plant and equipment*	275,839,802	228,053,219	184,792,746	688,685,767
Trade and other payables	(5,900,837)	-	-	(5,900,837)
Goodwill	-	22,577,269	-	22,577,269
Deferred income tax liability	-	(22,577,269)	-	(22,577,269)
Net assets and liabilities	287,154,035	228,053,219	184,792,746	700,000,000

Consideration transferred:	
Fair value of equity accounted investment	560,000,000
Non-controlling interest	140,000,000
	700,000,000
Cash/consideration paid	(210,000,000)
Cash acquired	11,458,128
Net cash outflow	(198,541,872)

NOTE 16 - CONTROLLED ENTITIES (Cont.)

* Property, plant and equipment consists of construction in progress costs. The total estimated cost of construction is $460 million, of which $184.8 million are advanced payments of construction costs. The Company has no additional acquisition costs for the Angel Nickel project, with all construction costs to be funded by Shanghai Decent.

The values of assets and liabilities recognised on acquisition are their estimated fair values. The fair value of the assets was determined on acquisition date by reference to a valuation of $700 million, being the underlying valuation when determining the cost of any additional increase in the Company's interest in Angel Capital.

Particulars in relation to controlled entities:

	Ordinary shares – Group interest 31 December 2021 %	**Ordinary shares – Group interest 31 December 2020 %**
Parent entity		
Nickel Mines Limited		
Controlled entities		
PT Hengjaya Mineralindo (incorporated in Indonesia)	80	80
Hengjaya Holdings Private Limited (incorporated in Singapore)	80	80
Hengjaya Nickel Private Limited (incorporated in Singapore)	80	80
PT Hengjaya Nickel Industry (incorporated in Indonesia)	80	80
Ranger Investment Private Limited (incorporated in Singapore)	80	80
Ranger Nickel Private Limited (incorporated in Singapore)	80	80
PT Ranger Nickel Industry (incorporated in Indonesia)	80	80
Angel Capital Private Limited (incorporated in Singapore)	80	-
Angel Nickel Private Limited (incorporated in Singapore)	80	-
PT Angel Nickel Industry (incorporated in Indonesia)	80	-
Tablasufa Pty Ltd	100	-

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$120M 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 $3,749,655 was made in September 2020 following the release of the reviewed half year financial statements.

NOTE 16 - CONTROLLED ENTITIES (Cont.)

Non-controlling interests

The following table summarises the information relating to the Group's subsidiaries that have a material non-controlling interest, before any intra-group eliminations.

	Hengjaya Holdings Private Limited and its controlled entities		PT Hengjaya Mineralindo		Ranger Investment Private Limited and its controlled entities		Angel Capital Private Limited and its controlled entities	
	31 December 2021 $	31 December 2020 $	31 December 2021 $	31 December 2020 $	31 December 2021 $	31 December 2020 $	31 December 2021 $	31 December 2020 $
Non-controlling interest percentage	20%	20%	20%	20%	20%	20%	20%	100%
Current assets	139,200,703	106,417,123	22,713,198	16,066,904	133,473,064	105,522,401	45,220,070	-
Non-current assets	304,731,662	319,827,057	40,746,944	39,200,203	289,824,050	306,193,652	766,082,122	-
Current liabilities	(19,861,957)	(24,271,607)	(15,439,746)	(9,657,655)	(19,317,060)	(25,007,858)	(44,316,944)	-
Non-current liabilities	(29,297,098)	(29,227,624)	(25,243,635)	(38,992,219)	(26,250,028)	(26,188,637)	-	-
Net assets	394,773,310	372,744,949	22,776,761	6,617,234	377,730,026	360,519,558	766,985,248	-
Carrying amount of non-controlling interest [2]	78,493,824	74,730,150	4,043,856	1,323,446	73,694,072	70,114,545	145,234,548	-
Revenue	317,814,143	260,273,425	82,981,198[1]	25,139,919[1]	327,004,157	263,218,988	-	-
Profit	87,330,360	72,768,662	14,675,948	1,544,688	93,732,470	77,137,207	(640,579)	-
Other comprehensive income	-	-	(81,549)	(2,487)	-	-	-	-
Total comprehensive income	87,330,360	72,768,662	14,594,399	1,542,201	93,732,470	77,137,207	(640,579)	-
Profit/(loss) allocated to non-controlling interest [2]	17,032,231	20,996,983	2,935,190	309,435	18,196,762	21,781,581	(126,114)	-
Other comprehensive loss allocated to non-controlling interest	-	-	(16,310)	(497)	-	-	-	-

