

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

Executive Director and CFO
Chris Shepherd

Non-Executive Director
Dasa Sutantio

Non-Executive Director
YuanYuan Xu

Substantial Shareholders

(as per last substantial holder notices)

Shanghai Decent	19.5%
PT. KBP	12.2%
BlackRock Group	6.5%
L1 Capital	6.3%

Further enquiries

Cameron Peacock
cpeacock@nickelindustries.com
+ 61 (0) 439 908 732

info@nickelindustries.com
+61 2 9300 3311

QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 March 2023

Record quarterly EBITDA from operations of US\$113.2M as nickel production continues to increase with Oracle ramp-up

RKEF operations

- Record RKEF quarterly production of **26,665** tonnes of nickel metal (100% basis)
 - 22,338** tonnes of nickel in NPI (December quarter: 18,329 tonnes)
 - 4,327** tonnes of nickel in high-grade ('HG') matte (December quarter: 4,743 tonnes)
 - NIC attributable nickel production was 20,811 tonnes of nickel metal
- 27,882** nickel metal tonnes sold, 23,182 nickel metal in NPI tonnes and 4,700 nickel metal in HG matte (100% basis) (December quarter: 17,548 tonnes of nickel metal in NPI and 4,201 tonnes in HG matte)
- Record RKEF quarterly sales of **US\$487.9M** (100% basis) (December quarter: US\$371.2M)
- Record RKEF quarterly EBITDA of **US\$100.2M** (100% basis) (December quarter: US\$90.0M)
- RKEF quarterly EBITDA margin of **US\$3,025/t Ni** in NPI sold and **US\$4,947/t Ni** in HG matte sold (December quarter: US\$3,714/t of nickel in NPI sold and US\$5,950/t of nickel in HG matte sold)
- Underlying cash generation from operations of **US\$108.0M** (100% basis) (December quarter: US\$98.2M)
- RKEF March quarter cash costs:
 - Hengjaya Nickel: US\$16,814/tonne Ni (December quarter: US\$15,653)
 - Ranger Nickel: US\$15,161/tonne Ni (December quarter: US\$13,754)
 - Angel Nickel: US\$11,888/tonne Ni (December quarter: US\$11,769)
 - Oracle Nickel: US\$14,605/tonne Ni (currently in ramp-up)

Mining operations

- Hengjaya Mine nickel ore production of **2,484,640 wmt** (December quarter: 2,707,858 wmt)
- Hengjaya Mine EBITDA of **US\$13.0M** (December quarter: US\$16.1M)

Corporate

- Cash + receivables + inventory at quarter end of **US\$808.0M** (December quarter: US\$532.6M)
- Declared and paid final dividend of A\$0.02 per share (total 2022 dividend: A\$0.04)
- Execution of Electric Vehicle Battery Supply Chain Strategic Agreement
 - binding agreements to acquire a further 10% interest in Oracle Nickel and a 10% interest in PT Huayue Nickel Cobalt ('HNC') HPAL Project
 - US\$185M Institutional Placement completed
 - US\$23.4M Share Purchase Plan completed
- Subsequent to quarter end, completion of US\$400M Senior Unsecured Notes issuance and concurrent refinance and tender offer of existing bonds

The Directors are pleased to present the March 2023 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:

- Industrial Processing: the Hengjaya Nickel ('HNI'), Ranger Nickel ('RNI') and Oracle Nickel ('ONI') rotary kiln electric furnace ('RKEF') projects, located within the Indonesia Morowali Industrial Park ('IMIP'), the Angel Nickel ('ANI') RKEF project, located within the Indonesia Weda Bay Industrial Park ('IWIP'); and
- Mining: the Hengjaya Mine, located only 12 kilometres from the IMIP.

For the quarter under review, the Company held an 80% interest in the HNI, RNI and ANI RKEF projects, a 70% interest in the ONI RKEF project, as well as an 80% interest in the Hengjaya Mine.

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

"We are very pleased to report another record quarter of RKEF production and achievement of over US\$100 million in EBITDA from our RKEF operations for the first time. Our nickel metal production has increased significantly over 2022 and into the first quarter of 2023, with the successful commissioning of our ANI and now ONI RKEF operations. This has seen production rise from 11,166 tonnes in the March 2022 quarter to 26,665 tonnes for the March 2023 quarter, a 139% increase.

With ONI now at 85% of nameplate capacity and recording first sales through receipt of its IUI, we expect, as the associated power plant commissions later in the June quarter, significant further production growth as ONI ramps up to 130% of nameplate capacity consistent with the ANI ramp up.

Commissioning of the power plant and further ramp up of ONI, should continue to significantly reduce ONI's costs which decreased by 25% over the quarter. As ONI's costs continue to move in line with ANI, we expect this to translate into similar margins as those currently being achieved by ANI.

Our decision to invest in the newer lower cost ANI and ONI RKEF lines (8 lines in total) is driving our continued record production and EBITDA. The greater margin of these newer RKEF operations can be seen in the US\$4,894 tonne margin from ANI across the quarter vs US\$1,559 tonne margin from RNI, with these lower cost, higher margin operations anticipated to form 80%+ of our production base moving forward.

The continued strong margins from ANI's operations have allowed us to continuously deliver strong EBITDA, despite record high input costs (coal and ore) later in 2022 and recently softening NPI and matte prices, and highlights the benefits of operating at the bottom end of the global cost curve. Pleasingly, NPI prices have recently strengthened from their recent lows and we remain optimistic that they will improve moving forward.

Whilst our RKEF operations have set a very strong production and cashflow base, we were very pleased to announce the execution of the Electric Vehicle Battery Supply Chain Strategic Framework Agreement in January. This lays the platform for us to significantly diversify our production into higher margin lower carbon intensive class 1 nickel for the EV battery market.

The first step in this is the acquisition of a 10% interest in the Huayue Nickel Cobalt HPAL project which has the record for the world's fastest build (18 months), fastest ramp up (< 6 months), lowest opex (< \$10,000 tonne), lowest carbon intensity (7 tonnes of carbon per tonne of nickel vs RKEF at > 60 tonnes) and very strong margins of close to US\$10,000 per tonne of nickel currently being realised.

The second element to our future class 1 nickel HPAL strategy is the payment of an option fee for the Excelsior ('ENC') HPAL project, which would be a 67,000 tonne pa nickel equivalent HPAL project built within the IMIP with a capex guarantee of no more than US\$2.3 billion, 2 year timeframe guarantee and a nameplate guarantee, making this the first publicly announced

HPAL not just in Indonesia but globally with a capex, timeframe and nameplate guarantee – given the numerous recently announced capex blow outs across the battery metals complex, we see the guarantee as extremely valuable and once again reflective of our largest shareholder and partner Shanghai Decent's ability and confidence to not only build but to ramp up and operate projects at the lowest global capital and operational intensity.

Additionally, the ENC HPAL project will go further downstream than just the production of Mixed Hydroxide Precipitate ('MHP') to the production of Nickel Sulphate and Nickel Cathode allowing further margin capture and diversification of our product mix. Execution of the ENC project remains subject to completion of a feasibility study and final investment decision by the NIC Board.

The haul road linking our Hengjaya mine with IMIP continues to progress well, with completion expected early in the 3rd quarter of 2023. This will allow us to significantly increase our production to around 10 million wmt pa – a significant increase from our current levels of 3 million wmt pa. It will contribute significant additional incremental EBITDA to our operations and provide a material hedge against high ore prices which is our largest RKEF cost input.

We were also very pleased to announce the initial results from over 31,000 meters of drilling undertaken at the Siduarsi project over the course of 2022 and early 2023 which returned peak grades of 3.68% nickel and 0.82% cobalt. These results confirm our belief that the Siduarsi project has the potential to host not just a world class limonite deposit that could provide quality feed for a HPAL project, but also high grade pods of saprolite which will further boost the contained nickel content of the deposit and open up the potential opportunity for a low capex DSO operation to generate early cashflows from the project.

Following receipt of the remaining assays from Siduarsi, we look forward to reporting an initial JORC resource, which when combined with the current 3.7 million tonnes of contained nickel currently reported at our Hengjaya Mine (one of the world's largest known nickel resources), Siduarsi will further boost our contained nickel inventories as we further execute on our goal to develop and own the largest nickel resources globally.

In support of the EV Battery Supply Chain Strategic Framework Agreement an equity raise and debt refinance have been completed. The equity component comprised an Institutional Placement of US\$185 million (~A\$264 million) at A\$1.02 per share, which was strongly supported and heavily oversubscribed along with an SPP raising an additional A\$34.6 million.

