

## Board of Directors

Non-Executive Chairman  
Rob Neale

Executive Deputy Chairman  
Norman Seckold

Managing Director  
Justin Werner

Non-Executive Director  
James Crombie

Non-Executive Director  
Weifeng Huang

Non-Executive Director  
Mark Lochtenberg

Non-Executive Director  
Dasa Sutantio

Non-Executive Director  
YuanYuan Xu

## Substantial Shareholders

|                 |       |
|-----------------|-------|
| Shanghai Decent | 21.2% |
| PT. KBP         | 13.4% |
| BlackRock Group | 6.5%  |

## Further enquiries

Cameron Peacock  
[cpeacock@nickelindustries.com](mailto:cpeacock@nickelindustries.com)  
+ 61 (0) 439 908 732

[info@nickelindustries.com](mailto:info@nickelindustries.com)  
+61 2 9300 3311

# QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 June 2022

## Record EBITDA from operations of US\$103.2M as Angel Nickel production ramps up and Hengjaya Mine benefits from higher realised ore prices

- Record RKEF quarterly production of **15,567** tonnes of nickel metal (100% basis) (March quarter: 11,166 tonnes)  
NIC attributable nickel production was 12,453 tonnes of nickel metal
- Record **15,817** nickel metal tonnes sold (100% basis) (March quarter: 10,089 tonnes)
- Record RKEF quarterly sales of **US\$315.4M** (100% basis) (March quarter: US\$195.4M)
- Record RKEF quarterly EBITDA of **US\$84.9M** (100% basis) (March quarter: US\$72.8M)
- RKEF quarterly EBITDA margin of **US\$5,367/t Ni** sold (March quarter: US\$7,386/t)
- Underlying cash generation from operations of **US\$102.6M** (100% basis) (March quarter: US\$81.3M)
- RKEF June quarter cash costs:
  - Hengjaya Nickel: US\$14,597/tonne Ni (March quarter: US\$12,023)
  - Ranger Nickel: US\$14,338/tonne Ni (March quarter: US\$11,916)
  - Angel Nickel: US\$14,550/tonne Ni
- Record Hengjaya Mine nickel ore production of **1,313,492 wmt** (March quarter: 1,073,525 wmt)
- Record Hengjaya Mine EBITDA of **US\$18.4M** (March quarter: US\$8.9M)
- Cash + receivables + inventory at quarter end of **US\$452.6M** (March quarter: US\$431.8M)
- Acquisition of a further 20% interest in the Oracle Nickel project (current NIC ownership 30%) plus US\$81.2M of early construction payments made, expected to result in an accelerated October 2022 commissioning
- Fourth Angel Nickel RKEF line commissioned during the quarter and sales commenced in May. Designated power plant commenced commissioning on 22 July 2022
- Change of Company name to Nickel Industries Limited



The Directors are pleased to present the June 2022 Quarterly Activities Report for Nickel Industries Limited ('Nickel Industries' or 'the Company') and its controlled entities ('the Group').

The Group's principal operations, located in 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, located within the Indonesia Weda Bay Industrial Park ('IWIP') and the Hengjaya Mine. For the quarter under review the Company held an 80% interest in the Hengjaya Nickel ('HNI'), Ranger Nickel ('RNI') and Angel Nickel ('ANI') RKEF projects, as well as an 80% interest in the Hengjaya Mine. Additionally, the Company currently holds a 30% interest (to increase to 70%) in the Oracle Nickel RKEF project ('Oracle Nickel' or 'ONI'), which is currently under construction at IMIP.

## RKEF operations

### Key reporting metrics

| KEY RKEF METRICS       |           | June quarter | March quarter | % movement |
|------------------------|-----------|--------------|---------------|------------|
| Nickel production      | tonnes    | 15,567       | 11,166        | 39.4%      |
| Nickel sales           | tonnes    | 15,817       | 10,089        | 56.8%      |
| Realised price         | US\$/t Ni | 19,943       | 19,368        | 3.0%       |
| Sales revenue          | US\$M     | 315.4        | 195.4         | 61.4%      |
| RKEF EBITDA            | US\$M     | 84.9         | 72.8          | 16.5%      |
| RKEF EBITDA/tonne sold | US\$/t Ni | 5,367        | 7,386         | -27.3%     |

### Commentary on RKEF operations

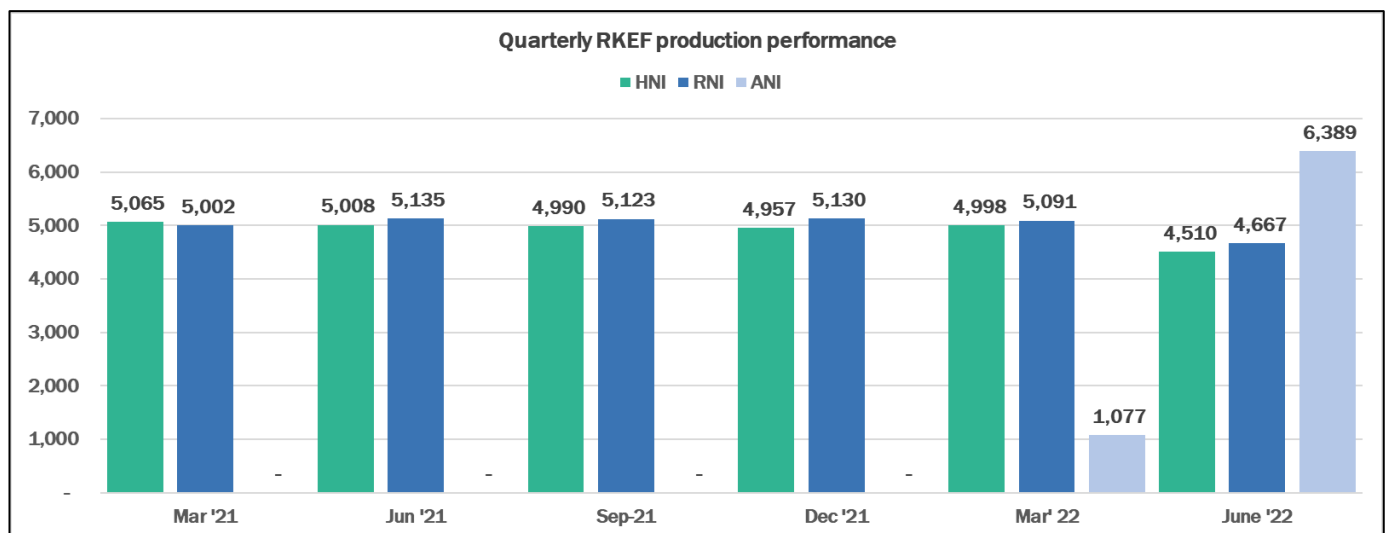
#### Production

During the June quarter, the Company's RKEF operations produced 15,567 tonnes of nickel metal, at an average NPI grade of 13.6% and a production-weighted average cash cost of US\$14,503/tonne. This included 6,389 tonnes of nickel metal produced by Angel Nickel, which commissioned the fourth of its RKEF lines during the quarter and continues to ramp up production. Combined nickel production for the quarter across the Hengjaya Nickel and Ranger Nickel projects (9,177 tonnes) was lower than in recent quarters (~10,000 tonnes) due to power capacity constraints in the second half of April and first half of May within the existing grid, however the commissioning of a new 380MW power plant in IMIP on 15 May saw production levels returning to their historical levels in June where they are expected to be maintained.

