

Level 2, 66 Hunter Street Sydney NSW 2000 Australia

T: +61 2 9300 3311 F: +61 2 9221 6333

E: info@nickelmines.com.au

3 March 2021

The Manager Companies ASX Limited 20 Bridge Street Sydney NSW 2000

(23 pages by email)

PRESENTATION TO BMO CONFERENCE

Nickel Mines Limited is pleased to release the following presentation that Managing Director Justin Werner is presenting to investors at this week's BMO Global Metals and Mining Conference.

For further information please contact: Justin Werner Managing Director jwerner@nickelmines.com.au +62 813 8191 2391

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

pjn10725



A NEW FORCE IN GLOBAL NICKEL



Disclaimer



This presentation has been prepared by Nickel Mines Limited (ABN 44 127 510 589) ('NIC'). The information contained in this presentation is for information purposes only and has been prepared for use in conjunction with a verbal presentation and should be read in that context.

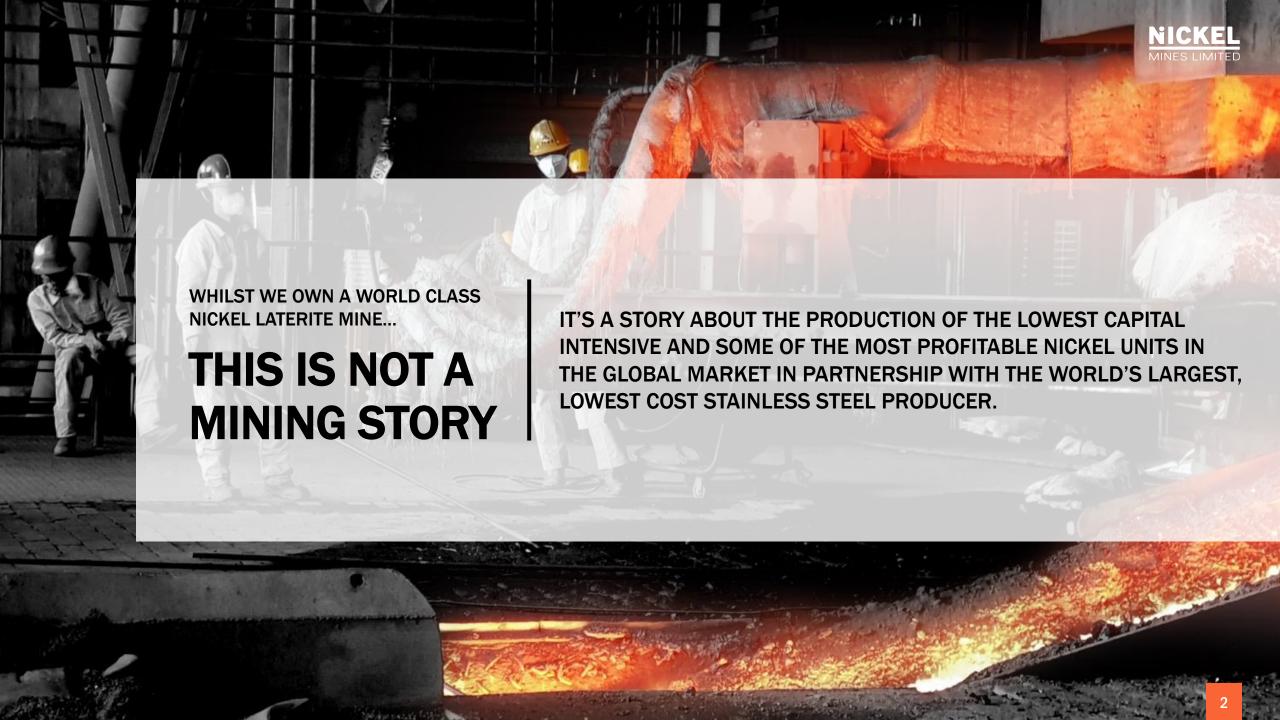
The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Please note that, in providing this presentation, NIC has not considered the objectives, financial position or needs of any particular recipient. NIC strongly suggests that investors consult a financial advisor prior to making an investment decision.

This presentation is strictly confidential and is intended for the exclusive use of the institution to which it is presented. It may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the express consent of NIC.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of NIC, their respective related bodies corporates, shareholders, directors, officers, employees, agents or advisors, nor any other person accepts any liability, including, without limitation, any liability for any loss arising from the use of information contained in this presentation.