Subsequent to quarter end, the Company completed a US\$400 million issuance of senior unsecured notes ('New Notes'), the refinancing of the Company's US\$225 million senior secured notes and completion of a Concurrent Tender Offer for the existing US\$325 million senior unsecured notes maturing in April 2024.

A material outcome of the New Notes issuance was the removal of all secured debt and a simplification of the Company's capital structure, which leaves us well placed to secure additional debt at the optimal level given the Company's very modest gearing ratio and strong cashflow.

In March we released our 2022 Sustainability Report. We are very proud of the numerous achievements made in 2022, including being the only nickel company to receive 7 trophies at the Environmental and Social innovation awards; earning a silver award at the Asia Sustainability Reporting Rating; achieving a 'Green Proper' rating for the Hengjaya Mine from the Indonesian Ministry of Environment and Forestry (one of only 2 nickel companies in Indonesia to receive this award); being nominated as a finalist in three categories at the Asia Sustainability Reporting awards; and being listed as the highest achiever of S&P's Global ESG scores for Indonesian-based nickel operations. The Company remains focused on improving and executing across the 3 core pillars of its ESG strategy: sustainable operations, stimulation of local development and contribution to global sustainability.

Finally, the Company announced and paid a final dividend of A\$0.02 per share bringing the full 2022 dividend to A\$0.04.

We look forward to another strong second quarter in 2023 as we should start to realise improved margins at ONI and continued increased production and sales."

RKEF operations

Key reporting metrics

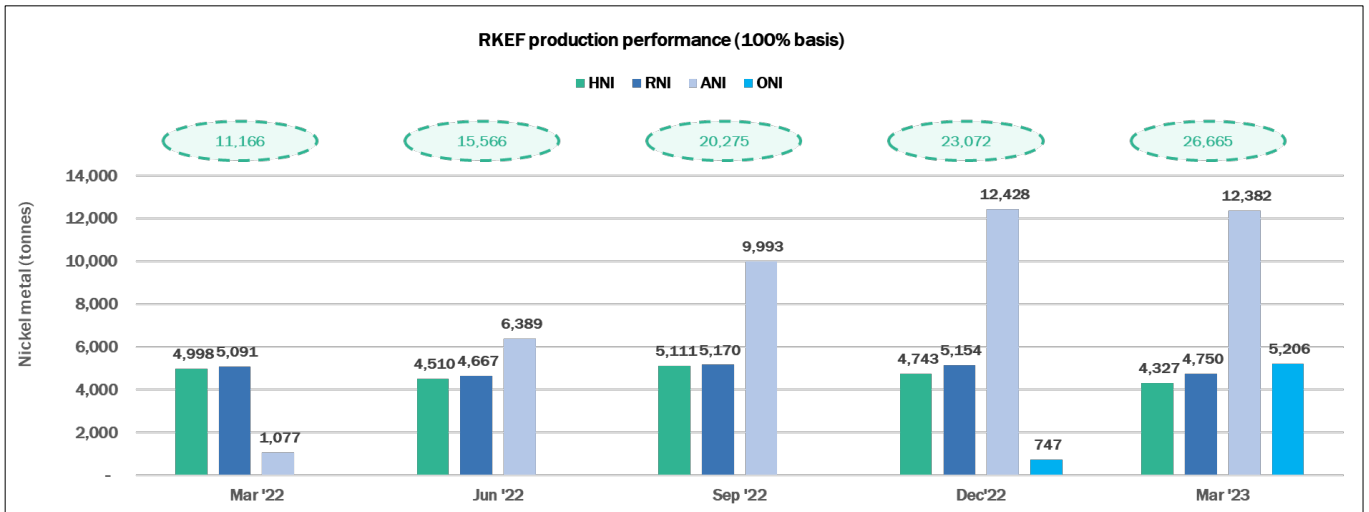
PRODUCTION		HNI	RNI	ANI	ONI	Total
NPI production	tonnes	-	37,074	80,909	51,905	169,888
NPI grade	%	-	12.8	15.3	11.5	13.9
Nickel in NPI	tonnes	-	4,750	12,382	5,206	22,338
- December quarter	tonnes	-	5,154	12,428	747	18,329
HG matte production	US\$/t Ni	5,864	-	-	-	5,864
Matte grade	%	73.8	-	-	-	73.8
Nickel in HG matte	tonnes	4,327	-	-	-	4,327
Total nickel production	tonnes	4,327	4,750	12,382	5,206	26,665
- December quarter	tonnes	4,743	5,154	12,428	747	23,072

SALES AND CONTRACTS		HNI	RNI	ANI	ONI	Total
Weighted av contract price	US\$	21,858*	16,638	16,874	15,337	17,346
- December quarter	US\$	21,555	16,437	15,871	N/A	17,103
Tonnes sold	tonnes	4,700	4,750	12,479	5,953	27,882
- December quarter	tonnes	4,201	5,154	12,395	-	21,749
Sales revenue	US\$M	109.3	79.5	207.7	91.3	487.9
- December quarter	US\$M	90.5	84.7	195.9	-	371.2

COSTS AND MARGINS		HNI	RNI	ANI	ONI	Total
Cash costs	US\$/t	16,814	15,161	11,888	14,605	13,882
- December quarter	US\$/t	15,653	13,754	11,769	-	13,053
EBITDA	US\$/M	30.1*	7.4	61.1	1.7	100.2
- December quarter	US\$/M	25.0	13.5	51.6	(0.1)	90.0
EBITDA/tonne sold	US\$/t	4,947*	1,559	4,894	278	3,349
- December quarter	US\$/t	5,950	2,625	4,167	-	4,146

SUMMARY RKEF METRICS		March quarter	December quarter	% movement
Nickel production	tonnes	26,665	23,072	15.6%
Nickel tonnes sold	tonnes	27,882	21,749	28.2%
Realised price	US\$/t Ni	17,346	17,103	1.4%
Sales revenue	US\$M	487.9	371.2	31.4%
RKEF EBITDA	US\$M	100.2	90.0	11.3%
RKEF EBITDA/tonne sold	US\$/t Ni	3,349	4,146	(19.2%)

* HG nickel matte sold by HNI is exported and under the current contract the final price is the average of the settlement prices of SHFE nickel main contracts on each trading day in the quotation period, which is the month following the shipment month. Consequently the final invoice price differs from the original pro forma invoice price, and adjustments cross over quarterly periods. The pro forma contract price reported for the December quarter of US\$21,555 increased to US\$23,306 upon settlement. The additional revenue and EBITDA resulting from this increase in price received (US\$6.8M) is reported in the March quarter revenue and EBITDA figures but has been removed from EBITDA/tonne sold calculations for the March quarter so that margins in the current quarter are not impacted by adjustments from the previous quarter. HNI weighted average contract price quoted is the pro forma invoice price.



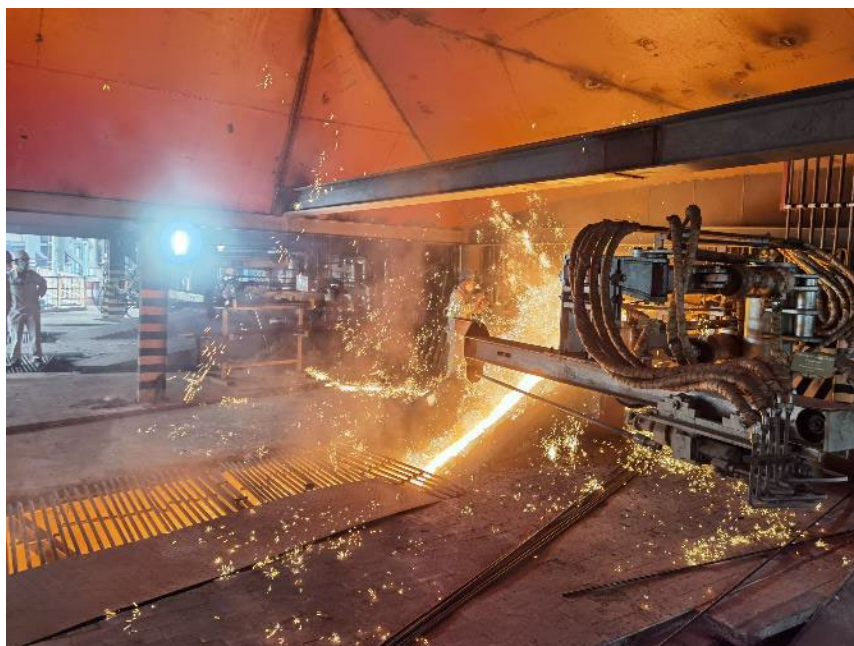
Commentary on RKEF operations

Production

During the March quarter the Company’s RKEF operations produced a record 26,665 tonnes of nickel metal, an increase of 15.6% from 23,072 tonnes produced in the December quarter. 22,338 tonnes were produced as nickel in NPI with 4,327 tonnes produced as nickel in high-grade (‘HG’) matte at the Company’s Hengjaya Nickel Project.