Production levels at Angel Nickel are anticipated to increase significantly to above nameplate capacity in the September quarter, with all four RKEF lines now fully commissioned. Before the commissioning of the Angel Nickel power plant, with supply from power plants in IWIP, production from Angel Nickel increased quickly and remained above 60% of nameplate capacity. On 22 July 2022, Angel Nickel's power plant commissioned which should enable Angel Nickel's four RKEF lines to operate above nameplate capacity and is expected to result in a material decrease in production costs with savings of approximately 20% expected to be achieved on electricity charges.

Nickel Industries attributable nickel production was 12,543 tonnes of nickel metal, an increase of 39.4% on the March quarter production.

| RKEF OPERATIONS         |          | HNI    | RNI    | ANI    | June quarter | March quarter |
|-------------------------|----------|--------|--------|--------|--------------|---------------|
| NPI production          | tonnes   | 34,081 | 34,990 | 45,035 | 114,106      | 81,599        |
| NPI grade               | %        | 13.2   | 13.3   | 14.2   | 13.6         | 13.7          |
| Nickel metal production | tonnes   | 4,510  | 4,667  | 6,389  | 15,567       | 11,166        |
| Nickel metal sold       | tonnes   | 4,510  | 4,667  | 6,639  | 15,817       | 10,089        |
| Weighted avg. cash cost | USD/t Ni | 14,597 | 14,338 | 14,550 | 14,503       | 11,969        |



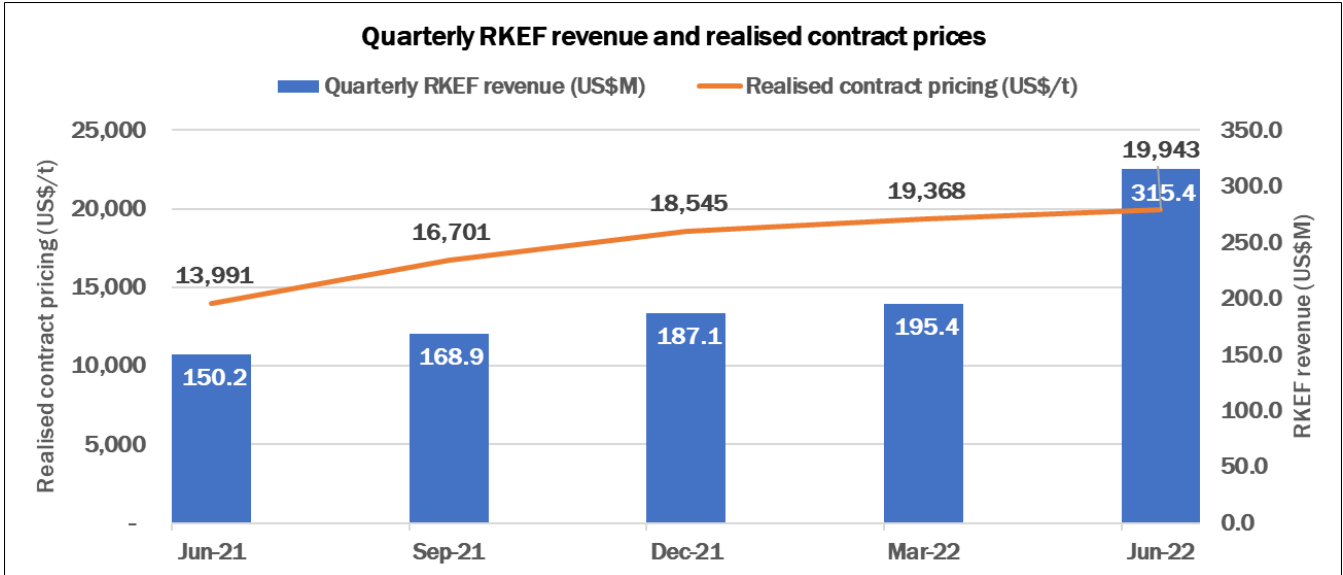
*Production from the Company's three currently operating RKEF projects*



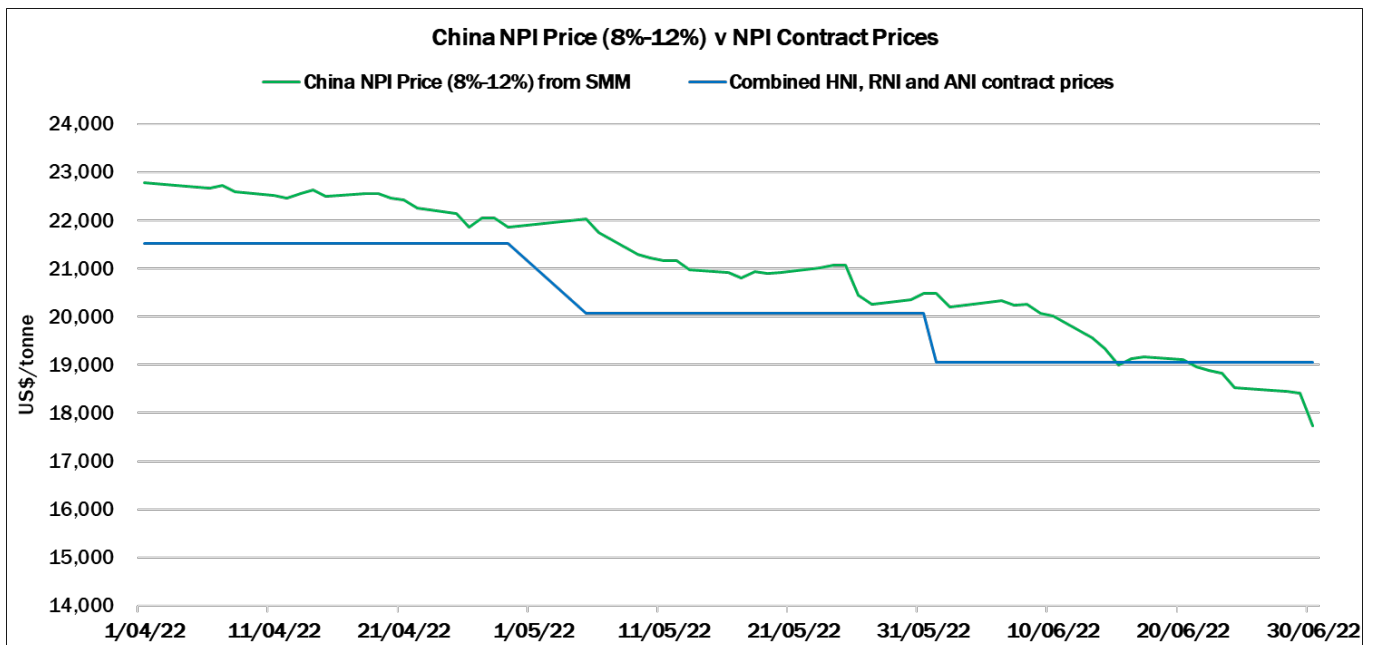
*Rotary kiln at ANI*

### Revenue and contract pricing

During the June quarter, the combined Hengjaya Nickel, Ranger Nickel and Angel Nickel projects recorded sales (on a 100% basis) of US\$315.4M, up 61.4% from US\$195.4M in the March quarter. This record RKEF revenue was generated on record sales of 15,817 tonnes of nickel metal, up from 10,089 tonnes of nickel metal sold in the March quarter. The quarter’s sales included 6,639 tonnes sold by Angel Nickel, which commenced sales in May following receipt of its commercial sales licence.