This presentation may include "forward looking statements". Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of NIC and their respective officers, employees, agents or associates that may cause actual results to differ materially from those expressed or implied in such statement. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. NIC assumes no obligation to update such information.

This presentation is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this presentation nor anything contained in it forms the basis of any contract or commitment.





NIC

ASX

- Nickel Mines Limited (NIC) is an Australian company publicly listed on the ASX.
- Strategic partnership with Tsingshan group.
- ~A\$3.5BN market capitalisation.
- Industry low levels of capital intensity for new nickel units.
- Pure play nickel exposure.

IMIP

HNI

80%

- Hengjaya Nickel Project (HNI).
- 80% interest acquired for US\$180M.
- 2 RKEF lines (nameplate capacity of ~15ktpa).
- Monthly production rate of ~1,800t Ni Eq⁽¹⁾.
- Monthly repatriations of operating profits.

IMIP

RNI

80%

- Ranger Nickel Project (RNI).
- 80% interest acquired for US\$231M.
- 2 RKEF lines (nameplate capacity of ~15ktpa).
- ■Monthly production rate of ~1,800t Ni Eq⁽¹⁾.
- •Monthly repatriations of operating profits.

MOROWALI

HM

80%

- Hengjaya Mine.
- 80% interest in
 PT Hengjaya Mineralindo
 (PTHM) which holds
 100% of the Hengjaya
 Nickel Mine IUP licence
 covering 5,983 hectares.
- ■JORC 2012 compliant
 Mineral Resource of
 185m dmt⁽³⁾ at 1.3%
 nickel and 0.08% cobalt
 containing ~2.4Mt of
 nickel and 148.5kt of
 cobalt⁽²⁾

IWIP

ANI

30%

- Definitive Agreement to acquire an 80% interest in ANI for US\$560M.
- Comprises:
- 4 new RKEF lines
 (Nameplate capacity ~36ktpa)
- 380MW captive power plant.
- ■Stage 1 completed.
- 30% interest acquired for US\$210M.
- Stage 2 additional 50% for US\$350M.
- Approximate doubling of existing production capacity expected on completion of the transaction.

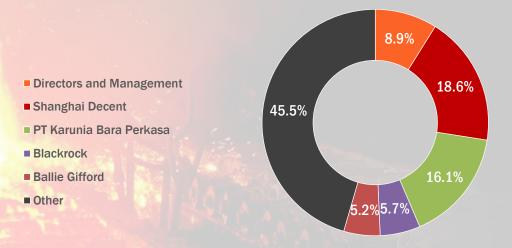
- 1) Average monthly production rate through 31 December 2020 at HNI and RNI on a 100% basis was ~1,800t Ni Eq.
- (2) Refer to 27 August 2020 ASX Announcement for further details.
- (3) dmt = dry metric tonnes.

Corporate snapshot



TRADING INFORMATION	26 FEBRUARY 2021
ASX Code	NIC
Shares on Issue	2.515B
Share Price	A\$1.40
Market Capitalisation	A\$3.52B
Indexes	ASX All Ords / ASX 300/ MSCI