22,338 tonnes of nickel in NPI were produced across the Ranger Nickel, Angel Nickel and Oracle Nickel operations at a production-weighted average cost of US\$13,262/t. This included 5,206 tonnes of nickel from Oracle Nickel, as the Project’s 3rd and 4th lines commissioned during the quarter. The Oracle Nickel power plant is anticipated to begin commissioning in June and will materially lower operating costs at the Project.

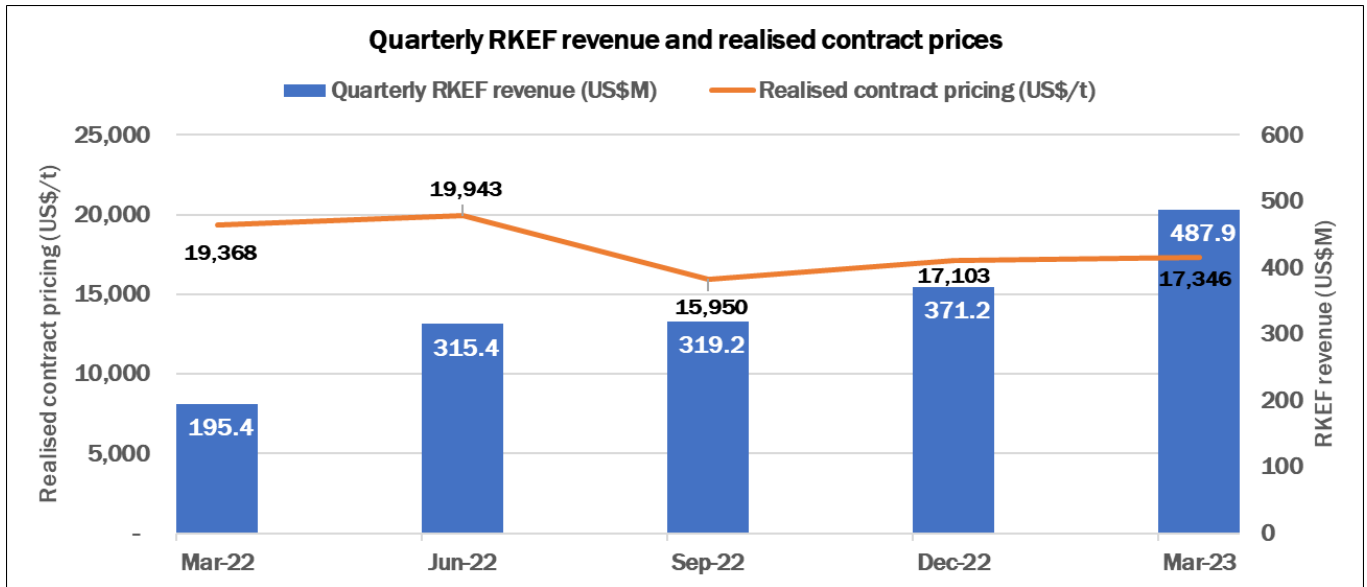
For the March quarter Nickel Industries’ attributable nickel production was 20,811 tonnes of nickel metal, 17,350 tonnes of nickel in NPI and 3,461 tonnes of nickel in nickel matte.



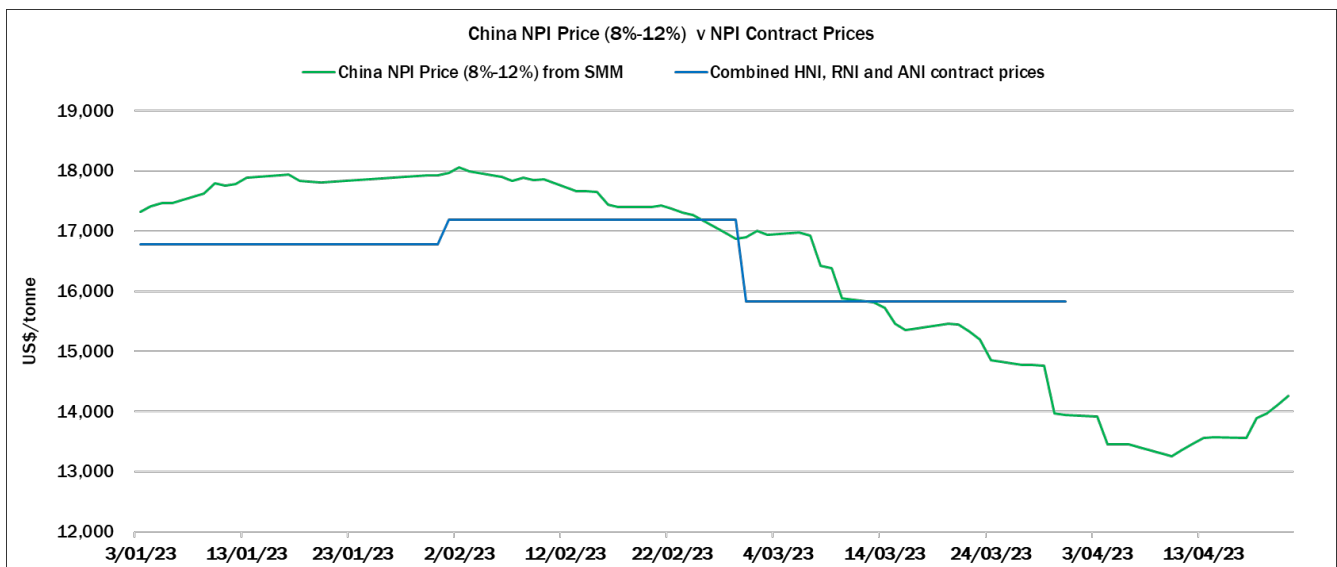
First NPI flowing at Oracle Nickel

Revenue and contract pricing

During the quarter, the Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel projects recorded combined sales (on a 100% basis) of US\$487.9M, an increase of 31.4% from US\$371.2M in the December quarter. This record RKEF revenue was generated on record sales of 27,882 tonnes of nickel metal, an increase of 28.2% from the record 21,749 tonnes of nickel metal sold in the December quarter. This included the initial sale of 5,953 tonnes of nickel from Oracle Nickel upon the receipt of the Project’s *Izin Usaha Industri* (‘IUI’, commercial sales licence).