The June quarter’s higher revenues were primarily attributable to the commencement of sales by Angel Nickel in May. Realised contract prices decreased during the quarter as NPI demand fell. Despite falling Chinese NPI prices across the quarter, weighted average contract prices were US\$575/t higher than in the March quarter.



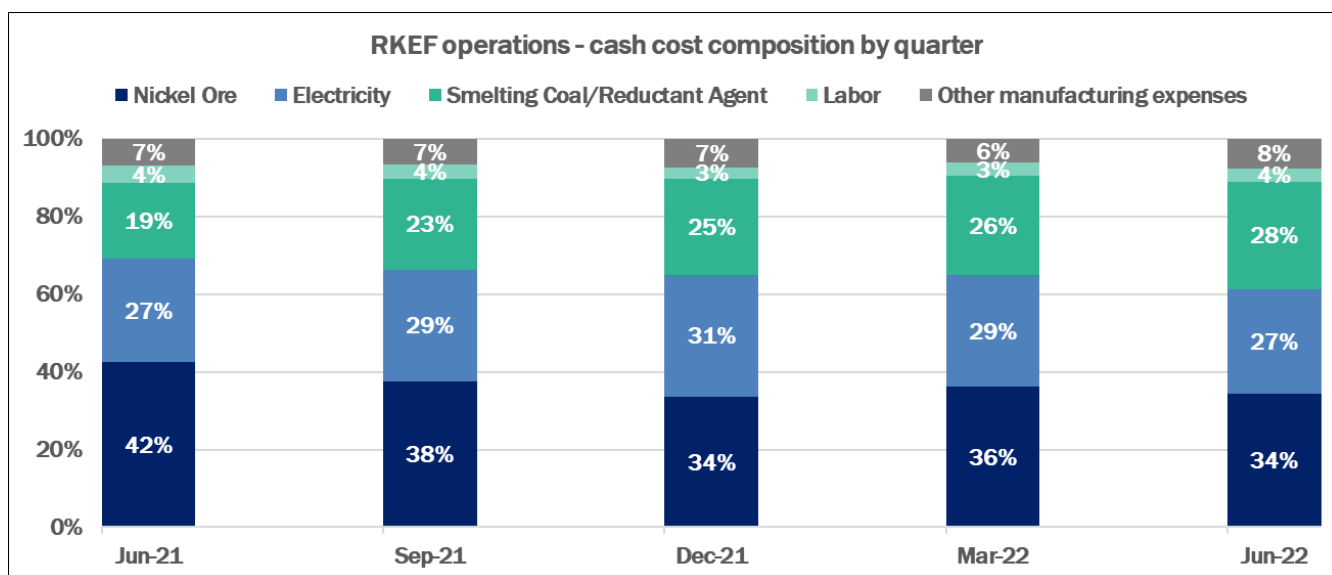
### Operating costs

Operating cash costs for the June quarter at Hengjaya Nickel (US\$14,597/t Ni) and Ranger Nickel (US\$14,338/t Ni) were 21.4% and 20.3% higher respectively compared to the March quarter. These cost increases were a function of: (i) higher commodity input prices, which have been experienced across the nickel and broader commodity sectors, and (ii) combined production (9,177 tonnes), approximately 9% lower than the March quarter (due to temporary power constraints), which resulted in reported costs increasing on a per tonne basis.

The cost of metallurgical coal and reductant agents consumed across the Hengjaya and Ranger Nickel projects increased 62% and 13% respectively from the March quarter, which when combined with reduced production levels, resulted in an increase in smelting coal/reductant agent costs of approximately US\$1,100/t of produced nickel metal. Electricity prices increased from approximately 8.8c/kwh to approximately 10c/kwh due to higher thermal coal prices, increasing electricity costs by approximately US\$600/t of produced nickel metal.

While the average input cost of nickel ore remained relatively stable in the US\$42/t-US\$44/t range, the lower production levels resulted in an increase in nickel ore costs of approximately US\$470/t of produced nickel metal. Pleasingly, the Indonesian nickel ore benchmark price (indexed to the LME nickel price) is continuing to trend lower heading in the September quarter, which should result in reduced nickel ore input costs.

Angel Nickel reported maiden quarterly operating cash costs of US\$14,550/t Ni. Following the commissioning of the Angel Nickel power plant, which commenced in July 2022, production levels are expected to increase to in excess of nameplate capacity and as a result, operating cash costs are expected to reduce. As previously advised, additional cost savings of approximately 20% are expected to be achieved on electricity charges by virtue of the Angel Nickel project having its own power source.



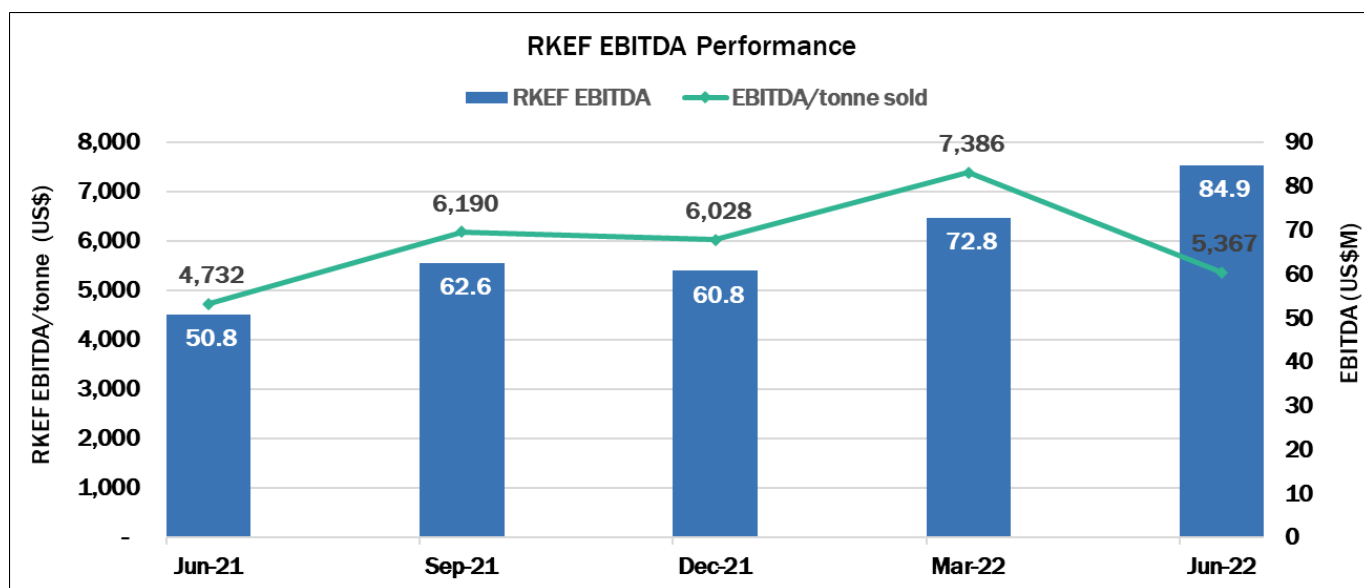
*During the June quarter, the composition of overall cash costs remained broadly consistent with previous quarters*