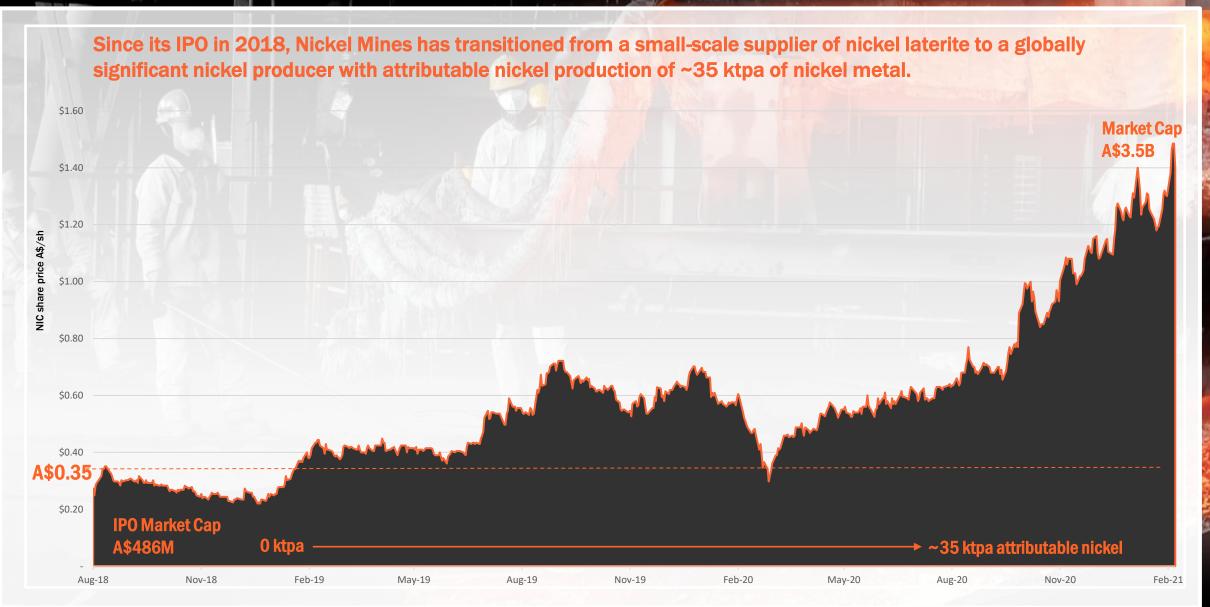
ANALYST COVERAGE ⁽¹⁾					
Canaccord	Buy	Target Price	\$1.70		
Citi	Neutral	Target Price	\$1.70		
Bell Potter	Buy	Target Price	\$1.67		
вмо	Outperform	Target Price	\$1.60		
Macquarie	Outperform	Target Price	\$1.60		
Petra Capital	Buy	Target Price	\$1.57		
Credit Suisse	Buy	Target Price	\$1.50		
Shaw & Partners	Sell	Target Price	\$1.26		



SUBSTANTIAL SHAREHOLDERS	
Shanghai Decent (SDI)	18.6%
PT Karunia Bara Perkasa	16.1%
Blackrock	5.7%
Baillie Gifford	5.2%

Significant value creation delivered through rapid production growth

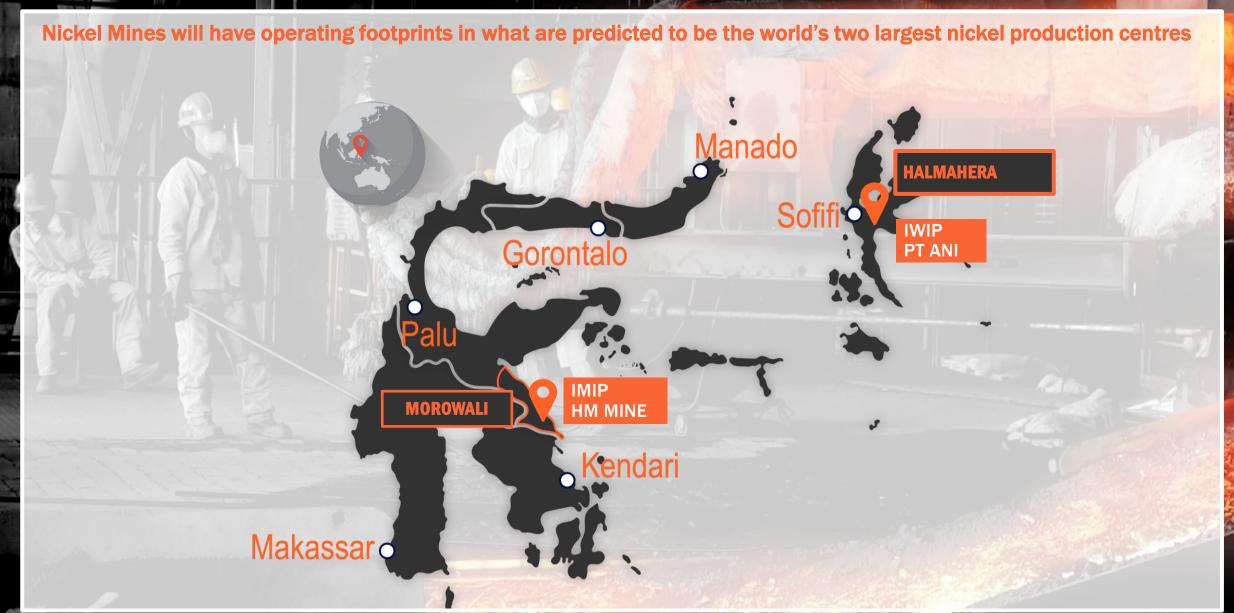




Building a Nickel Empire - Introducing ANI



- 11-11



Comparing IMIP and IWIP



IMIP and IWIP are estimated to become the world's two largest nickel production centres...