(1) Includes saprolite nickel ore sales from the Company's controlled entity PT Hengjaya Mineralindo to the Company's controlled entities PT Hengjaya Nickel Industry and PT Ranger Nickel Industry.
(2) After intra-group eliminations.

NOTE 16 - CONTROLLED ENTITIES (Cont.)

	31 December 2021	31 December 2020
Goodwill	**$**	**$**
Opening balance	55,404,895	55,404,895
Goodwill arising on acquisition of Angel Capital Private Limited	22,577,269	-
	77,982,164	55,404,895

The increase in the goodwill balance has arisen on the business combinations for the Angel Nickel project referred to above. The goodwill has been determined on a provisional basis and the measurement period has not yet concluded. Accordingly, the increase in the goodwill balance has not yet been finalised and allocated to a cash generating unit for impairment testing. At 31 December 2021, the Directors consider there are no indicators of impairment. The goodwill balance arising from the Angel Nickel business combination will be finalised and impairment testing completed no later than 31 December 2022.

The remaining goodwill balance amounting to $55,404,895 pertains to the Hengjaya Nickel and Ranger Nickel RKEF Projects. The Directors consider there to be no impairment on the basis that the recoverable value, determined based on value-in-use, is higher than the carrying value of goodwill. The underlying cash flows of each CGU (RKEF plant) have outperformed the original valuation prepared for the CGU's on their acquisition.

The key assumptions used in the original cash flow forecasts are set out below:

RKEF Project	Carrying amount of goodwill	NPI production (tpa)	NPI Grade (%)	Nickel Production (tpa)	Nickel Price (p/t)	Cash costs ($/t)	Discount Rate (%)	Model Period (years)
Hengjaya Nickel	$29,219,349	150,000	11.0	16,500	$13,370	$8,142	10	37
Ranger Nickel	$26,185,545	150,000	11.0	16,500	$13,370	$8,174	10	37
Angel Capital	$22,577,269	327,273	11.0	36,000	$13,950	$7,600	11	35

NOTE 17 - DEPOSIT

In November 2021, the Company signed a memorandum of understanding ('MoU') and subsequently a definitive agreement with Shanghai Decent to acquire a 70% interest in Oracle Development Private Limited, the Singaporean domiciled holding company that wholly owns PT Oracle Nickel Industry ('Oracle Nickel'), an Indonesian PMA company that owns 100% of the Oracle Nickel project, a development project within the Indonesia Morowali Industrial Park Indonesia's Central Sulawesi province.

Under the amended terms of the definitive agreement, the Company will acquire an 70% interest in Oracle Nickel in accordance with the following staged payments:

- Stage 1 - $53.M by 31 March 2022 to secure an initial 10% interest.
- Stage 2 - $106M by 30 June 2022 to secure a further 30% interest.
- Stage 3 - $212M by 31 December 2022 to secure a further 30% interest.

Oracle Nickel will also separately undertake the construction of a 380MW power plant. The Company has the obligation to provide Oracle Nickel $154M ($220M * 70%) of funding by way of shareholder loans.

On signing the MoU in November 2021 the Company paid a $10M 'good faith deposit' to Shanghai Decent and upon execution of the definitive agreement in December 2021 made a further $20M 'down payment' to Shanghai Decent.

NOTE 17 - DEPOSIT (Cont.)