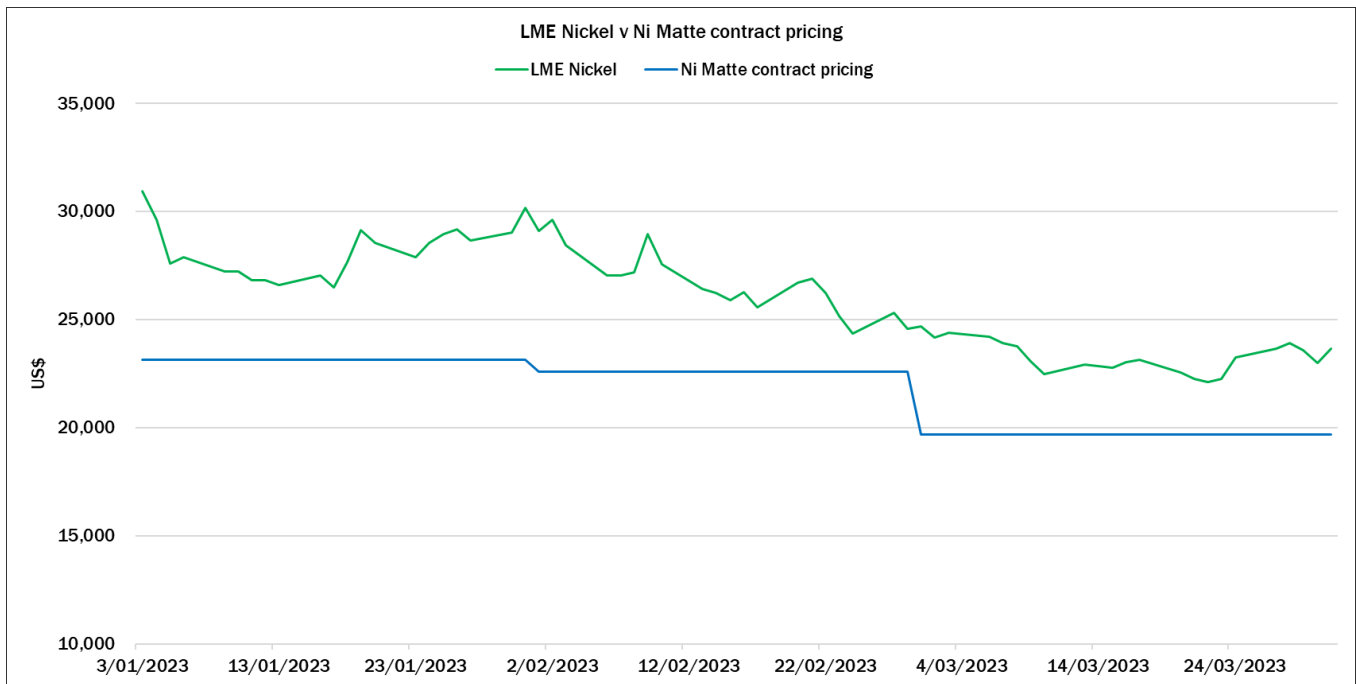


Overall realised contract prices increased 1.4% from the December quarter rising from US\$17,103/t to US\$17,346/t. While realised NPI contract prices for the quarter were US\$16,431/t, up 2.9% from US\$15,972/t in the December quarter, NPI prices softened during February and March. Sluggish economic activity in China since the cessation of pandemic-related lockdowns has negatively impacted stainless steel demand and pricing and lead to the recently observed NPI price weakness. NPI prices appear to have bottomed with prices in the latter half of April having increased more than US\$1,000/t from their early April lows. The gradual recovery of the Chinese economy, of which signs are now emerging, including improvement in the real estate industry and general investment sentiment, is expected to underpin a recovery in stainless-steel prices and in turn, lead to further increases in NPI prices.



The March quarter represented the Company’s second quarter of HG matte sales from Hengjaya Nickel. Production weighted average pricing across the quarter was US\$21,858/t, up 1.4% from US\$21,555/t achieved in the December quarter, however, in line with falling LME prices, nickel matte contract prices declined during the quarter, ending the quarter at ~US\$19,700/t. The materially higher realised prices for matte v NPI contracts once again underpinned a significant outperformance in Hengjaya Nickel’s margins (US\$4,947/t) against those of the comparable Ranger Nickel Project (US\$1,559/t) demonstrating the value of the operational flexibility the Company now has with its ability to produce nickel matte.

Matte production from Hengjaya Nickel will continue to be sold into existing sales contracts that Tsingshan has in place with several third-party Chinese customers, while the Company continues its own offtake discussions with third parties.



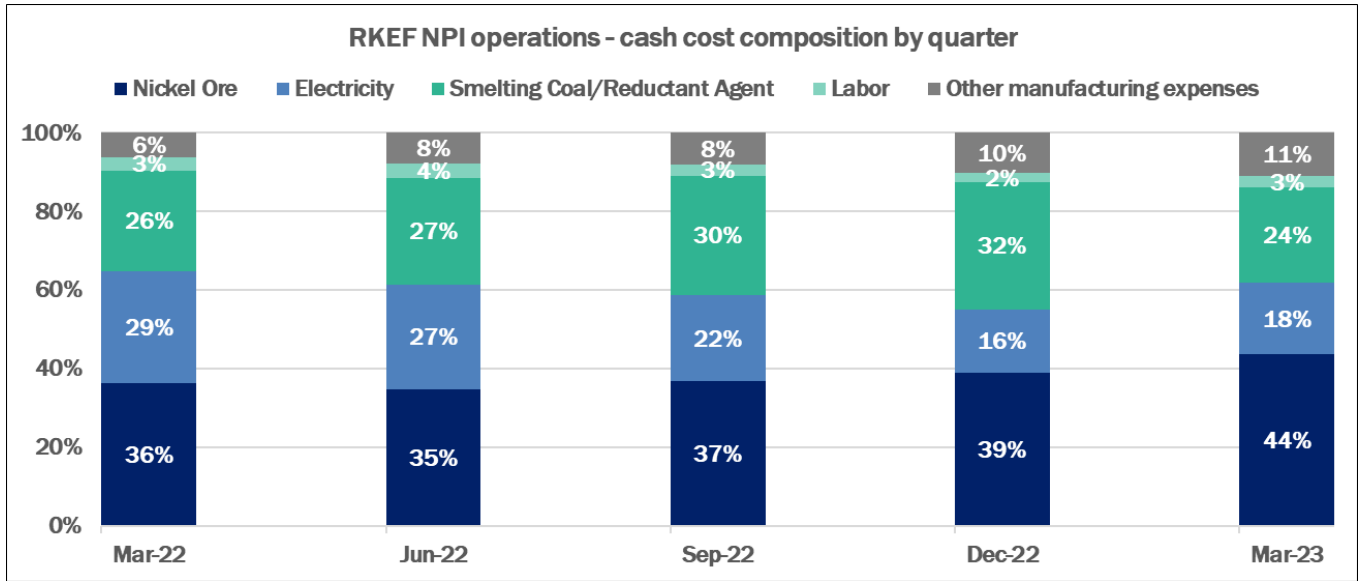
Operating costs

NPI production

Operating cash costs for the March quarter at Ranger Nickel (US\$15,161/t) were 10.2% higher compared to the December quarter, primarily the result of higher cost stockpiled ore being utilised across the quarter. A 7.8% reduction nickel metal production from the December quarter also contributed to the increase in cash costs per tonne.

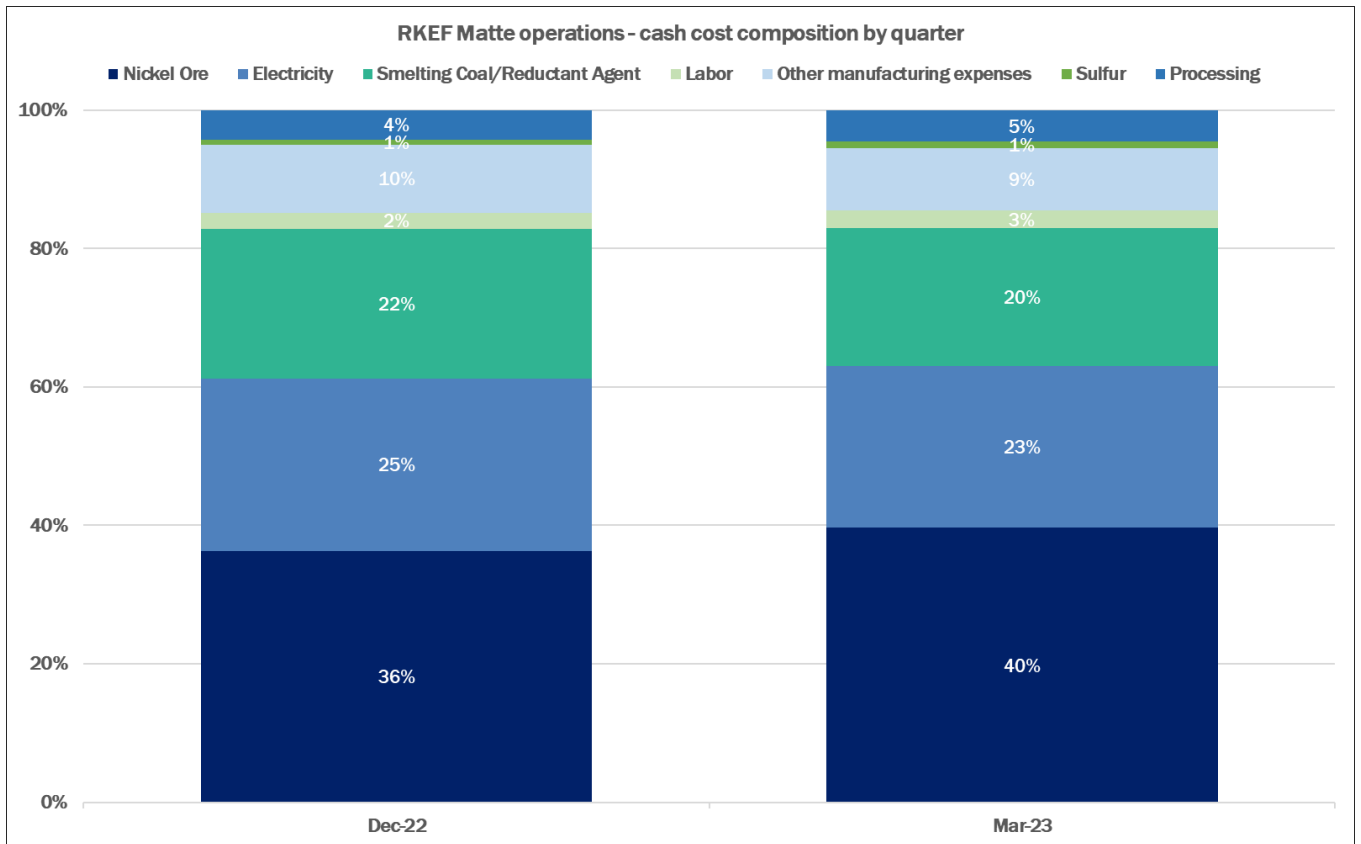
Operating cash costs for the March quarter at Angel Nickel (US\$11,888/t) were 0.9% higher compared to the December quarter. As with Ranger Nickel, Angel’s operations utilised higher cost stockpiled ore however these costs were offset by lower cost reductant agent and smelting coal resulting in only a marginal increase in overall unit cash costs per tonne. Angel Nickel continued to benefit from electricity costs approximately 35% below Hengjaya Nickel and Ranger Nickel’s operations.