IMIP



Steel production capacity	3Mt Stainless Steel per annum
RKEF lines	36 operating RKEF lines
Power capacity	~3GW captive power for IMIP
NIC interest %	80% interest HNI/RNI – 4 operating RKEF lines



11-11

RKEF lines	8 operating RKEF lines Further RKEF lines planned and underway
Power capacity	Currently 500MW captive power
NIC interest % (to be acquired)	80% interest ANI / 380MW power

ANI overview





4 NEXT GENERATION RKEF LINES⁽¹⁾



380MW POWER PLANT
- "CAPTIVE" POWER
- ~20% SAVINGS ON POWER
COSTS⁽²⁾



ANI DEVELOPMENT COST CAPPED AT US\$700M

CAPITAL COST GUARANTEE

- Not to exceed US\$700M(3)
- No cost overrun risk

FIRST PRODUCTION

- Scheduled Q3 2022



NAMEPLATE: 36KT NI (EFFECTIVE DOUBLING OF NIC'S EXISTING CAPACITY)



INDUSTRY LEADING CAPITAL INTENSITY



80% INTEREST FOR US\$560M

FIRST ACQUISITION

US\$210M (Q1 2021)⁽³⁾

- 30% interest (COMPLETED)

SECOND ACQUISITION

US\$350M (4) (Q4 2021)

- 50% interest

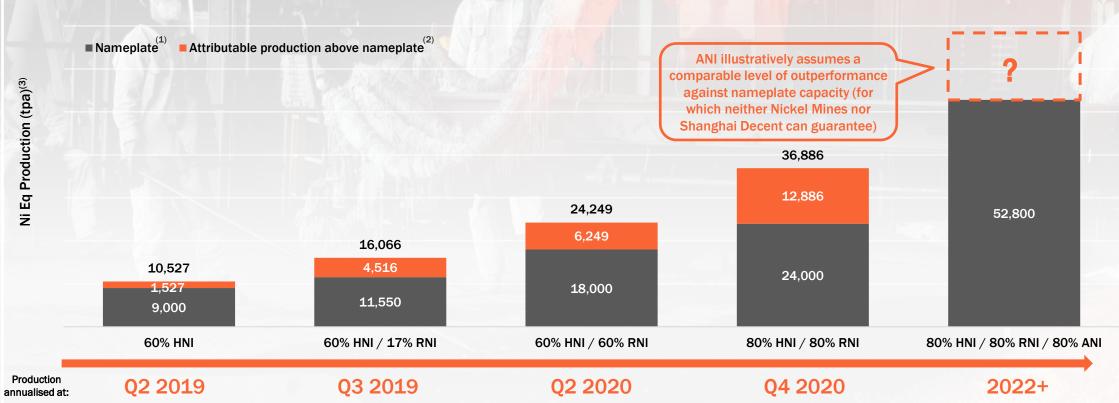
- (1) Higher KVA (kilovolt amps) output.
- Indicative cost savings from direct ownership of power capacity and representative of power cost benefits of power plant owners within the IMIP.
- 3) Shanghai Decent has agreed to indemnify PT ANI (proposed operating company for ANI) for any construction costs exceeding US\$700M
- (4) Second acquisition payment reduces to US\$344M if paid on or before 30 June 2021.

Proven commissioning and production expansion track record - ANI the next growth leg



The ANI acquisition continues Nickel Mines' steady accumulation of nickel production capacity





