NICKEL MINES LIMITED
and its controlled entities

A.B.N. 44 127 510 589

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2017

Contents

NICKEL MINES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Notes	6 months to 31 December 2017
USD		**$**
Nickel ore sales revenue		9,148,048
Cost of sales		(6,122,781)
Gross profit		3,025,267
Administration and consultants' expenses		(1,207,287)
Depreciation and amortisation		(43,802)
Agency fee charges	10	(1,800,000)
Other expenses	4	(125,356)
Results from operating activities		(151,178)
Financial income	5	91,466
Financial expense	5	(576,176)
Finance costs		(484,710)
Loss before income tax		(635,888)
Income tax expense		-
Loss for the period		(635,888)
Other comprehensive income		-
Items that may be classified subsequently to profit or loss		
Total comprehensive loss for the period		(635,888)
Loss attributable to:		
Owners of the Company		(1,195,357)
Non-controlling interest		559,469
Loss for the period		(635,888)
Total comprehensive loss attributable to:		
Owners of the Company		(1,195,357)
Non-controlling interest		559,469
Total comprehensive loss for the period		(635,888)
Earnings per share		
Basic and diluted loss per share (cents)	7	(0.37)

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

NICKEL MINES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

USD	Notes	31 December 2017 $
Current assets		
Cash and cash equivalents		17,596,748
Trade and other receivables	6	3,219,101
Inventory	8	490,969
Other		275,218
Total current assets		21,582,036
Non-current assets		
Property, plant and equipment	9	26,607,603
Total non-current assets		26,607,603
Total assets		48,189,639
Current liabilities		
Trade and other payables	10	16,119,767
Provision – employee's benefit obligation		270,104
Borrowings	11	12,422,597
Total current liabilities		28,812,468
Non-current liabilities		
Provision – rehabilitation		294,454
Total non-current liabilities		294,454
Total liabilities		29,106,922
Net assets		19,082,717
Equity		
Share capital	12	44,752,186
Foreign currency translation reserve		(595,498)
Accumulated losses		(27,156,287)
Total equity attributable to equity holders of the Company		17,000,401
Non-controlling interest		2,082,316
Total equity		19,082,717

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

NICKEL MINES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2017

USD	Notes	Share capital $	Foreign currency translation reserve $	Accumulated losses $	Total $	Non-controlling interest $	Total equity $
Balance at 1 July 2017		26,188,005	(595,498)	(25,960,930)	(368,423)	1,522,847	1,154,424
Total comprehensive income for the period							
Loss for the period		-	-	(1,195,357)	(1,195,357)	559,469	(635,888)
Total comprehensive loss for the period		-	-	(1,195,357)	(1,195,357)	559,469	(635,888)
Transactions with owners, recorded directly in equity							
Issue of shares	12	19,717,064	-	-	19,717,064	-	19,717,064
Costs of issue	12	(1,152,883)	-	-	(1,152,883)	-	(1,152,883)
Balance at 31 December 2017		44,752,186	(595,498)	(27,156,287)	17,000,401	2,082,316	19,082,717

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

NICKEL MINES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

USD	Notes	6 months to 31 December 2017 $
Cash flows from operating activities		
Cash receipts from customers		6,317,242
Cash payments in the course of operations		(6,904,877)
Interest received		13,150
Research and development rebate repayment		(260,703)
Net cash used in operating activities		(835,188)
Cash flows from investing activities		
Payments for property, plant and equipment		(515,893)
Net cash used in investing activities		(515,893)
Cash flows from financing activities		
Proceeds from issue of shares	12	19,717,064
Costs of issue		(1,152,884)
Net cash from financing activities		18,564,180
Net increase in cash and cash equivalents		17,213,099
Effect of exchange rate adjustments on cash held		104,874
Cash and cash equivalents at the beginning of the period		278,775
Cash and cash equivalents at the end of the period		17,596,748

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1 - REPORTING ENTITY

Nickel Mines Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial report for the half year ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is involved in nickel mining operations.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2017 is available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000.