Subsequent to year end, in February 2022 the Company completed the acquisition of the initial 10% interest in Oracle Nickel following the payment of $23M to Shanghai Decent, with the $30M in deposits detailed here having already been paid in 2021.

NOTE 18 - RELATED PARTIES

Key management personnel of the Group during the year ended 31 December 2021 are the following:

Robert Neale	Chairman (Non-Executive)	Norman Seckold	Deputy Chairman
Justin Werner	Managing Director	Peter Nightingale	Director and Chief Financial Officer*
James Crombie	Director (Non-Executive)	Weifeng Huang	Director (Non-Executive)
Mark Lochtenberg	Director (Non-Executive)	Dasa Sutantio	Director (Non-Executive)
Yuanyuan Xu	Director (Non-Executive)	Chris Shepherd	Chief Financial Officer^

* Resigned as a Director and CFO on 15 November 2021.

^ Appointed as CFO 15 November 2021.

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2021. The total remuneration paid to key management personnel of the Group during the year is as follows:

Key Management Personnel compensation

	31 December 2021 $	31 December 2020 $
Short term employee benefits	1,255,928	937,929
Termination benefits	224,098	-
	1,480,026	937,929

Key Management Personnel transactions

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 and this fee was increased to A$37,000 per month in October 2021 and A$38,000 per month from November 2021. Fees charged by MIS during the year amounted to A$590,500 (31 December 2020: A$600,625) which included the agreed monthly fee and the reimbursement of consultant expenses incurred by MIS on behalf of the Group. At 31 December 2021 $3,000 (31 December 2020: A$16,250) remained outstanding.

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.

	31 December 2021 $	31 December 2020 $
NOTE 19 - STATEMENT OF CASH FLOWS		
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Bank balances	137,861,598*	351,445,322
(b) Reconciliation of net loss from ordinary activities after tax to net cash used in operating activities		
Profit from ordinary activities after tax	175,976,986	153,698,840
Non-cash items		
Depreciation and amortisation	35,977,298	36,786,945
Foreign exchange loss/(gain)	2,718,379	(1,647,911)
Interest expense	13,044,911	5,268,152
Net change in fair value of investment in associate	(2,450,482)	-
Changes in assets and liabilities		
Trade receivables and other assets	(14,391,304)	(27,407,730)
Inventory	(45,712,105)	(5,046,491)
Provisions	344,110	1,958,305
Trade and other payables	23,512,927	(13,655,373)
Net cash from operating activities	189,020,720	149,954,737

* Cash and cash equivalents includes $7.9 million held as a temporary security for a Letter of Credit which expired on 14 January 2022, as well as $4.9 million held as a restricted time deposit in relation to reclamation of the Hengjaya Mine site.

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities Loans and borrowings $	Equity Share capital $	Total $
Opening balance at 1 January 2021	45,000,000	732,929,135	777,929,135
Changes from financing activities			
Proceeds from issue of senior secured notes	325,000,000	-	325,000,000
Proceeds from borrowings	4,000,000	-	4,000,000
Costs of issue	(8,155,857)	-	(8,155,857)
Repayment of borrowings	(45,000,000)	-	(45,000,000)
Repayment of interest	(6,340,658)	-	(6,340,658)
Total changes from financing cash flows	269,503,485	-	269,503,485
Other changes			
Finance expenses	11,566,771	-	11,566,771
Costs of issue expensed – non cash	1,478,140	-	1,478,140
Total other changes	13,044,911	-	13,044,911
Closing balance at 31 December 2021	327,548,396	732,929,135	1,060,477,531

NOTE 20 - FINANCIAL INSTRUMENTS DISCLOSURE

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, currency risk and interest rate risk. The summaries below present information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

	Note	31 December 2021 $	31 December 2020 $
Cash and cash equivalents	19	137,861,958	351,445,322
Trade and other receivables	6	125,094,113	117,758,937
Loan	7	3,500,000	-
		266,456,071	469,204,259

Cash and cash equivalents

The Group mitigates credit risk on cash and cash equivalents by dealing with regulated banks in Australia, China, Indonesia and Singapore.