### EBITDA and underlying cash generation

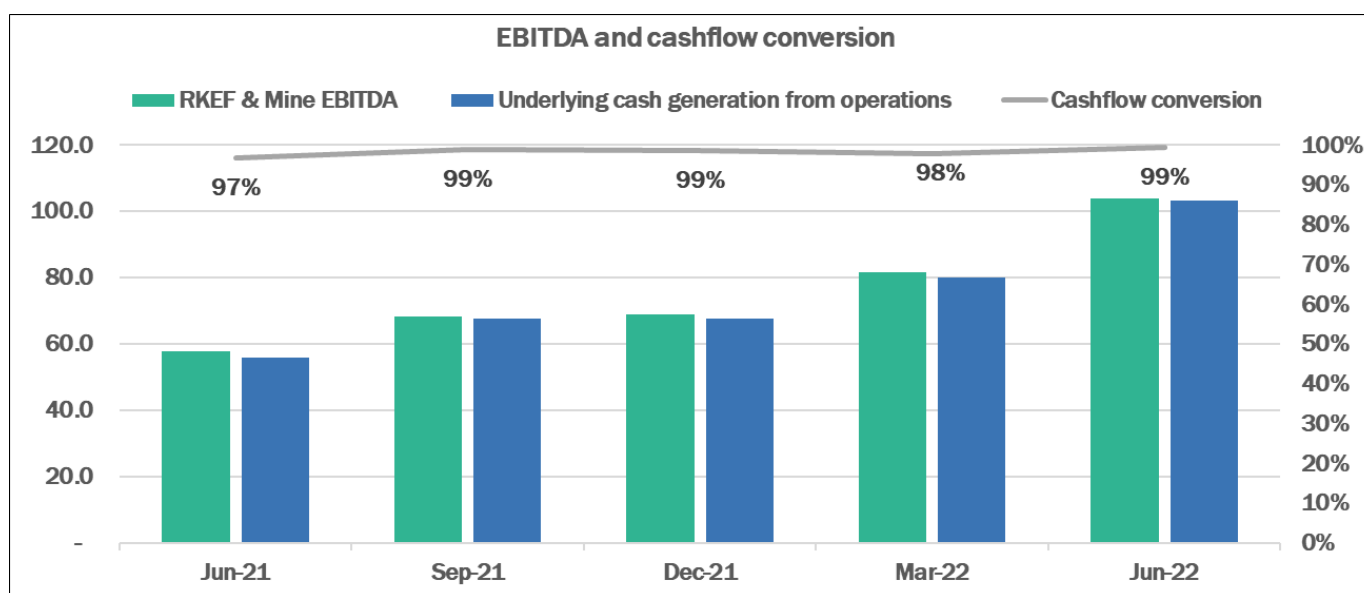
The Company’s RKEF operations delivered a record EBITDA of US\$84.9M during the June quarter, up 16.5% from US\$72.8M in the March quarter. This comprised US\$23.2M, US\$25.0M and US\$36.6M from HNI, RNI and ANI, respectively<sup>1</sup>.

The Company’s EBITDA was delivered at a robust EBITDA margin of US\$5,367/t sold, which was lower than the record level of US\$7,386/t in the March quarter. This decrease was primarily due to higher commodity input costs, only slightly offset by a higher average realised NPI price.

With the addition of a record quarterly Hengjaya Mine EBITDA of US\$18.4M (up 106.7% from the March quarter), the Company’s EBITDA from operations was US\$103.2M, with underlying cash generation from operations of US\$102.6M, both quarterly records.



*EBITDA/tonne sold margin decreased during the quarter, as higher-cost commodity inputs were consumed*



*Continued strong EBITDA to cashflow conversion*

<sup>1</sup> Unaudited numbers from monthly operating entity financial reporting.

## Hengjaya Mine operations

### Hengjaya Mine (80% interest held by Nickel Industries)

The Hengjaya Mine achieved a record EBITDA of US\$18.4M in the June quarter. This exceptionally strong result was a function of significantly higher realised prices for nickel ore sales and the recommencement of limonite sales to the Huayue Nickel Cobalt ('HNC') high pressure acid leach ('HPAL') project.

Saprolite ore production for the June quarter was 792,630 wet metric tonnes ('wmt'). This brings the total production of saprolite ore to more than 3.0 million wmt mined over the past 12 months, exceeding the annual production target. Both operational pit areas of Bete Bete and Central continue to operate successfully to meet Hengjaya Mine's grade and production targets in both saprolite and limonite ore.

Limonite production improved for the quarter with 520,862 tonnes mined, up significantly from the 263,201 wmt produced in the March quarter. Limonite ore sales also recommenced in April resulting in sales of 258,212 wmt. Limonite ore quality remains on specification for feeding the HNC HPAL process plant. At the beginning of 2022 the Hengjaya Mine held approximately 2.96 million tonnes of limonite ore grading 1.16% on hand, which had previously been recognised as a cost of saprolite ore production and held at a "nil" carrying value. With limonite ore now being sold, new limonite ore being produced is carried at the cost of limonite ore production and also contributes to a reduction in the cost of saprolite ore production, whilst revenue from the sale of limonite ore on hand at 1 January 2022 translates directly into EBITDA.

The total ore produced (saprolite and limonite) was 1,313,492 for the quarter.

|                                     |                  | June quarter | March quarter |
|-------------------------------------|------------------|--------------|---------------|
| Saprolite mined                     | wmt              | 792,630      | 810,324       |
| Limonite mined                      | wmt              | 520,862      | 263,201       |
| Nickel ore mined                    | wmt              | 1,313,492    | 1,073,525     |
| Overburden mined                    | BCM <sup>2</sup> | 826,553      | 936,648       |
| Strip ratio <sup>3</sup>            | BCM/wmt          | 0.63         | 0.87          |
| Saprolite tonnes sold               | wmt              | 673,664      | 710,136       |
| Average saprolite grade             | %                | 1.74         | 1.72          |
| Average saprolite price received    | USD/wmt          | 52.43        | 40.04         |
| Average saprolite cost <sup>4</sup> | CIF USD/wmt      | 26.02        | 25.13         |
| Limonite tonnes sold                | wmt              | 258,212      | -             |
| Average limonite grade              | %                | 1.19         | -             |
| Average limonite price received     | USD/wmt          | 14.69        | -             |
| Average limonite cost               | CIF USD/wmt      | 7.99         | 1.65          |

<sup>2</sup> BCM represents 'bank cubic metres'.

<sup>3</sup> With limonite now being supplied to IMIP, the strip ratio is overburden mined divided by total nickel ore mined.