The March quarter represented the first quarter of Oracle Nickel cost reporting. Operating cash costs for the quarter, on a production weighted basis, were US\$14,605/t with the Project having reached approximately 85% of nameplate production capacity by quarter’s end. As production levels progressively increased units cash costs fell more than 25% across the quarter with further costs savings expected to flow when the Project’s power plant commissions in June and production levels ramp up to in excess of 130% of nameplate capacity.



Matte production

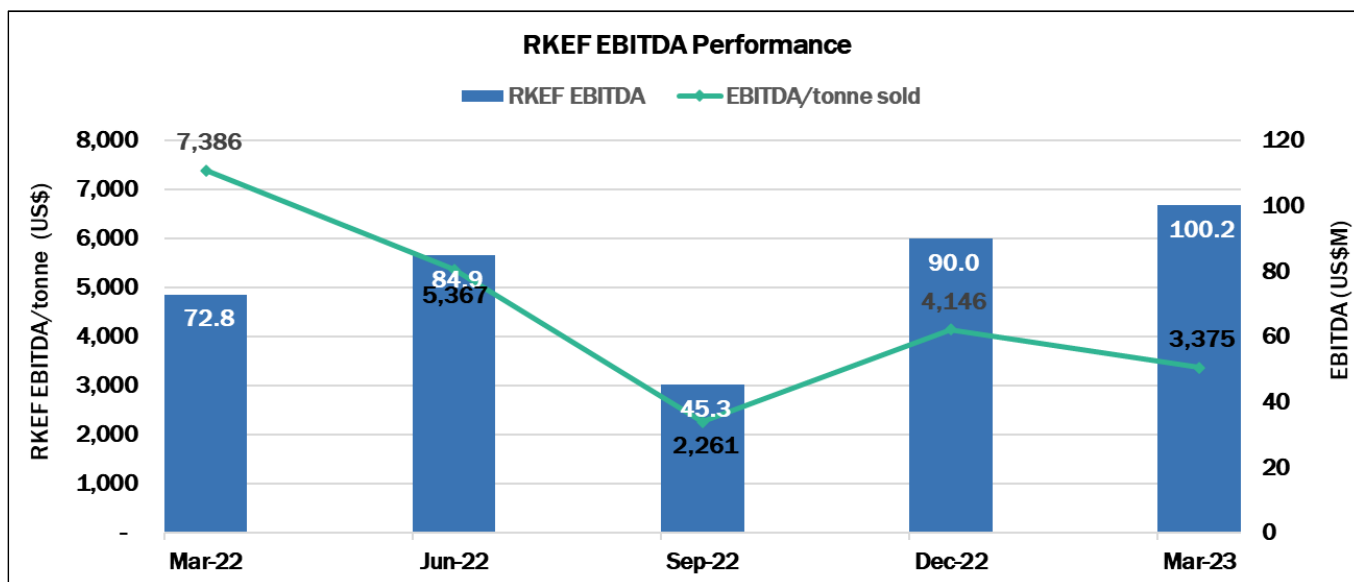
Operating cash costs for the March quarter at Hengjaya Nickel (US\$16,814/t) were 7.4% higher than the December quarter, primarily as a result of using higher cost stockpiled ore, higher sulphur costs and increased processing costs (tolling charges) for converting low grade matte to high grade matte.



EBITDA and cash generation

The Company’s RKEF operations delivered EBITDA of US\$100.2M during the March quarter, an increase of 11.3% from US\$90.0M in the December quarter. This comprised EBITDA of US\$30.1M from Hengjaya Nickel, US\$7.4M from Ranger Nickel, US\$61.1M from Angel Nickel and \$1.7M from Oracle Nickel¹.

The Company’s NPI was produced at an EBITDA margin of US\$3,025/t of nickel in NPI sold, 22.8% lower than the margin of US\$3,714/t in the December quarter. This was primarily due to decreasing NPI prices during the quarter, the initial sale in late March by Oracle Nickel of stockpiled NPI at a point when NPI prices were at quarterly lows and the higher costs at Oracle Nickel whilst it commissions and awaits the completion of its power plant. The EBITDA of US\$30.1M at Hengjaya Nickel, included an additional US\$6.8M of EBITDA from nickel matte delivered during the December quarter. As detailed on page two, HG nickel matte sold by Hengjaya Nickel is exported and under the current contract the final price is the average of the settlement prices of SHFE nickel main contracts on each trading day in the quotation period, which is the month following the shipment month. Consequently, the final invoice price differs from the original pro forma invoice price, and adjustments cross over quarterly periods. The pro forma contract price reported for the December quarter of US\$21,555/t increased to US\$23,306/t upon settlement. Provisional EBITDA of US\$23.3M from the 4,700 tonnes of HG nickel matte delivered in the March quarter, represented at an EBITDA margin of US\$4,947/t of nickel in HG nickel matte sold.



With the addition of quarterly Hengjaya Mine EBITDA of US\$13.0M, the Company’s EBITDA from operations was a record US\$113.2M, with underlying cash generation from operations of US\$108.0M².

¹ Unaudited numbers from monthly operating entity financial reporting.

² Defined as EBITDA from operations less capex. Excludes construction capex for RKEF projects, given costs of construction are fully funded by Shanghai Decent.

Mining operations

Hengjaya Mine (80% interest held by Nickel Industries)

During the March quarter, the Hengjaya Mine delivered mine ore production of 2,484,640 wet metric tonnes of ore ('wmt'), down 8.2% from 2,707,858 wmt in the December quarter. EBITDA decreased 19.3% to \$13.0M, due to a decrease of 48,343 tonnes of saprolite ore sold and 287,784 tonnes of limonite ore sold. The mine production was down slightly due to the opening of new mine areas in the central pit zones. Both mining contractors commenced mobilising additional mining equipment such as articulated dump trucks (ADT) and excavators as part of the mines plans to further increase in production for 2023.

Saprolite ore production for the quarter of 662,004 wmt decreased by 3.8% compared to 687,831 wmt in the previous quarter.

Limonite production for the quarter of 1,822,636 wmt decreased by 9.8% compared to the previous record of 2,020,027 wmt produced in the December quarter. 113,138 wmt of limonite ore were sold during the quarter. Stockpiles of limonite had increased to 7.22 million wmt by the end of the quarter at an average grade of 1.07% Ni.

		March quarter	December quarter
Saprolite mined	wmt	662,004	687,831
Limonite mined	wmt	1,822,636	2,020,027
Nickel ore mined	wmt	2,484,640	2,707,858
Overburden mined	BCM ³	398,017	438,796
Strip ratio ⁴	BCM/wmt	0.16	0.16
Saprolite tonnes sold	wmt	677,089	725,523
Average saprolite grade	%	1.57	1.67
Average saprolite price received	US\$/wmt	44.56	42.48
Average saprolite cost ⁵	CIF US\$/wmt	28.75	28.47
Limonite tonnes sold	wmt	113,138	400,923
Average limonite grade	%	1.17	1.19
Average limonite price received	US\$/wmt	18.29	18.42
Average limonite cost	CIF US\$/wmt	3.67	4.34

³ BCM represents 'bank cubic metres'.

⁴ With limonite now being supplied to IMIP, the "strip ratio" reflects overburden mined divided by total nickel ore mined.

⁵ Monthly costs are a six-month average of mining costs plus port/selling costs for the actual month. Reported costs also include US\$2.1M of exploration costs incurred during the March quarter.



Mine operations at the Central pits, including limonite stockpiles.

Haul road

The haul road construction has progressed well in all areas. The completion of the haul road and associated bridge (70 metre span) is currently expected in the September 2023 quarter.

Plans to commence hauling in 2023 will enable the Hengjaya Mine to significantly increase production and sales of saprolite and limonite ores to the Company's RKEF projects. Expressions of interest for haulage the haulage contract have been received.