Trade and other receivables

Credit risk of trade and other receivables is low as it consists predominantly of saprolite nickel ore and nickel pig iron sales. Saprolite ore sales are currently all either to the Company's 80% owned PT Hengjaya Nickel Industry or the Company's 80% owned PT Ranger Nickel Industry or and nickel pig iron trade receivables in 2021 were all from sales to two customers, Shanghai Decent or PT Indonesia Stainless Steel, a stainless steel producer operating at the IMIP. Additional amounts are recoverable from Australian and Indonesian Taxation Authorities. None of the Group's material trade and other receivables are past due. In November 2021 the Hengjaya Mine also commenced sales of limonite ore to Huayue Nickel Cobalt project located within the IMIP. At 31 December 2021 $503,181 was outstanding.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

NOTE 20 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)
Liquidity risk (Cont.)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Consolidated	Carrying amount $	Contractual cash flows $	Less than one year $	Between one and five years $	More than five years $
31 December 2021					
Trade and other payables (including tax)	63,385,777	63,385,777	63,385,777	-	-
Borrowings	327,606,547	383,634,013	25,186,096	358,447,917	-
	390,992,324	447,019,790	88,571,873	358,447,917	-
31 December 2020					
Trade and other payables (including tax)	44,011,105	44,011,105	44,011,105	-	-
Borrowings	45,000,000	51,763,571	16,049,196	35,714,375	-
	89,011,105	95,774,676	60,060,301	35,714,375	-

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding where possible and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of expected settlement of financial assets and liabilities.

Currency risk

The functional currency in 2021 was assessed as being United States dollars for all group entities. The Group is exposed to foreign currency risks due to the fact that the domestic ore sales of its subsidiaries PT Hengjaya Mineralindo, PT Hengjaya Nickel Industry and Ranger Nickel Industry are in Indonesian Rupiah (although the underlying sale price is denominated in US dollars), liabilities of the Group are denominated in both Indonesian Rupiah and Australian dollars and the issues of shares during the year were denominated in Australian dollars.

The Group's gross financial position exposure to foreign currency risk at 31 December is as follows:

	31 December 2021		31 December 2020	
	Foreign currency	USD	Foreign currency	USD
IDR				
Cash at bank	IDR 246,669,671,023	$17,310,152	IDR 37,420,778,576	$2,663,401
Accounts receivable	IDR 631,784,620,256	$44,335,763	IDR 18,000,000	$1,281
Other current assets	IDR 749,426,825,993	$52,591,356	IDR 8,233,155,900	$585,278
Provisions and accrual	IDR 52,059,372,471	$3,653,289	IDR 38,927,632,500	$2,770,651
Taxes payable	IDR 85,150,325,803	$5,975,461	IDR 36,141,595,813	$2,572,356
Trade and other payables	IDR 706,499,031,786	$49,578,879	IDR 484,596,425,369	$34,562,023
AUD				
Cash at bank	A$12,277,507	$8,913,470	A$117,727,957	$90,579,890
Receivables	A$86,073	$62,489	A$199,924	$153,822
Trade and other payables	A$70,352	$51,091	A$128,028	$98,505
SGD				
Cash at bank	SGD$105	$78	SGD$17,321	$13,107

NOTE 20 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Currency risk (Cont.)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
USD	**12 months to 31 December 2021**	**12 months to 31 December 2020**	**31 December 2021**	**31 December 2020**
IDR	14,313	14,513	14,250	14,050
AUD	1.3387	1.4474	1.377	1.2997
SGD	1.3432	1.3791	1.349	1.3209