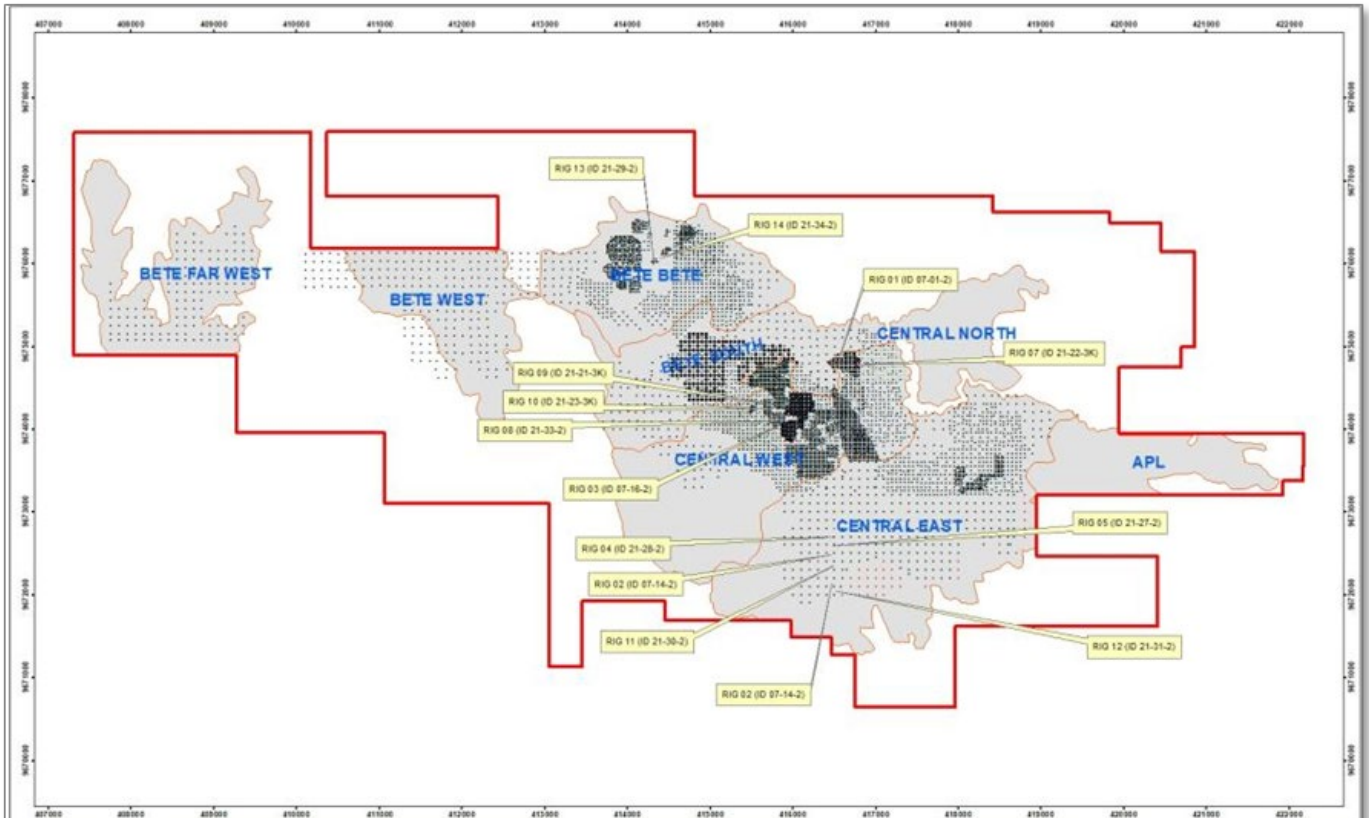
<sup>4</sup> Monthly costs are a six-month average of mining costs plus port/selling costs for the actual month. Reported costs also include US\$0.9M of drilling costs incurred during the June quarter.



**Jetty operations at 3mtpa capacity**

The mine pit operations, technical support services, haul road and jetty systems are now operating at an annualised capacity of 3 million wmt of saprolite. The final 6km section of the haul road to IMIP is in the final stages of approval with various survey works, environmental impact analysis ('AMDAL') and technical studies completed and successfully reviewed by various government departments, with final approval pending. Upon approval of the AMDAL and issuance of the necessary permits, construction of the remaining section of road will commence.

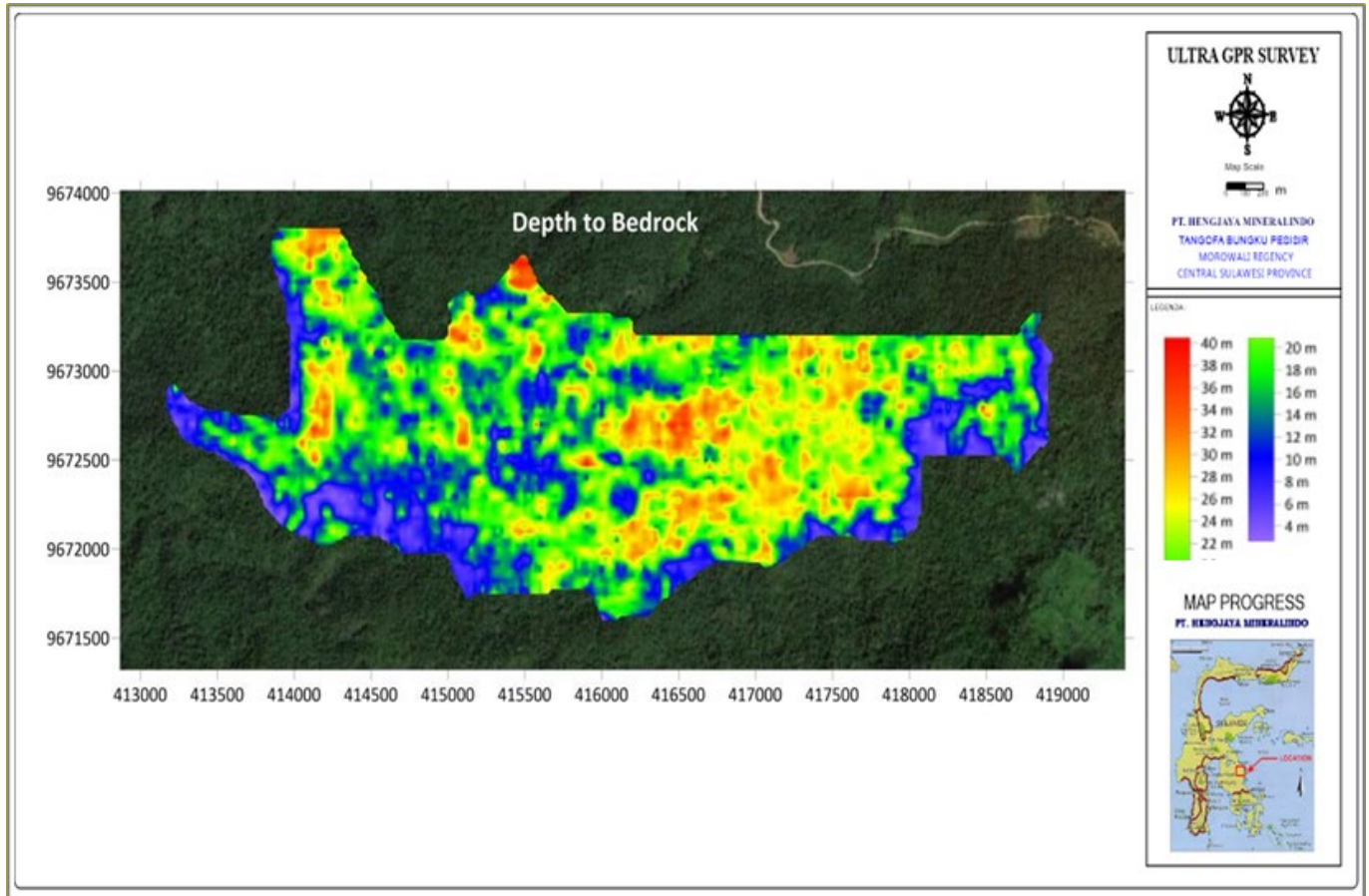
Resource infill and exploration drilling continued throughout the quarter with 801 holes completed with a total of 20,201 metres.