In the opinion of the directors, the Company is not publicly accountable nor a reporting entity. The interim financial statements of the Group have been drawn up as special purpose financial statements to assist the Directors for the purpose of their due diligence in relation to an Initial Public Offering.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

This financial report is a special purpose financial report prepared for use by the directors and members of the Group. The special purpose interim financial statements have been prepared in accordance with the recognition, measurement and classification aspects of Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

The special purpose interim financial statements include those disclosures considered necessary by the directors to meet the needs of members.

The special purpose interim financial statements comply with the disclosure requirements of AASB 134 *Interim Financial Reporting* except there are no comparatives. The financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017.

The financial statements do not comply with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial report has been prepared on a going concern basis.

The financial report was authorised for issue by the Directors on 29 March 2018.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Functional and presentation currency

These financial statements are presented in United States dollars, which is the Company's functional currency.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

- Note 8 – Inventory
- Note 9 – Recoverability of property, plant and equipment
- Note 10 – Trade and other payables

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2017.

	6 months to 31 December 2017 $
NOTE 4 - OTHER EXPENSES	
Audit fees – KPMG audit of financial reports	60,094
Travel	26,513
Legal fees	38,749
	125,356
NOTE 5 - FINANCIAL INCOME AND FINANCE EXPENSE	
Interest income	13,150
Interest expense	(325,462)
Net change in fair value of financial liabilities at fair value	(250,714)
Foreign exchange gain/(loss)	78,316
	(484,710)

NOTE 6 - TRADE AND OTHER RECEIVABLES	**31 December 2017**
GST receivable	103,648
Trade receivables	3,115,453
	3,219,101

NOTE 7 – LOSS PER SHARE	**6 months to 31 December 2017**
Basic and diluted loss per share have been calculated using:	
Net loss for the period attributable to equity holders of the Company	(1,195,357)
	Nº of shares
Weighted average number of ordinary shares (basic and diluted)	
- Issued ordinary shares at the beginning of the year/period	317,330,516
- Effect of shares issued on 8 June 2017	-
- Effect of shares issued on 22 December 2017	4,359,905
- Effect of shares issued on 28 December 2017	496,000
Weighted average number of shares at the end of the year	322,186,420

As the Group is loss making, none of the potentially dilutive securities are currently dilutive.

NOTE 8 – INVENTORY	**31 December 2017 $**
Current	
Inventory – ore stockpiles	490,969
	490,969

During the period the Group continued to provide ore to PT Indonesia Tsingshan Stainless Steel ('ITSS'), an Indonesian subsidiary of Tsingshan Group, under an offtake agreement signed in October 2017 with ITSS guaranteeing to take supply of 50,000 wmt per month until 30 November 2018, with a cut-off grade of 1.60% nickel.

Inventories are measured at the lower of cost and net realisable value.

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

Buildings	187,227
Furniture and Fittings	2,943
Mine infrastructure assets	1,749,722
Mining properties	24,381,269
Motor Vehicles	133,968
Office equipment	117,840
Plant and machinery	34,634
	26,607,603

During the period the Group acquired $515,893 of property, plant and equipment and recognised depreciation and amortisation totalling $184,366.

NOTE 10 - TRADE AND OTHER PAYABLES

	31 December 2017 $
Current	
Creditors	6,499,441
Deferred project acquisition payments[2]	2,800,000
Taxes payable	131,010
Agency fee payable [1]	5,256,603
Accruals	1,432,713
	16,119,767

[1] The Agency fee is payable to PT Hengjaya Sukses Pratama's ('HSP') nominated entity, Swift Capital Limited ("Swift"). Under a scope of work HSP earns the Agency Fee for: sales and marketing requirements in relation to the first 440,000 wmt of nickel ore produced by Hengjaya; assisting in negotiating the terms of sales contracts with all potential customers and connected parties in relation to or connected with the sale and marketing of nickel ore produced or developed by Hengjaya; and HSP is responsible for obtaining for PT Hengjaya all federal, provincial and local government approvals, including but not limited to forestry, mining, export, port, land access and community relations permits and approvals, and all other approvals as may be required by PT Hengjaya for PT Hengjaya to develop and operate the Hengjaya mine.