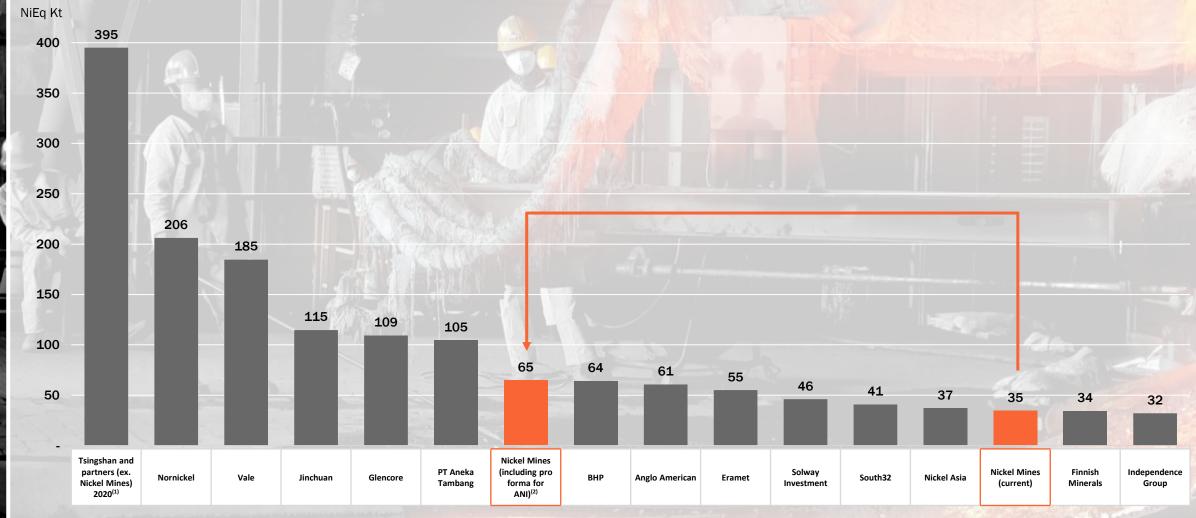
Note: These figures are not indicative of future nickel production levels that may be achieved and are not financial guidance or forecasts.

- 1. Nameplate production levels reflect Nickel Mines' attributable share of nameplate nickel metal capacity at its various ownership levels based on nameplate nickel metal capacities of 15ktpa for HNI and RNI and 36ktpa for ANI.
- 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 nickel pig iron (NPI).

Top 10 nickel producer globally with scale, efficiency and expertise







Source: Wood Mackenzie, Tsingshan,

Note: Comparable companies (on attributable basis) reflect Wood Mackenzie Q4 2020 global production rankings by mines, excluding Nickel Mines which reflects estimated run-rate NPI production from RKEF lines

2. Reflects Nickel Mines' estimated run rate production, including 80% of ANI production, assuming completion of the acquisition and construction and ramp up of ANI

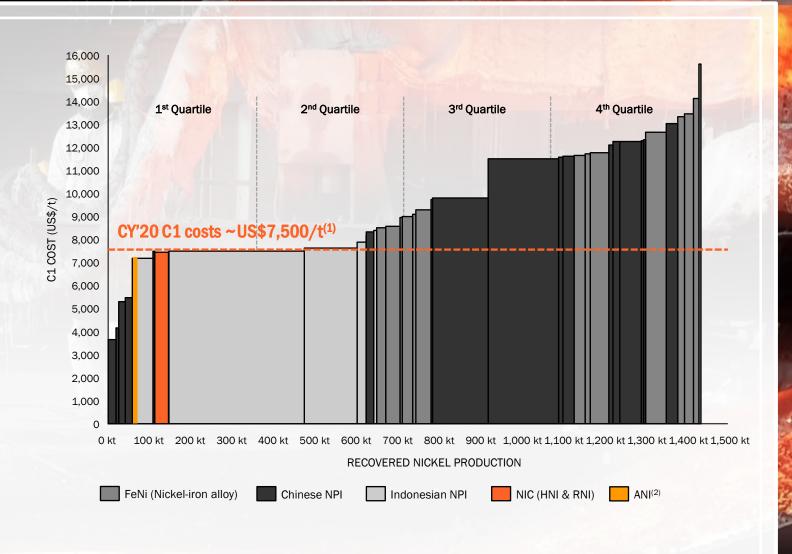
^{1.} Sourced from Tsingsha

First quartile operating costs reflecting advantages of integrated production chain



Cost Advantages for Nickel Mine's operations

- The IMIP and IWIP are estimated to be located in the first quartile of the global nickel cost curve.
 - Protects margin against pricing downturn.
 - High margin from incremental production.
- The IMIP's fully integrated production chain delivers significant cost and logistics savings.
- Indonesia's export ban has resulted in significant advantages for the IMIP in terms of cost and grade of ore supply:
 - IMIP: Currently ~US\$35/t for 1.9% Ni ore (CIF).
 - Chinese NPI producers (ore from Philippines):
 Currently ~US\$65/t for 1.5% Ni ore (CIF).
- Industrial style cost base delivers lower beta cost profile vs traditional mining operations.
- C1 costs are naturally hedged to the nickel price, with nickel ore forming ~40% of the cost base.



^{1.} NIC C1 Costs as CY'20 average.

Benefiting from superior NPI payabilities



How does NIC get paid?