Hengjaya Mine has plans to commence delivering of ore by haul road and barging to increase supply of both stockpiled and mined limonite ores to both HPAL projects at IMIP. The haul road offers the mine a strategic advantage for delivery of both types of ore, whilst allowing minimal stockpiling of limonite as the mine develops additional open pits in the central area of the project. The mine's jetty will continue to operate in the medium term for barging ore from the closer ore deposits.



Abutments joining haul road to bridge and bridge construction



Haul road segment to IMIP river to IMIP is 95% complete

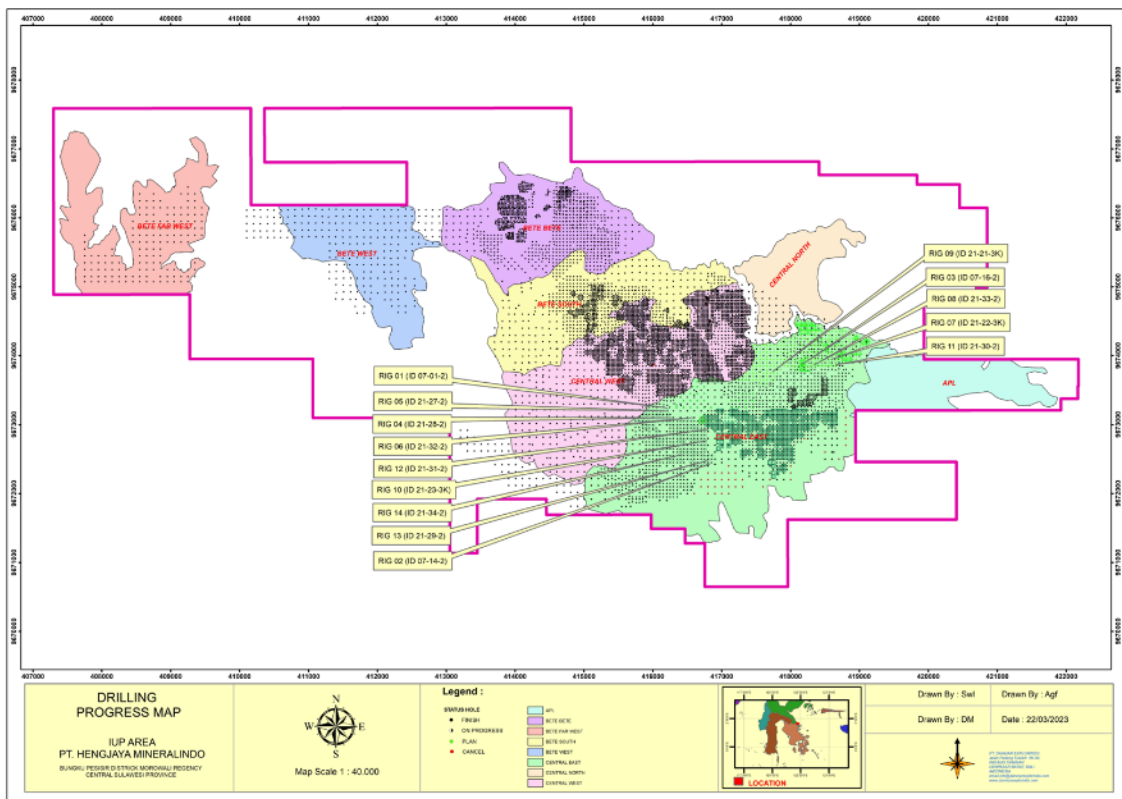
Resource Drilling

Exploration drilling is continuing at IPPKH 3 (South area) and IPPKH 2 (Central East area), currently focusing on the required infill drilling to further update and refine mine plans, schedules and production sequences to successfully deliver quality production in 2023 and beyond.

During the quarter, fourteen drill rigs completed 1,730 holes for 42,303 meters. The drill spacing was a combination of 25 x 25 (infill), 50 x 50 and 100 x 100 (resource) metres spacing.

Geological results from exploration and infill drilling continue to offer good results in both ores. The limonite ore is well suited for the HPAL process with all associated mineral elements being suitable to produce a MHP product.

To complement the exploration and production requirements, the construction of the mine’s preparation and assay laboratory have commenced. This will allow us to internally manage the additional sample, assay quantities associated with higher saprolite and additional limonite ore production. The modern laboratory will consist of office building, sample preparation, drying, dust extraction. The assaying for nickel and multi elements will be by XRF (X-Ray fluorescence spectrometers) and Fusions bead (fire assay) methods. The laboratory facility is planned to be fully commissioned in early September 2023 quarter.



Drilling progress and 14 drill rig locations - March 2023

Safety, Environment and Community

Safety

During the March quarter there were no lost time injuries ('LTI') recorded at the mine, with over **5.9** million work hours registered since the last reported LTI in November 2021. This gives the Hengjaya Mine operations a LTI frequency rate ('LTIFR') of 0.17 and a total recordable incident frequency rate ('TRIFR') of 1.35 for each million work hours. Safety and career development training continued on the mine site which also included; supervisory and ISO standards components.



All Company projects contributed towards K3 safety program for the month of February

Community

Nickel Industries continues with its commitment by 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, infrastructure and sustainability projects.

Environment and Sustainability

Nickel Industries was pleased to release the Company's 2022 Sustainability Report this quarter. The release of the report has been brought forward from its scheduled release date in the June 2023 quarter to enable it to be included in numerous independent, third-party reviews, including by the Australian Council for Superannuation Investors (ACSI). Our transparent and continuous non-financial disclosure has improved our sustainability rating in the past year, comfortably putting Nickel Industries as the highest achiever of S&P Global's ESG scores for Indonesian-based nickel operations.



PROPER Awarding Ceremony in February 2023

Another tremendous achievement was realised by the Hengjaya Mine, which was the awarding of a ‘Green’ PROPER rating from the Indonesian Environmental and Forestry Authority. The Hengjaya Mine was the only mining company from Central Sulawesi to achieve this rank and only the second in Indonesia. The Hengjaya Mine is now a showpiece for sustainable and responsible nickel mining in Indonesia.

During this quarter, Nickel Industries also has appointed experts to help the Company prepare its biodiversity conservation zone covering a 200 Ha area within the Hengjaya Mine concession area. The technical planning of this project is expected to start in the June quarter. Additionally, the Company has also appointed a professional consulting firm to address domestic waste issues in the Company’s operational area and its surrounding. The aim of this initiative is to manage waste responsibly within our sites and to be part of solutions for tackling waste issues in the Morowali district.



Hengjaya Mine public consultation on post mining plans

Until the end of the March quarter, the Hengjaya Mine team has rehabilitated 2,097 Ha of watershed area in Central Sulawesi since 2019. The planting activities were carried out in two main blocks: Ensa (937 Ha) and Bomba (1,160 Ha), in which 222 Ha of the former and 467.2 Ha of the latter area have been finalised and returned to the government.

In total, 2.3 million trees (including pines, rattans, and durians) have been planted since the beginning of this initiative, in which they are expected to stimulate the community’s economy with a projected income of USD 535 per hectare after the trees reach eight years old.



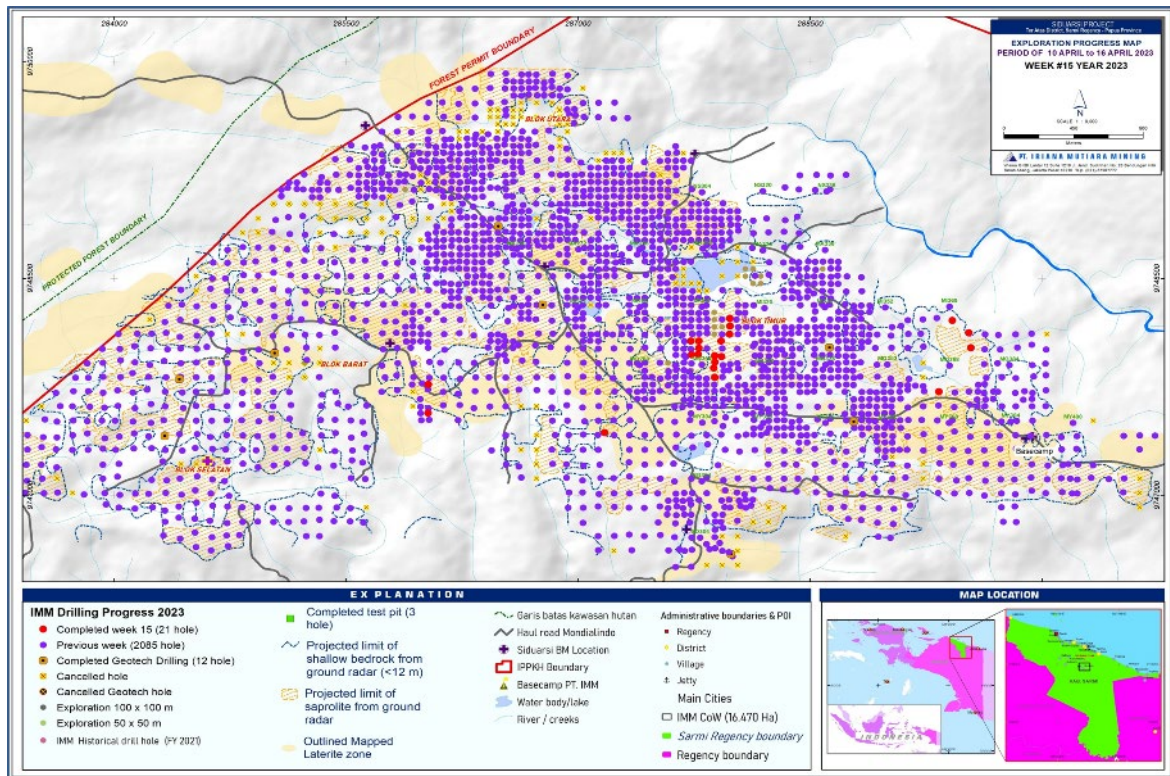
The rehabilitation program continues at poso region (2,031 hectares)