During the half-year ended 31 December 2017 the activities in relation to the final approval required by PT Hengaya to develop and operate the Hengjaya mine were completed and the remaining balance of Agency Fee totalling $1,800,000 was recognised as an expense for the period. The total fee payable at 31 December 2017 includes interest accrued at a rate of 12% p/a. The total owing was settled in full subsequent to half-year end, see Note 15.

[2] *Deferred project acquisition payments*

Through various amendments to the original agreement entered into in December 2009 for the Company to acquire 80% of the share capital of PT Hengjaya Mineralindo ('PT Hengjaya') in Indonesia, the transfer of 80% of the PT Hengjaya to Nickel Mines was effected in March 2012 with deferred payments totalling $7.35 million to be paid to the sellers based on the achievement of certain milestones. These deferred payments will be payable to PT Hengjaya Sukses Pratama ('HSP'), the Company's Indonesian partner in the Hengjaya project upon achievement of various project milestones.

At 30 June 2017 all milestones had been met except for the third and final milestone payment. The final deferred payment of $2,800,000 ($3,000,000 less $200,000 paid in advance prior to 30 June 2017) becomes due and payable one month following the conversion of the HL protected forest area into Other Utilisation Area and the granting of all other licences, approvals and steps as deemed necessary to allow the exploitation, open cut mining and production operation in that area. Confirmation of the downgrade of the HL protected forest area into Other Utilisation Area was received in August 2014. Before production can commence from this area a 'Pinjam Pakai' forestry permit must be obtained.

During the half year ended 31 December 2017 the Group received confirmation the 'Pinjam Pakai' forestry permit would be approved and subsequent to the half year end the Company received confirmation that the forestry permit had been granted and as disclosed in Noted 15 the remaining balance of $2,800,000 was paid to HSP's nominee subsequent to period end, completing the Company's deferred project acquisition obligations.

	31 December 2017 $
NOTE 11 – BORROWINGS AND CONVERTIBLE NOTES	
Current	
Convertible note	4,271,573
Loans from related parties	-
Loan – Swift Capital Limited	8,151,024
	12,422,597

Borrowings

During the half year ended 31 December 2017 the loans from related parties were settled in full, see Note 13 for details.

In September 2017 the Company entered into a JV agreement with Tsingshan Holdings. A condition precedent of the agreement for this JV to occur was for the Company to become 'debt-free'. Due to the successful pre-IPO capital raising in December 2017 the amounts payable to Swift Capital Limited ('Swift') have been reclassified as current. As detailed in Note 15, following the successful completion of the Company's pre-IPO capital raise an agreement was reached to repay the loan payable to Swift and this was settled in full on 30 January 2018.

Convertible notes

Liabilities measured at fair value through profit and loss	31 December 2017 $
Opening balance	4,020,859
Net change in fair value of financial liabilities at fair value	250,714
	4,271,573

The PT Hengjaya and Woodburn Holdings Limited ('Woodburn') Convertible Loan Facility Agreement ('Convertible Note Facility') was due to mature on 21 July 2017. During the half year ended 31 December 2017 the entities were renegotiating the facility agreement and on 29 January 2018 an agreement was reached for a total $4,428,641 to be paid to Woodburn as final settlement of the Convertible Note Facility. The final payment represented the principal totalling $3,000,000 and accrued interest and other charges of $1,428,641 (see Note 15).

The convertible notes have been designated as a Level 3 financial instrument. The fair value is calculated using a valuation technique that consider the probability of conversion and the present value of future cashflows using a risk adjusted discount rate of 20%. The valuation ascribed to the financial liability at 31 December 2017 is the principal amount of $3,000,000 and the accrued interest charges of $1,271,573. This is considered to represent the fair value as the Directors consider the probability of a conversion event to be nil at 31 December 2017.