**Drilling progress in June 2022**



During the quarter 145 kms of Ultra Ground penetrating radar ('UGPR') was concluded in the IPPK3 area of the Hengjaya Mine IUP. The UGPR interpretation was used to identify very promising priority saprolite targets and drill planning.



**UGPR interpretation IPPKH3 AREA**

Drilling is advancing well at the “Central East” area of the 300 hectares within IPPKH3, which is being drilled on 100m x 100m drill patterns depending on the terrain and geology. Stage 1 drilling is reporting some excellent thick, high-grade results. Once Stage 1 is completed the resource model will be updated with drilling continuing onto stage 2 at “Central West” through the remainder of the year.

Geological modelling is in progress and quality saprolite and limonite orebodies have been identified.

**Safety, Environment and Community**

**Safety**

During the June quarter there were no lost time injuries ('LTI') recorded with over 2.3 million work hours registered since the last reported LTI in November 2021. This gives the Hengjaya Mine operations a LTI frequency rate ('LTIFR') of 0.43 and a total recordable injury frequency rate ('TRIFR') of 0.86 for each million work hours. Development and revision of safe operating procedures and risk assessments continued. Senior management and staff also successfully undertook ISO14001 and a number of supervisory training modules within the quarter.



***Hengjaya Mine senior staff passing the advanced supervisory training (POP) program***

**Community**

Nickel Industries 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. Other programs the Company is involved in relate to health, education and sustainability.



***Donations to the local medical clinic***



***Community involvement initiatives include improving education facilities***

## Environment and Sustainability

Nickel Industries is pleased with the May 2022 signing of a binding term sheet with Quantum Power Asia Pte Ltd ('Quantum') for the implementation of a 220 MWp solar project in our mining area. The Quantum's 220 MWp solar project will complement the existing 396 kWp plus 250 kWh battery storage project, which has been successfully commissioned at the Hengjaya Mine and is expected to reduce diesel consumption by approximately 31 million litres over the 25-year projected project life.



*The existing 396 kWp plus 250 kWh battery storage project at the Hengjaya Mine*

The Company is also delighted with the publication of its maiden sustainability report for the calendar year ended 31 December 2021. This inaugural report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option, with Metals and Mining (MM) Supplement Sector, Sustainability Accounting Standards Board (SASB) for Metals and Mining Standard and the Task Force on Climate-Related Financial Disclosures (TCFD) for selected disclosure indicators. The Social Responsibility (SR) Asia, a leading sustainability assurance provider in the region, has independently assured the report's compliance with regard to selected information concerning the Company's sustainability performance. With this report, we are demonstrating accountability for our business activities and our sustainable and responsible approach.

This quarter also marks a significant milestone for our RKEF operations. Both the Company's 80%-owned Hengjaya Nickel and Ranger Nickel projects have received certifications for Environmental Management System (EMS) and Occupational Health and Safety (OHS) Management System following the requirements of ISO 14001:2015 and ISO 45001:2018, which become the latest evidence of our commitment to upholding rigorous standards, striving to keep our workplaces injury- and illness-free, seeking zero harm to our environment and establishing a positive legacy in our operating areas.



**EMS and OHS management system certifications at HNI and RNI**

In June, our employees joined with students and local communities to perform a clean-up and raise awareness of the importance of the ocean in our lives. Besides its function as a habitat for sea creatures, the oceans also help absorb carbon dioxide from the atmosphere which reduces the effects of global warming. This activity was conducted in line with the spirit of World Environment Day and World Ocean Day, celebrated globally. In addition the Hengjaya Mine undertook base line biodiversity studies inside the IUP area to clarify the suitability of a demarcated area for long term biodiversity preservation.



**World Ocean Day campaign in Morowali, Central**

## Finance<sup>5</sup>

### Balance sheet

At 30 June 2022, the Group held:

- Cash and cash equivalents: US\$97.8M (31 March 2022 - US\$129.7M);
- Trade receivables: US\$161.9M (31 March 2022 - US\$159.8M); and
- Inventories: US\$192.9M (31 March 2022 - US\$142.3M).

Cash and cash equivalents of US\$97.8M were held by Group companies as follows:

- US\$41.0M held by Nickel Industries;
- US\$15.0M held by Hengjaya Nickel and its related entities, in which Nickel Industries holds an 80% interest;
- US\$13.1M held by Ranger Nickel and its related entities, in which Nickel Industries holds an 80% interest;
- US\$15.7M held by Angel Nickel and its related entities, in which Nickel Industries holds an 80% interest; and
- US\$13.0M held by Hengjaya Mine, in which Nickel Industries holds an 80% interest.

Trade receivables of US\$161.9M were held by Group companies as follows:

- US\$47.6M held by Hengjaya Nickel;
- US\$49.8M held by Ranger Nickel;
- US\$48.4M held by Angel Nickel; and
- US\$16.1M held by Hengjaya Mine<sup>6</sup>.

Trade receivables of US\$159.8M reported at the end of the March quarter have been received in full.

Inventories (valued at the lower of cost or net realisable value) of US\$192.9M were held by Group companies as follows:

- US\$61.2M held by Hengjaya Nickel, being raw materials;
- US\$55.7M held by Ranger Nickel, being raw materials; and
- US\$67.9M held by Angel Nickel, US\$13.1M being NPI and US\$54.8M being raw materials; and
- US\$8.0M of nickel ore held by Hengjaya Mine.

Hengjaya Nickel and Ranger Nickel had no NPI inventory on hand at the end of the March quarter, as all NPI produced by the two projects was sold during the quarter.

Following the declaration of dividends by the Indonesian RKEF operating entities for the March quarter, these dividends were distributed, net of withholding tax, during the June quarter to Nickel Industries and Shanghai Decent and its associates, in proportion to their ownership interests (80% to Nickel Industries and 20% to Shanghai Decent and its associates) as follows:

- from Hengjaya Nickel: Nickel Industries received US\$30.2M, Shanghai Decent received US\$7.6M; and
- from Ranger Nickel: Nickel Industries received US\$26.6M, Shanghai Decent received US\$6.7M.