Hengjaya Mine - Visit by Indonesian Ministry of Maritime & Investment Affairs, Australia Embassy and Austrade

Siduarsi Project

Since the first quarter of 2022 we have successfully drilled 2,074 exploration holes totalling 31,127 metres (see drill location below). The detailed geological modelling continues to be updated with over 23,000 assays now received. The exploration and operations team have also worked on local community projects and the work programs have been successfully performed without any community concerns.



Drill reference map Siduarsi

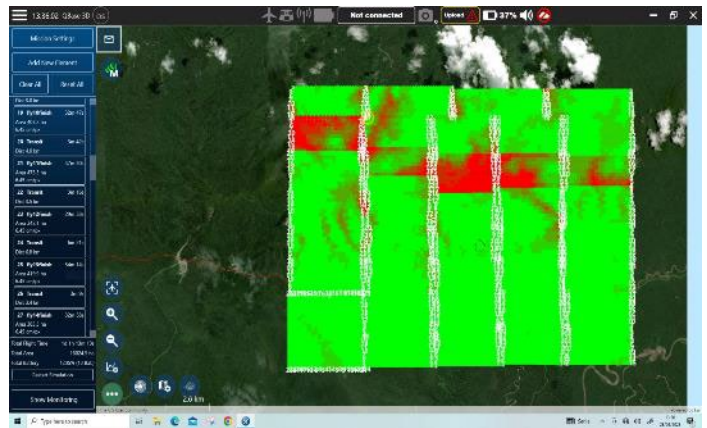
Additional updates on the project are currently being undertaken and include ore grade and mineralogical domain modelling, mapping for metallurgical test work programs, regional environment base line studies, potential haul road options, coastal bathymetric studies for suitable port infrastructure and jetty locations.

The second bulk sample program was completed and bulk samples sent to the metallurgical laboratory for test work. The project also drilled 12 geotechnical holes for preliminary pit design parameters for the project.



Drilling activities and limonite bulk sampling at Siduarsi

The project area of approximately 18,000 hectares was also surveyed a fixed wing drone, the areas included the IUP, associated strategic areas for potential haul road alignments and jetty infrastructure along coastline.



GIS team conducting lidar survey Siduarsi project. Area covers all the IUP

Finance⁶

Balance sheet

At 31 March 2023, the Group held:

- Cash and cash equivalents: US\$275.1M (31 December 2022 - US\$144.2M);
- Trade receivables: US\$338.7M (31 December 2022 - US\$180.5M); and
- Inventories: US\$194.2M (31 December 2022 - US\$207.8M).

Cash and cash equivalents of US\$275.1M were held by Group companies as follows:

- US\$154.2M held by Nickel Industries;
- US\$19.6M held by Hengjaya Nickel and its related entities (Nickel Industries interest: 80%);
- US\$12.8M held by Ranger Nickel and its related entities (Nickel Industries interest: 80%);
- US\$50.8M held by Angel Nickel and its related entities (Nickel Industries interest: 80%);
- US\$24.6M held by Oracle Nickel and its related entities (Nickel Industries interest: 70%); and
- US\$13.1M held by Hengjaya Mine (Nickel Industries interest: 80%).

Trade receivables of US\$338.7M were held by Group companies as follows:

- US\$71.2M held by Hengjaya Nickel;
- US\$50.8M held by Ranger Nickel;
- US\$110.1M held by Angel Nickel;
- US\$92.4M held by Oracle Nickel; and
- US\$14.2M held by Hengjaya Mine⁷.

Trade receivables of US\$180.5M reported at the end of the December quarter have been received in full.

Inventories (valued at the lower of cost or net realisable value) of US\$194.2M were held by Group companies as follows:

- US\$49.9M held by Hengjaya Nickel, being nickel matte of US\$9.2M and raw materials of US\$40.7M;
- US\$61.1M held by Ranger Nickel, being raw materials;
- US\$25.7M held by Angel Nickel, being NPI of US\$12.6M and raw materials of US\$13.1M;
- US\$50.7M held by Oracle Nickel, being raw materials; and
- US\$6.8M of nickel ore held by Hengjaya Mine.

The Hengjaya and Ranger Nickel project distributed dividends and interest, net of withholding tax, during the March quarter to Nickel Industries and Shanghai Decent (and its associates), in proportion to their ownership interests, as follows:

- from Hengjaya Nickel: Nickel Industries received US\$15.0M, Shanghai Decent received US\$3.7M; and
- from Ranger Nickel: Nickel Industries received US\$3.6M, Shanghai Decent received US\$1.0M.

Additionally, Hengjaya Nickel loaned US\$4.9M to Oracle Nickel, as it continued to build up its working capital.

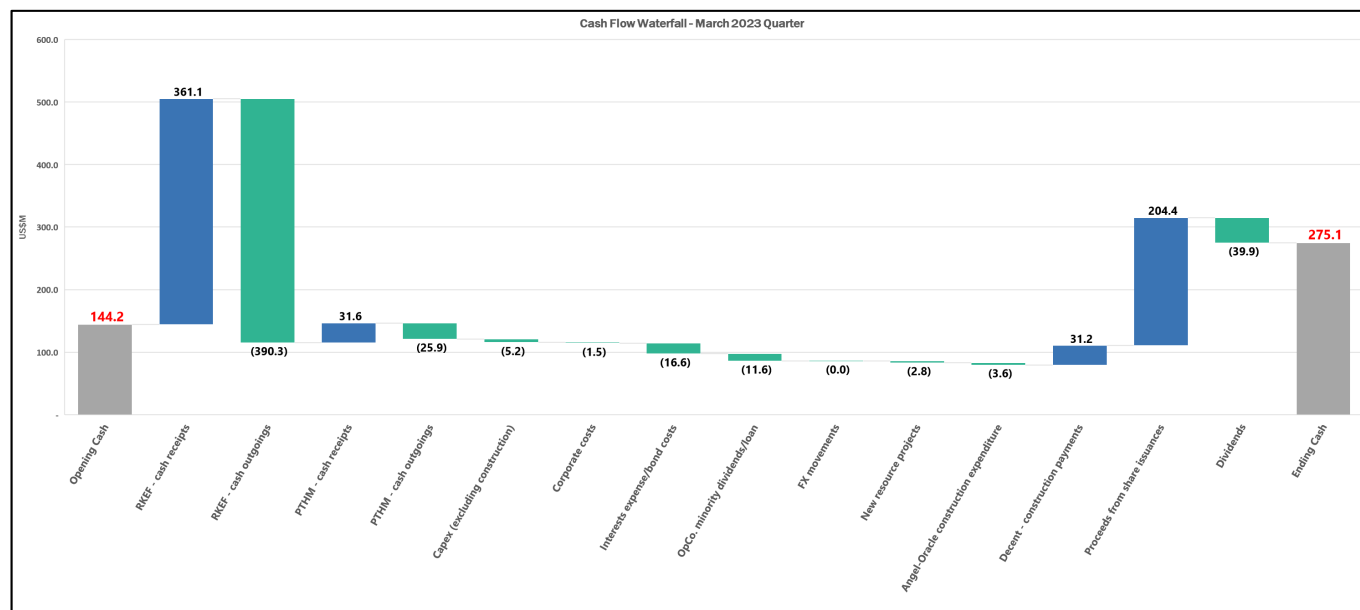
Angel Nickel continued repayment of working capital loans during the quarter, with US\$17.6M paid to Nickel Industries and US\$4.4M paid to Shanghai Decent. In addition, Angel Nickel paid Nickel Industries US\$8.0M and Decent US\$2.0M in interest on shareholder construction funding during the quarter.