The following sensitivity analysis is based on the exchange rate risk exposures at balance date. At balance date, if the exchange rate between the United States dollar and the Indonesian Rupiah, the Australian dollar or the Singaporean dollar had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	Post tax loss (Higher)/Lower 31 December 2021 $	Total equity (Higher)/Lower 31 December 2021 $	Post tax loss (Higher)/Lower 31 December 2020 $	Total equity (Higher)/Lower 31 December 2020 $
+ 10% higher USD to IDR exchange rate	5,502,964	5,502,964	(3,551,803)	(3,551,803)
- 5% lower USD to IDR exchange rate	(2,751,482)	(2,751,482)	1,775,901	1,775,901
+ 10% higher USD to AUD exchange rate	892,488	892,488	9,063,521	9,063,521
- 5% lower USD to AUD exchange rate	(446,244)	(446,244)	(4,531,760)	(4,531,760)
+ 10% higher USD to SGD exchange rate	8	8	1,311	1,311
- 5% lower USD to SGD exchange rate	(4)	(4)	(655)	(655)

Interest rate risk

The Group's exposure to market interest rate relates to cash assets.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

		31 December 2021 $	31 December 2020 $
Financial assets			
Cash and cash equivalents	19	137,861,958	351,445,322
Financial liabilities			
Borrowings	13	-	45,000,000

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the period by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the comparative period.

	31 December 2021 $	30 December 2020 $
Profit for the year	2,221,536	1,456,327

NOTE 20 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures, where possible, costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Group's operation. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

NOTE 21 - PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 31 December 2021, the parent entity of the Group was Nickel Mines Limited.

	Parent Entity 31 December 2021 $	Parent Entity 31 December 2020 $
Result of the parent entity		
Net loss	(19,346,274)	(5,918,126)
Other comprehensive income	-	-
Total comprehensive loss	(19,346,274)	(5,918,126)

	31 December 2021 $	31 December 2020 $
Financial position of the parent entity at year end		
Current assets	56,012,772	321,513,844
Non-current assets	921,698,458	471,844,618
Total assets	977,711,230	793,358,462
Current liabilities	5,708,090	13,099,767
Non-current liabilities	318,322,283	32,142,857
Total liabilities	324,030,373	45,242,624
Net Assets	653,680,857	748,155,838
Equity		
Share capital	732,929,135	732,929,135
Retained profits	(79,248,278)*	15,186,703
Total Equity	653,680,857	748,155,838

* During 2021 the Company made dividend payment totaling $75,088,707 (2020: $15,441,648) which is included within retained profits for the 2021 financial year.

At balance date, the Company has no capital commitments or contingencies (31 December 2020: $nil), other than as outlined in Note 17.

NOTE 22 - 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 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.

Operating segments

For the year ended 31 December 2021, the Group had two segments, being nickel ore mining in Indonesia and the RKEF projects in Indonesia and Singapore.

	Nickel ore mining $	RKEF Projects $	Unallocated $	Total $
31 December 2021				
External revenues	1,117,340	644,818,299	-	645,935,639
Reportable segment profit/(loss) before tax	18,746,146	182,315,704	(20,022,315)	181,039,535
Interest income	125,550	189,967	20,468	335,985
Interest expense	-	-	11,566,771	11,566,771
Depreciation and amortisation	3,301,584	32,674,077	1,637	35,977,298
Reportable segment assets	53,566,916	1,687,726,903	61,325,003	1,802,618,822
Reportable segment liabilities	17,870,628	130,805,784	324,030,371	472,706,783
31 December 2020				
External revenues	-[1]	523,492,413	-	523,492,413
Reportable segment profit/(loss) before tax	1,216,424	173,045,571	(19,695,320)	154,566,675
Interest income	90,510	378,840	49,223	518,573
Interest expense	-	55,664	5,212,488	5,268,152
Depreciation and amortisation	1,434,100	34,358,790	994,054	36,786,945
Reportable segment assets	33,097,749	880,065,390	321,513,845	1,234,676,984
Reportable segment liabilities	12,837,122	90,368,329	45,242,624	148,448,076

(1) Sales of nickel ore are internal to the Group and so are eliminated on consolidation, whilst limonite ore sales are to a party external to the Group.

NOTE 22 - SEGMENT INFORMATION (Cont.)