- Nickel Mines enters into NPI sales contracts with various Tsingshan group companies.
- An NPI sales price is quoted based on publicly available third-party reference prices (established in China) with adjustments made for:
 - Individual shipment specifications (grade of contained elements);
 - Freight; and
 - o FX.
- Contracts are generally signed 4-6 weeks <u>before</u> the date of delivery and therefore contract prices may bear little relevance to the prevailing average LME nickel prices in the delivery month.
- Despite periods of bifurcation, over the course of FY2020 NIC achieved an average realised payability against the LME nickel price of ~86% on a same month basis.



While concentrate producers can often report lower cash costs than NPI producers because of by-product credits, these lower costs are dwarfed by the superior payabilities of NPI producers.

Why the superior payabilities?

Stainless steel producers buying NPI will pay a near "market price" for the contained nickel in NPI as they essentially get their iron units for free.



By official decree of the Minister of Finance of the Republic of Indonesia.

Material tax concessions have been granted to both HNI and RNI.

It is the intention for ANI to apply for these tax concessions in due course.



- 100% Corporate Income Tax Reduction for 7 years commencing from the year of commercial production.
- ~5.5 years remaining.



Plus an additional 2 Years Corporate Income Tax Reduction at 50% of payable income tax, starting from the end of the initial seven-year period.



Exemption from withholding and tax collection by third parties on sales proceeds that would normally be remitted to the Indonesian Revenue Department for a period of 7 years.

Tax concessions further strengthen HNI's/RNI's free cash flow profile.

Hengjaya Mine – The Foundation Asset





Location

- Morowali Regency, Central Sulawesi, Indonesia.
- A large tonnage, high grade, open-cut mine in close proximity to IMIP.

Licence

- IUP licence covering 5,983 hectares.
- 20-year mining operation/ production licence with a further 2 x 10-year extensions (issued May 2012).