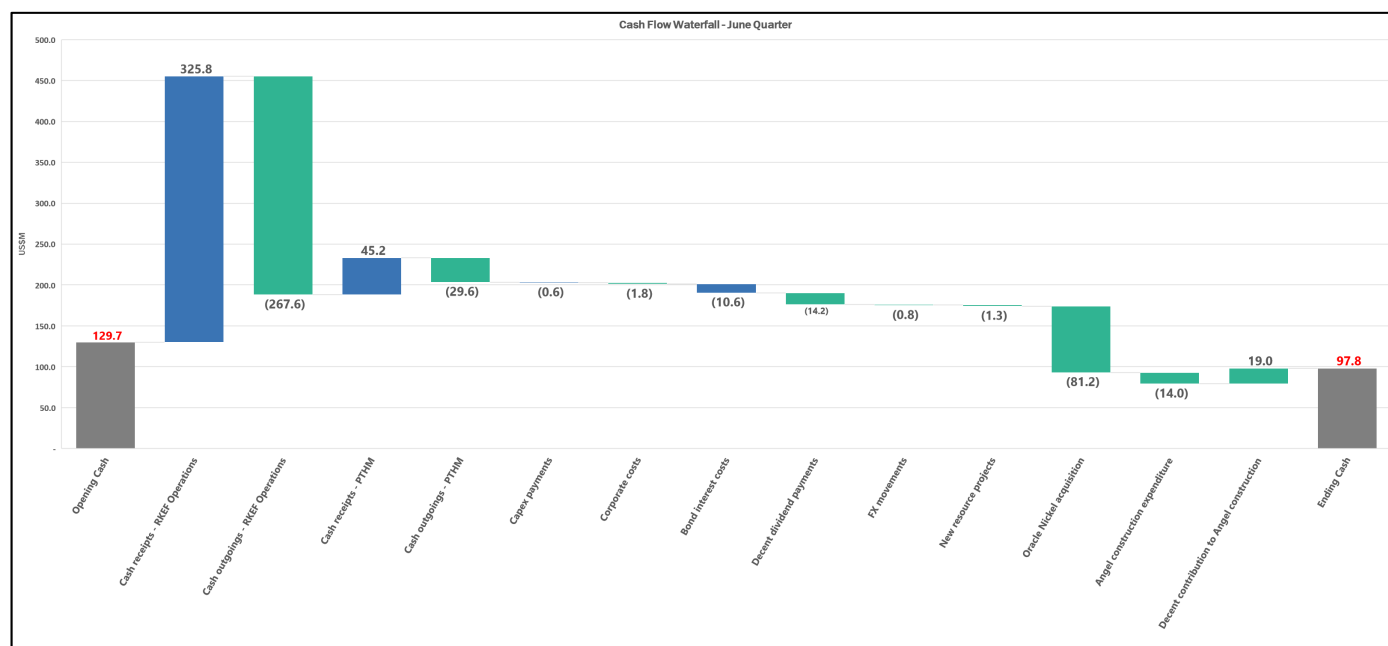
A further US\$4.5M was repatriated to Nickel Industries from Hengjaya Mine during the June quarter. Nickel Industries will receive 100% of fund repatriations from the Hengjaya Mine until intercompany loan funds advanced by Nickel Industries to the Hengjaya Mine have been fully repaid.

<sup>5</sup> Unaudited numbers from monthly operating entity financial reporting.

<sup>6</sup> Sales of saprolite ore by Hengjaya Mine to Hengjaya Nickel and Ranger Nickel are intra-group transactions and are eliminated on consolidation. Profit from saprolite ore sales are recognised by the group on a consolidated level as a reduction in the cost of operations, once the saprolite ore has been consumed by the group in NPI operations.

## Cashflow

The following cashflow waterfall provides a reconciliation of cash movements for the Group during the June 2022 quarter.



Underlying cash generation from operations (defined as EBITDA from operations less capex) was US\$102.6M.

Following the Company’s increase to an 80% ownership interest in the Angel Nickel project on 30 September 2021, Angel Nickel has been included in the Group. Ongoing construction costs of the Angel Nickel project will be funded by the Company’s operating partner, Shanghai Decent, via the Company’s 80%-owned Indonesian operating entity PT Angel Nickel Industry and will appear in the Group’s cashflow movements.

## Expenditures

Expenditure on mine production and development activities at the Hengjaya Mine during the quarter totalled US\$23.4M, of which US\$0.6M was capex. PT Hengjaya Mineralindo, operator of the Hengjaya Mine, made tax payments totalling US\$6.7M during the quarter, including corporate income tax for 2021 of US\$4.6M.

Exploration activities during the quarter included infill drilling of US\$0.9M, which have been expensed as part of the Hengjaya Mine production costs.

Additional exploration expenditure across new project opportunities totalled US\$1.3M.

## Related party expenditures

During the June quarter, the aggregate amount of payment to related parties and their associates totalled US\$396,564, comprising US\$314,701 of payments to Directors or Director-related entities for Directors’ consulting fees and US\$81,863 in fees were paid to MIS Corporate Pty Limited (‘MIS’), an entity in which Director Norman Seckold has a controlling interest. MIS provides full administrative services, including administrative, accounting, company secretarial and investor relations staff both within Australia and Indonesia, office premises, services and supplies to the Group.

## Corporate

### Change of Company name

Following shareholder approval at the Company's AGM on 31 May 2022, the Company's name was changed from Nickel Mines Limited to Nickel Industries Limited.

While the Company's origins are that of an explorer and miner of nickel ore, in recent years the Company has transitioned into a globally significant downstream processor of nickel metal and this change of name is considered to reflect the underlying nature of the Company's current core operations. With the Company's Angel Nickel project now in the late stages of its commissioning phase and the Oracle Nickel project in the advanced stages of its construction, the Company's revenue and earnings base will increasingly be derived from activities unrelated to mining, but rather driven from a growing suite of downstream "industrial-style" processing assets.

### Angel Nickel receives commercial sales licence

In early May 2022, the Company advised that ANI had been issued with its Izin Usaha Industri ('IUI'), enabling it to commence commercial sales. The IUI was issued to ANI's Indonesian operating entity PT Angel Nickel Industry, resulting in first sales from ANI occurring in late May. By the end of the June quarter, ANI had sold 6,639 tonnes of NPI for total revenue of \$132.9M.

### Continuation of commissioning at Angel Nickel Project

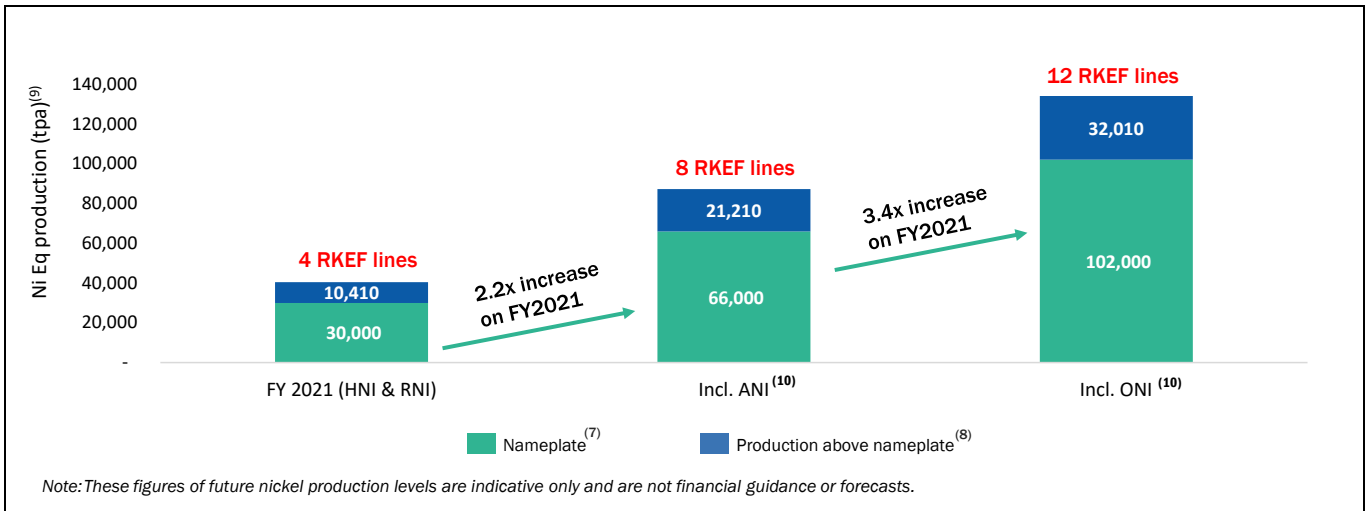
Angel Nickel continued to advance, with the fourth and final line commencing commissioning in May, and Angel Nickel produced 6,389 tonnes of nickel metal for the June quarter. With ANI's own power plant having been commissioned on 22 July 2022, the Company expects production levels across all four RKEF lines to rapidly increase to above the nameplate capacity – historically, the Company's RKEF lines have operated in excess of 30% nameplate capacity.