	31 December 2021 $	31 December 2020 $
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total profit for reportable segments	201,061,850	174,261,995
Unallocated amounts:		
Net other corporate expenses	(20,022,315)	(19,695,320)
Consolidated profit before tax	181,039,535	154,566,675
Reconciliations of reportable assets and liabilities		
Assets		
Total assets for reportable segments	1,741,293,819	913,163,139
Unallocated corporate assets	61,325,003	321,513,845
Consolidated total assets	1,802,618,822	1,234,676,984
Liabilities		
Total liabilities for reportable segments	(148,676,412)	(103,205,451)
Unallocated corporate liabilities	(324,030,371)	(45,242,624)
Consolidated total liabilities	(472,706,783)	(148,448,075)

Geography of reportable segment assets

	Indonesia $	Singapore $	Total $
31 December 2021			
Reportable segment assets	1,737,675,338	3,618,481	1,741,293,819
31 December 2020			
Reportable segment assets	902,697,958	10,465,181	913,163,139

Revenue

All sales during the year were to customers located in either Indonesia or China. For the year ended 31 December 2021 the value of total NPI sales to customers based in China was $358.4 million and to customers based in Indonesia was $286.4 million. Limonite ore revenue totaling $1.1 million was all to customers located in Indonesia.

Major customers

All sales of nickel pig iron during the year ended 31 December 2021 were either exported sales to Shanghai Decent in China, or sales within to PT Indonesia Stainless Steel, a stainless steel producer operating within the IMIP.

All sales of saprolite nickel ore during the year ended 31 December 2021, were to the Company's subsidiaries PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, under a series of offtake agreements to supply between 50,000 to 70,000 wmt per month to each entity. In November 2021 PT Hengjaya Mineralindo also commenced the supply of limonite ore to the Huayue Nickel Cobalt project within the IMIP.

NOTE 23 - REVENUE

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major production and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Nickel pig iron		Saprolite ore		Limonite ore	
	31 December 2021 $	31 December 2020 $	31 December 2021* $	31 December 2020* $	31 December 2021* $	31 December 2020 $
Major products	644,818,299	523,492,413	82,968,747	25,139,919	1,117,340	-
Timing of revenue recognition						
Products transferred at a point in time	644,818,299	523,492,413	82,968,747	25,139,919	1,117,340	-
Revenue from contracts with customers	644,818,299	523,492,413	82,968,747	25,139,919	1,117,340	-
Revenue as reported in Note 22	644,818,299	523,492,413	82,968,747	25,139,919	1,117,340	-

* Sales of nickel ore are internal to the Group and so are eliminated on consolidation.

The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances of the entity's contracts with customers.

NOTE 24 - AUDITOR REMUNERATION

During the year ended 31 December 2021 KPMG, the Company's auditor, has performed other services in addition to their statutory audit duties.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year and prior period are set out below:

	31 December 2021 $	31 December 2020 $
Auditors of the Company		
Audit and review of financial reports – KPMG Australia	222,654	195,880
Audit and review of financial reports – KPMG Indonesia	117,747	140,877
Other assurance services – KPMG Australia	234,914	-
	575,315	336,757

NOTE 25 – SUBSEQUENT EVENTS

- At an Extraordinary General Meeting of shareholders held on 25 January 2022, shareholders approved the acquisition of 70% of Oracle Nickel.
- On 27 January 2022, the Company announced that the Angel Nickel Project had entered its commissioning phase with the first of its four RKEF lines having commenced the production of NPI.
- On 27 January 2022, the Company declared a A$0.02 final dividend for 2021, which was paid on 10 February 2022, being a distribution of $35,366,339.
- On 9 February 2022, the Company announced an approximate $225M capital raising to fund the acquisition of an initial 30% interest in Oracle Nickel. On 15 February 2022 the Company issued 108,122,223 shares in the institutional placement component of the raising at A$1.37 per share, raising A$148.1M ($105.6M), before costs. In addition to the institutional placement, the capital raising also includes a share purchase plan as well as a placement to Shanghai Decent which is subject to shareholder and Foreign Investment Review Board approval.
- In February 2022, the Company completed the acquisition of the initial 10% interest in Oracle Nickel following the payment of $23M to Shanghai Decent, with $30M in deposits having already been paid in 2021.