Resource

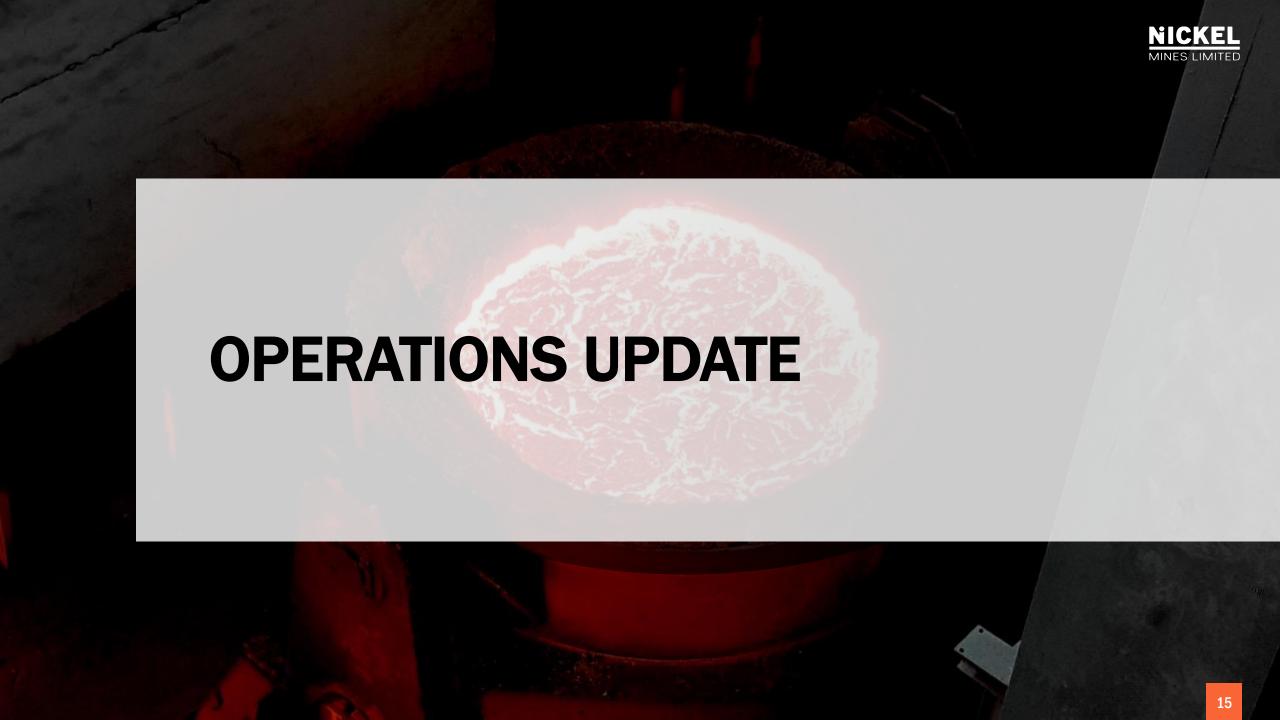


- Updated Resource released in August 2020⁽¹⁾.
- JORC 2012 compliant
 Mineral Resource of 185m
 dmt at 1.3% nickel and
 0.08% (cut-off 0.8% nickel)
 cobalt containing ~2.4Mt of
 nickel and 148.5kt of
 cobalt.
- High grade saprolite
 Resource of 60.5m wmt at
 1.8% nickel (cut-off 1.5% nickel).

Mining



- Geology de-risked by mining activity to date.
- Excellent mining reconciliations to date with higher than predicted nickel grade and tonnes and lower than expected Fe/Si/Mg.
- Currently supplying ~150K+ wmt per month to the IMIP (Based on December quarter output, refer page 19)⁽²⁾.
- Expansion initiatives implemented over the last 12 months have resulted in a positive impact on mine production levels.



December C	Quarter Headline Results
	dante in admin to its and

(All figures in US\$)



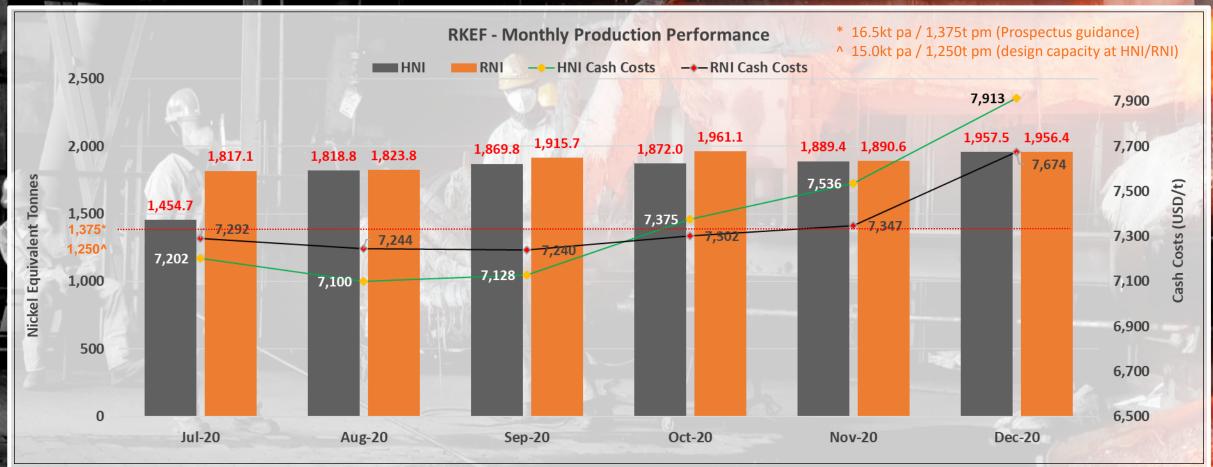
Record gross production	11,527	tonnes of nickel metal (100% basis)	+7.7%	from 10,699.9 tonnes in Sept Qtr
Record NIC attributable production	9,221.6	tonnes of nickel metal	+7.7%	from 8,559.9 tonnes in Sept Qtr
Record RKEF sales	\$158.8M ⁽¹⁾	(100% basis)	+16.6%	from \$136.2M in Sept Qtr
Record RKEF EBITDA	\$71.6M ⁽¹⁾	(100% basis)	+45.6%	from \$49.2M in Sept Qtr
Record underlying FCF	\$71.9M ⁽¹⁾	(100% basis)	+58.0%	from \$45.5M in Sept Qtr
Record repatriations to Pr	oject shareholders of \$68.8	M, including \$55M to NIC		
Record cash	\$351.4M ⁽²⁾	(100% basis)	+274.6%	from \$93.8M in Sept Qtr
Record Mine production	499,877 _{wmt}	(100% basis)	+216.0%	from 158,058 wmt in Sept Qtr

⁽¹⁾ RKEF December quarter sales, EBITDA and FCF based on a received nickel price of ~US\$14,263/t for HNI and ~US\$14,262 for RNI. Contract prices in December quarter were approximately 23.4% higher than in the September quarter.

(2) Cash balance boosted by A\$364M capital raising during the quarter.