⁶ Unaudited numbers from monthly operating entity financial reporting.

⁷ Sales of saprolite ore by Hengjaya Mine to HNI and RNI are intra-group transactions and are eliminated on consolidation. Profit from saprolite ore sales are recognised 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 March 2023 quarter.



Underlying cash generation from operations (defined as EBITDA from operations less capex) was US\$108.0M.

In September 2022 the Company increased to a 70% ownership interest in the Oracle Nickel project. Ongoing RKEF construction costs of Oracle Nickel will be funded by the Company’s operating partner, Shanghai Decent, via the Company’s 70%-owned Indonesian operating entity PT Oracle Nickel Industry and appear in the Group’s cashflow. During the quarter the Company contributed US\$11.2M to Oracle for working capital and US\$61.6M for power plant construction costs, as required under the Oracle Definitive Agreement, with Decent also contributing its equivalent 30% share. Under the terms of the Oracle Definitive Agreement no further contributions to the construction of the Oracle power plant will be required from the Company.

Expenditures

Expenditure on mine production and development activities at the Hengjaya Mine during the quarter totalled US\$28.8M, of which US\$4.8M was capex, and non-construction capex at Angel Nickel was US\$0.4M.

Expenditure on exploration activities at the Hengjaya Mine during the quarter including infill drilling totalled US\$1.2M, which have been expensed as part of the Hengjaya Mine production costs. Additional exploration expenditure across new project opportunities totalled US\$2.8M.

Related party expenditures

During the quarter, the aggregate amount of payment to related parties and their associates totalled US\$382,944, comprising US\$303,726 of payments to Directors or Director-related entities for Directors’ consulting fees and US\$79,218 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

Electric Vehicle Battery Supply Chain Strategic Framework Agreement

In January, the Company announced it had signed a multi-faceted Electric Vehicle Battery Supply Chain Strategic Framework Agreement ('Strategic Agreement') with Shanghai Decent, and had entered into binding agreements with Shanghai Decent to acquire 10% interests in two producing nickel assets (collectively the 'Acquired Assets').

The Acquired Assets comprise:

- (i) a 10% interest in PT Huayue Nickel Cobalt ('HNC') which the Company will acquire from Newstride Development Limited ('Newstride'), an entity within the Tsingshan group and an affiliate of Shanghai Decent) for US\$270 million. HNC is an HPAL project in the IMIP; and
- (ii) an additional 10% interest in Oracle Nickel for US\$75 million in cash (increasing the Company's interest to 80%).

The Company also acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for US\$40 million (collectively the 'Acquired Options').

The Acquired Options comprise:

- (i) a US\$25 million option for the construction of a nickel sulphate and electrolytic nickel plant using the HPAL process (to be known as the Excelsior Nickel Cobalt ('ENC') Project); and
- (ii) a US\$15 million option to invest in and construct a low-grade to high-grade nickel matte converter at Oracle Nickel.

Equity Capital Raise

To fund the Acquired Assets and Acquired Options the Company announced it would be undertaking a US\$471 million capital raise (~A\$673 million)¹ ('Equity Raise').

The Equity Raise comprised:

- (i) a US\$185 million (~A\$264 million) fully underwritten, institutional placement ('Institutional Placement');
- (ii) a US\$270 million (~A\$386 million) placement to Newstride (or its nominee), US\$15 million (~A\$21 million) placement to Shanghai Wanlu Investment Co. Ltd. ('Wanlu') (or its nominee) and US\$1.4 million (~A\$2 million) placement to Non-Executive Director Mark Lochtenberg (or his nominee) on a non-underwritten basis ('Conditional Placement'); and
- (iii) a non-underwritten share purchase plan ('SPP') to eligible shareholders in Australia and New Zealand.

The Institutional Placement was successfully completed on 19 January 2023.

The Conditional Placement requires approval by shareholders at an Extraordinary General Meeting ('EGM') and in the case of the placement of shares to Newstride, approval by the Australia's Foreign Investment Review Board ('FIRB').

Share Purchase Plan

In March the Company completed a Share Purchase Plan ('SPP') as part of its funding package in support of its multi-faceted Electric Vehicle Battery Supply Chain Strategic Framework Agreement. The SPP was strongly supported by Shareholders with funds received significantly exceeding the originally targeted amount. Under the SPP, each Eligible Shareholder was entitled to subscribe for up to A\$30,000 of new fully paid ordinary shares in the Company at the Issue Price of A\$1.02 per Share. The Directors of the Company agreed to accept all valid applications made under the SPP which consequently resulted in the Company issuing 33,880,135 shares at A\$1.02 for total receipts of A\$34,557,737.70. These shares were issued on 3 March 2023 and commenced trading on 6 March 2023.

Dividend Declaration and Distribution

During the quarter the Company declared and paid a A\$0.02 per share final dividend relating to its full-year 2022 financial result, bringing the total 2022 dividend paid to A\$0.04.

2022 Sustainability Report

The Company released its 2022 Sustainability Report in March and expects the report to be included in independent, 3rd party reviews including by the Australian Council for Superannuation Investors (ACSI). Significant progress was made by the Company across numerous sustainability initiatives in 2022, evidenced by the Nickel Industries becoming the only nickel company to receive seven trophies at the Environmental and Social Innovation Awards, earning a silver award at the Asia Sustainability Reporting Rating and achieving a "Green Proper" rating for the Hengjaya Mine from the Indonesia Ministry of Environment and Forestry. In addition, the Company was nominated as a finalist for three categories at the Asia Sustainability Reporting Awards and was included in the top-half of ESG performers in the global Mining and Metals Industry according to the S&P Global.

This report builds on the Company's maiden 2021 Sustainability Report and reflects the strong commitment the Company has regarding reporting transparency across both its mining and downstream processing operations. With Nickel Industries having established itself as a large and active participant across Indonesia's mining and industrial landscape, the Company is highly committed to contributing to a more sustainable future for these industries and to advancing the welfare of Indonesia's people through employment opportunity and social progression. The Company also looks forward to continuing to reduce the carbon footprint of its operations through the adoption of and adherence to industry 'best practice' mining and processing standards, in addition to the gradual transition to renewable forms of energy and production diversity into lower carbon intensive products that will contribute to a green energy future.

Excelsior Nickel Cobalt Project ('ENC') Update

The Company advises that suitable land parcels for the development of the ENC are currently being explored with several potential sites under consideration.

Additionally, with the assistance of independent technical experts, a feasibility report is now being prepared and will be presented to the NIC Board to make a Final Investment Decision (FID) on the development of the ENC Project.

US\$400M Senior Unsecured Notes Issuance and concurrent refinance and tender offer of existing bonds

Subsequent to quarter end, the Company announced the completion of a US\$400 million issuance of senior unsecured notes ('New Notes'), the refinancing of the Company's US\$225 million senior secured notes and completion of a Concurrent Tender Offer for the existing US\$325 million senior unsecured notes maturing in April 2024 ('Target Notes').

Under the tender offer the Company accepted valid tender for an aggregate amount of US\$79,392,000 at a purchase price equal to 102% of the principal amount of the Target Notes.

A material outcome of the New Notes issuance was a removal of all secured debt and a simplification of the Company's capital structure. The Company's outstanding bonds will now comprise of US\$400 million of New Notes, maturing 21 October 2028 and US\$246 million of Target Notes, maturing 1 April 2024. Importantly, the New Notes extend the Company's debt maturity profile, optimally positioning it to continue the strong growth trajectory to becoming a leading producer of battery grade 'Class 1' nickel.

Key details of the New Notes are as follows:

Issuer	Nickel Industries Limited
Issue size	US\$400 million
Expected Issue Rating	Moody's B1 Fitch B+
Coupon	11.25% per annum, payable on a semi-annual basis in arrears
Distribution format	Rule 144A / Regulation S
Amortisation	11% amortisation on April and October each year commencing 21 October 2025
Settlement Date	21 April 2023
Final maturity date	21 October 2028
Listing	Notes will be listed on the Singapore Exchange Securities Trading Limited (SGX-ST)
144A ISIN	US653890AA15
Reg S ISIN	USQ67949AC34

CONTACT INFORMATION

For further information please contact:

Justin Werner
 Managing Director
jwerner@nickelindustries.com
 +62 813 8191 2391

Cameron Peacock
 Investor Relations & Business Development
cpeacock@nickelindustries.com
 +61 439 908 732

pjn11644