Other than the matters outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any 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.

NOTE 26 – COMMITMENTS AND CONTINGENCIES

There are no contingent liabilities existing at 31 December 2021 (31 December 2020: $nil).

NICKEL MINES LIMITED
and its controlled entities

DIRECTORS' DECLARATION

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1. In the opinion of the Directors of Nickel Mines Limited ('the Company'):

   (a) the consolidated financial statements and notes set out on pages 30 to 65 and the Remuneration report on pages 24 to 27 in the Directors' report, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year ended on that date; and

      (ii) complying with Australian Accounting Standards, (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2021.

Signed at Sydney this 23rd day of February 2022
in accordance with a resolution of the Board of Directors:

Robert Neale	**Norman Seckold**
Chairman	**Deputy Chairman**

Independent Auditor's Report

To the shareholders of Nickel Mines Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Nickle Mines Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is 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 financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Consolidation of subsidiaries; and
- Acquisition of non-controlling interests.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Consolidation of subsidiaries

Refer to Note 16 Controlled Entities

The key audit matter	How the matter was addressed in our audit
Nickel Mines Limited consolidates its investments in subsidiaries as outlined in Note 16 to the financial statements. In doing so, they are required to make a number of adjustments to the underlying financial information to ensure alignment to Australian Accounting Standards and the Group's accounting policies. This is a key audit matter because certain adjustments are material and technical in nature.	Our procedures included: • Interacting with Group management and the relevant component audit team, we developed an understanding of local accounting policies of the subsidiaries and the nature and extent of any accounting standard or accounting policy adjustments required to align with those of the Group's. We sample tested that the adjustments made by the Group were consistent with this understanding; and • Upon receipt of the audited balance sheets and income statements of PT Hengjaya Mineralindo, PT Hengjaya Nickel Industry, PT Ranger Nickel Industry and PT Angel Nickel Industry all incorporated in Indonesia, which are the material subsidiaries in the Group's operations, reperforming management's calculations of adjustments impacting Nickel Mines Limited's consolidated statement of comprehensive income and consolidated statement of financial position, and reperforming management's calculation of adjustments impacting the Group and non-controlling interests share of net profits and comparing to those calculated by the Group.

Acquisition of non-controlling interests ($147m)	
Refer to Note 16 Controlled Entities	
The key audit matter	**How the matter was addressed in our audit**

The Group's investment in Angel Capital Private Limited ('Angel Capital'), a Singaporean holding company which holds 100% of the shares (directly and indirectly) of PT Angel Nickel Industry ('Angel Nickel'), was acquired during the financial year ended 31 December 2021. The investment was equity accounted for during part of the year and was consolidated effective 30 September 2021.
 	
This was a key audit matter due to the following:
• Size of the transaction: the fair value of the net assets of Angel Capital was assessed as US$700 million at the date of acquisition; and
• Complexity: The acquisition was part of the Collaboration Agreement with Shanghai Decent Investment (Group) Co., Limited and Decent Resource Limited. The terms and conditions of the Collaboration Agreement were complex and the implications had pervasive impacts on the financial report. In addition, the Collaboration Agreement was amended throughout the financial year.
 	
We focused on significant judgements made by the Group in relation to:
• The date of gaining control of Angel Capital;
• The fair value of the consideration transferred, including non-controlling interests; and
• The provisional fair values assigned to the identifiable assets and liabilities.
 	