Record operational performance at HNI and RNI





- Record December quarter RKEF production of 11, 527 tonnes
- Attributable production of 9,221.6 tonnes

- December quarter HNI Cash Costs US\$7,612/t
- December quarter RNI Cash Costs US\$7,442/t
- Higher cash costs in the December quarter were attributable to modestly higher nickel ore prices (now linked more closely the underlying LME Ni price) and a series of year end adjustments.

Note: All figures are presented on a 100% basis.

FY 2020 Financial Results (All figures in US\$)



12 months to
31 December 2020

6 months to 31 December 2019

Sales Revenue \$523.5M

\$236.1M

Gross Profit \$165.1M

\$83.4M

Operating Profit \$157.7M

\$80.8M

Profit after tax \$153.7N

\$91.3M

\$197.1M

\$97.2M

43,421 tonnes (30,618 tonnes attributable) of nickel metal produced from 295,897 tonnes of NPI

Net Assets

\$1,086.2M

\$722.1M

Hengjaya Mine - 2020 Full Year Performance



Production summary		March 2020 Qtr	June 2020 Qtr	September 2020 Qtr	December 2020 Qtr	Total
Tonnes mined	Wmt	149,958	62,610	158,058	499,877	870,503
Overburden mined	ВСМ	142,250	155,852	200,439	266,960	797,740
Limonite mined	ВСМ	41,750	87,069	240,589	294,717	664,125
Strip ratio ⁽¹⁾	BCM/wmt	1.2	3.9	2.8	1.1	1.6
Tonnes sold	wmt	155,599	54,029	129,264	456,758	795,650
Average grade	%	1.83	1.80	1.85	1.81	1.82
Average price received	US\$/t	24.32	23.79	31.39	32.58	29.98
Average cost of production ⁽²⁾	US\$/t	29.70	44.73	40.68	25.30	30.30

(1) Strip ratio includes limonite as overburden



The Nickel Mines Story – Why Invest?





Strategic Partnership with Tsingshan

- Partnership in multiple (HNI and RNI) operating NPI processing plants to build and own nickel processing capacity within the IMIP.
- Potential to be a material supplier of limonite to IMIP's HPAL plants.
- NIC provides a publicly available investment exposure to Tsingshan and its world class NPI operations.



Nickel Price Leverage

- Significant leverage to the nickel price (via NPI pricing) without the normal mining associated risks due to decoupling of processing assets from mining operations.
- Flat industrial style cost base key to bottom quartile cost profile.



Established Tenant within the IMIP

- Indonesia/IMIP are the epicentre of global nickel supply growth with NIC having established itself as an important strategic partner to the IMIP.
- The IMIP is the world's largest vertically integrated NPI/Stainless Steel operation, supported by world class infrastructure and logistics.



RKEF Processing Technology

- Tsingshan has pioneered RKEF technology to produce NPI from lateritic ores.
- IMIP's RKEF operations are currently delivering the lowest capital intensive and among the most profitable nickel units in the global market.
- Built and commissioned <12 months.



Consistent Production Outperformance

- Monthly output consistently above nameplate capacity at HNI and RNI.
- Industry leading nickel payabilities.
- Industrial-style, bottom quartile cost base of ~US\$7,500/t Ni.



Unrivalled Growth from ANI and beyond

- Clearly defined pathway to potentially double production capacity inside 2 years and become the largest listed pure play nickel producer globally.
- Operating footprint within what are predicted to become the world's 2 largest global nickel production centres (IMIP and IWIP).
- Aspirations to acquire additional nickel units at IMIP and IWIP.



Compelling Financials

- Debt free with capacity to take on a modest level of leverage to fund future growth initiatives.
- Strong FCF generation with US\$72M generated in the December quarter.
- 7-year corporate income tax holiday for HNI and RNI with ~5.5 years remaining.
- A\$0.02 final dividend declared in February 2021.



World Class Nickel Resource

- Strategic value of high grade, large tonnage Hengjaya Mine JORC Resource, with expansion initiatives underway.
- Close proximity less than 15km to IMIP.
- Ability to supply saprolite ore (RKEF) and limonite ore (HPAL).



Robert Neale Chairman rneale@nickelmines.com.au



Peter Nightingale
Director and Chief Financial Officer
pnightingale@nickelmines.com.au



Norman Seckold
Deputy Chairman
nseckold@nickelmines.com.au



Richard Edwards
Company Secretary
redwards@nickelmines.com.au



Justin Werner
Managing Director
jwerner@nickelmines.com.au



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