### Ownership interest in Oracle Nickel increased to 30%

At an Extraordinary General Meeting on 3 May 2022, the Company's shareholders approved the Conditional Placement of 108,122,223 fully paid shares (the 'Shares') in the Company at A\$1.37 to Shanghai Decent. As the Foreign Investment Review Board ('FIRB') approval for Shanghai Decent to increase to a 22% interest in the Company had been received in April, the Company issued the Shares to Shanghai Decent, which satisfied the US\$106M payment required for the Company to move from a 10% interest to a 30% interest in Oracle Nickel.

During the quarter, the Company also made US\$81.2M in construction payments to assist Shanghai Decent's efforts to expedite construction of the Oracle Nickel project. These early payments form part of the Company's US\$525M acquisition cost to acquire a 70% interest in Oracle Nickel, leaving the Company with US\$284.8M to complete its Oracle funding obligations.

The first RKEF line at Oracle Nickel is now expected to commence commissioning in October 2022 and the second RKEF line in November 2022, well ahead on the contracted February 2023 project delivery date. The Oracle Nickel project, like the Angel Nickel project, is expected to transform the Company's nickel production profile, with a nameplate capacity in excess of 100,000 tonnes (of nickel in NPI), as illustrated below.



**Consolidated RKEF production profile (100% basis)**



**Oracle Nickel RKEF construction has advanced rapidly during the June quarter**

### Nickel matte update

During the quarter, the minor capital modifications required to produce nickel matte were completed on the Company’s two Hengjaya Nickel RKEF lines. As previously advised, any decision to switch from NPI to matte production will be determined by prevailing relativities between NPI and matte pricing and demand requirements for each product.

### Acquisition of the Siduarsari Nickel-Cobalt Project

During the quarter, the Company signed a binding definitive agreement (‘Definitive Agreement’) for the staged acquisition of a 100% interest in the Siduarsari Nickel-Cobalt project (‘Siduarsari’) in Papua province, Indonesia.

<sup>7</sup> 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).

<sup>8</sup> Actual production figures reflect annualised production performance over time against nameplate capacity.

<sup>9</sup> Ni Eq is nickel metal equivalent contained in NPI.

<sup>10</sup> Assumes ANI and ONI operating at nameplate capacity for a full year, with a 30% outperformance over nameplate capacity (consistent with the >30% outperformance vs nameplate capacity achieved by HNI and RNI in 2021).



**About Siduarsi**

Siduarsi is a 6th generation Contract of Work (‘CoW’) held by PT Iriana Mutiara Mining (‘IMM’) and is one of only four active nickel contract of works (‘CoWs’) in Indonesia; the other three being VALE-INCO (which hosts its Soroako nickel matte production facilities - 65kt of nickel in 2021), Weda Bay which hosts the Indonesia Weda Bay Industrial Park (‘IWIP’) where the Company’s four Angel Nickel rotary kiln electric furnaces are currently commissioning and Gag Island in West Papua province.

The Siduarsi CoW covers 16,470 hectares (‘ha’) with previous work undertaken by Battle Mountain (IMM JV partner, 1994 - 1997) and Freeport McMoran (IMM Option holder, 1998 - 1999), who were assessing the project’s limonite potential. Work undertaken by Battle Mountain and Freeport McMoran included approximately 367 shallow hand and machine soil augurs, 24 drill holes and 4 test pits, which returned highest individual grades of 2.07% nickel and 0.36% cobalt across 1-metre vertical channel samples at very shallow depths.

As part of its due diligence and earn in requirements, Nickel Industries has completed over 169,000 metres of ultra ground penetrating radar (‘Ultra GPR’) and 6,088 m of drilling (376 holes) since signing of the MoA in September 2021 until the end of June 2022.

The Ultra GPR and drilling results received to date reveal the potential for the Siduarsi CoW to host a large, world class limonite deposit with elevated cobalt grades, along with other potentially economically extractable elements such as chromium. Significant thickness of saprolite also warrants further investigation.

Under the terms of the Definitive Agreement, the Company can acquire up to 100% of the Siduarsi CoW through an earn-in structure (the terms of which are disclosed in our ASX announcement dated May 16, 2022).



**Map showing the location of the Siduarsi project in Papua province, Indonesia**

## QUARTERLY PROGRESS

Commenting on the June quarter's activities, Managing Director Justin Werner said:

*"We are extremely pleased to report another quarter of record operational and financial performance across our RKEF and mining operations, despite a challenging global macro inflationary environment. Our RKEF operations once again delivered very strong EBITDA per tonne margins, our nickel production profile continues its strong growth trajectory, with ANI's contribution underpinning a near 40% increase in production from the March quarter and a record RKEF EBITDA of US\$84.9M.*

*With ANI's own power plant coming online in late July, well ahead of its contracted date we can look forward to even greater production levels from ANI in the September quarter. Furthermore, with our ONI project well ahead of schedule and on track to commence commissioning in October, we will see a further step change in production in the December quarter and be well on our way to becoming a 100,000+ tonnes per annum nickel producer.*

*The June quarter marked a milestone performance from Hengjaya Mine which delivered a record quarterly EBITDA of US\$18.4M, with the result driven by record realised prices for saprolite and the recommencement of limonite ore sales in April. Having invested large amounts of financial and human capital at Hengjaya Mine in recent years to unlock its full strategic value, we are delighted to see this investment now bearing fruit.*

*We continue to source other resource opportunities and are pleased to have executed an agreement to acquire 100% of the Siduarsi project. Drilling so far indicated the Siduarsi project has the potential to host an ore body similar to 'Ramu', with a number of advantages such as being closer to the coast. Ramu is currently the world's lowest-cost HPAL operator.*

*We believe that the resources are more and more important for companies joining the competition in the nickel industrial chains. The sales of saprolite and limonite ore will be a vital part of our future cash flow.*

*On the sustainability side of our operations, we released our inaugural sustainability report which provides transparency on the quality of, and commitment to improving, all aspects of our ESG sphere of influence including further advancement of our 400MWp+ solar projects, planned establishment of a biodiversity area and further work on de-carbonisation and alternate forms of renewable and clean energy.*

*We look forward to reporting our next quarter where we should see a fully ramped up ANI contributing significantly to the doubling of our nickel production and when ONI comes online (which is expected in October this year) and is ramped up, a tripling of our nickel production. The commissioning of ONI, again well ahead of schedule, is a testament to Tsingshan and the IMIP team's expertise and professionalism in executing these projects.*

For further information please contact:

Justin Werner  
Managing Director  
[jwerner@nickelindustries.com](mailto:jwerner@nickelindustries.com)  
+62 813 8191 2391

Cameron Peacock  
Investor Relations & Business Development  
[cpeacock@nickelindustries.com](mailto:cpeacock@nickelindustries.com)  
+61 439 908 732

pjn11314