These conditions require significant audit effort and greater involvement by senior team members and KPMG valuation specialists.
	Our procedures included:
	• Reading the Collaboration Agreement and subsequent amendments to understand the key terms and conditions of the agreement and the obligations of each party to the contract. Using this we challenged the Group's assessment of the date of gaining control of Angel Capital;
	• Working with our valuation specialists we assessed and challenged the key assumptions used in the purchase price allocation to identify assets and liabilities acquired, including a consideration of the existence of intangible assets;
	• Working with out valuation specialists we assessed and challenged the Group's fair value assessments, including:
	  ◦ The fair value of the consideration transferred by assessing the value of US$700 million assigned by the Group by reference to the estimated net present value of future cash flows,
	  ◦ The provisional fair values assigned to identifiable assets and liabilities, including identifiable intangible assets.
	• Testing of the acquisition date balance sheet of Angel Capital to the underlying accounting records of each entity acquired and assessing compliance of those accounting records with the accounting standards;
	• Testing of the post-acquisition financial performance and position of Angel Capital, including as at 31 December 2021, and ongoing compliance with accounting standards; and
	• Evaluating the Group's disclosures in the financial report against the requirements of accounting standards.

KPMG

Other Information

Other Information is financial and non-financial information in Nickle Mines Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nickel Mines Limited for the year ended 31 December 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 24 to 27 of the Directors' report for the year ended 31 December 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Stephen Board

Stephen Board
Partner

Brisbane
23rd February 2022

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 January 2022.

Distribution of Equity Securities

ORDINARY SHARES

Range	Number of Holders	Number of Shares
1 to 1,000	2,599	1,687,350
1,001 to 5,000	3,696	10,340,909
5,001 to 10,000	1,577	12,553,506
10,001 to 100,000	2,411	75,816,797
Above 100,001	420	2,414,630,489
	10,703	**2,515,029,051**

The number of shareholders holding less than a marketable parcel is 228.

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Nº	SHAREHOLDER	Number of Shares	Total %
1	HSBC Custody Nominees (Australia) Limited	705,249,754	28.04
2	Decent Investment International Private Limited	291,281,846	11.58
3	J P Morgan Nominees Australia Pty Limited	214,402,157	8.52
4	PT Harum Energy TBK	169,433,511	6.74
5	Shanghai Decent Investment (Group) Co., Ltd	161,696,446	6.43
6	Citicorp Nominees Pty Limited	129,174,530	5.14
7	Shanghai Wanlu Investment Co Ltd	97,258,258	3.87
8	BNP Paribas Noms Pty Ltd <DRP>	63,948,987	2.54
9	CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	60,856,704	2.42
10	Altinova Nominees Pty Ltd	60,104,526	2.39
11	Permgold Pty Ltd <The Seckold Super Fund A/C>	57,611,135	2.29
12	National Nominees Limited	27,909,792	1.11
13	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	27,492,999	1.09
14	Rosignol Pty Ltd <Nightingale Family A/C>	22,134,146	0.88
15	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	19,700,198	0.78
16	Bell Potter Nominees Ltd <BB Nominees A/C>	14,106,930	0.56
17	Brispot Nominees Pty Ltd <House Head Nominee A/C>	13,413,537	0.53
18	CRX Investments Pty Limited	12,750,000	0.51
19	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	12,021,769	0.48
20	QM Financial Services Pty Ltd <The QM Securities A/C>	11,184,553	0.44
Total in Top 20		**2,171,731,778**	**86.35**

ADDITIONAL ASX INFORMATION

Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

Shareholder	Nº of Shares Held	% of Issued Shares
Shanghai Decent Investment (Group) Co., Ltd	469,678,296	18.67%
PT. Karunia Bara Perkasa	378,395,960	15.05%
BlackRock Group	195,525,198	7.77%
Baillie Gifford & Co	181,286,592	7.21%

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

Tenement Schedule

Project	Tenement number	Interest %
Hengjaya Project	540-3/SK.001/DESDM/VI/2011	80%

NICKEL MINES LIMITED
and its controlled entities

CORPORATE DIRECTORY

Directors:

Robert Neale
Norman Seckold
Justin Werner
James Crombie
Weifeng Huang
Mark Lochtenberg
Dasa Sutantio
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
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Email : info@nickelmines.com.au
Website : www.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