NOTE 12 - ISSUED CAPITAL

	Number of shares	$
Ordinary shares on issue at 30 June 2017 - fully paid	317,330,516	26,188,005
Issue of shares	118,907,379	19,717,064
Cost of issue	-	(1,152,883)
Ordinary shares on issue at 31 December 2017 - fully paid	436,237,895	44,752,186

During the half year ended 31 December 2017 the Group issued 118,907,379 shares for cash totalling A$22,165,335 (equivalent to $19,717,064). There were no amounts unpaid on the shares issued and share issue costs amounted to A$1,479,572 (equivalent to $1,152,883).

Options

There were no options granted, exercised or lapsed unexercised during the half year ended 31 December 2017. There were no options on issue at 31 December 2017.

Dividends

There were no dividends paid or declared during the half year ended 31 December 2017.

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time.

NOTE 13 - RELATED PARTIES

At 30 June 2017 entities related to Norman Seckold, a Director were owed $549,476, comprising principal amounts of A$104,000 and $200,000 and accrued interest. The loans were unsecured and at call. Interest on the funds advanced to the Company were calculated at a rate of 10% p.a. from the date funds were advanced. Included in the amount at 30 June 2017 is $186,710 which was owed by the Group's subsidiary, PT Hengjaya and had an applicable interest a rate of 15% p.a. For the half year ended 31 December 2017 interest accrued on the outstanding balances totalled A$5,243 and $21,585. On 31 December 2017 the loans payable were settled in full through the issue of 3,472,776 shares in the Company on the same terms as the pre-IPO raising.

At 30 June 2017 an entity related to Justin Werner, a Director, was owed $385,185, comprising principal amounts of A$30,000 and $130,000 and accrued interest. The loans were unsecured and at call. Interest on the funds advanced to the Company were calculated at a rate of 10% p.a. from the date funds were advanced. Included in the amount at 30 June 2017 is $186,710 which was owed by the Group's subsidiary PT Hengjaya and had an applicable interest rate of 15% p.a. For the half year ended 31 December 2017 interest accrued on the outstanding balances totalled A$1,512 and $18,056. On 31 December 2017 the loans payable were settled in full through the issue of 2,416,806 shares in the Company on the same terms as the pre-IPO raising.

A 30 June 2017 an entity related to Peter Nightingale, a Director, was owed $158,909 comprising A$160,000 and accrued interest. The loan was unsecured and at call. Interest on the funds advanced to the Company were calculated at a rate of 10% p.a. from the date funds were advanced and totalled A$8,056 during half year ended 31 December 2017. On 31 December 2017 the loan payable of A$214,844 was settled in full through the issue of 1,008,656 shares in the Company on the same terms as the pre-IPO raising.

Peter Nightingale and Norman Seckold hold an interest in an entity, MIS Corporate Pty Limited ('MIS'), which provided full administrative services, including administrative, accounting and investor relations staff both within Australia and Indonesia, rental accommodation, services and supplies, to the Group. Fees charged by MIS Corporate Pty Limited during the half year amounted to A$127,152. At 31 December 2017 A$761,714 was included in the creditor's balance. As noted in Note 15 the outstanding creditor balance was repaid subsequent to 31 December 2017. In addition to the creditor balance MIS had an outstanding loan balance at 30 June 2017 of $266,596. The loan is unsecured and at call. Interest was calculated at a rate of 10% p.a. from the date funds were advanced and for the half year ended 31 December 2017 an interest expense of A$14,438 has been recognised. On 31 December 2017 the loan balance of A$361,342 was repaid in full through the issue of 1,696,442 shares in the Company on the same terms as the pre-IPO raising.

Following the successful capital raise the Board approved a one-off payment to Peter Nightingale, Norman Seckold and James Crombie totalling A$976,000 in recognition of the services they have provided leading up to the pre-IPO capital raise. The total was recognised as an expense for the half year period ended 31 December 2017 and was settled subsequent to the half-year end through the issue of shares in the Company, see Note 15.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group during the half year and there were no material contracts involving director's interests subsisting at half year end.

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NOTE 14 -SEGMENT INFORMATION

Segment information is presented in respect of the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

Geographical segments

For the half year ended 31 December 2017, the Group had one segment, being mine development in Indonesia.

The Group has one reportable geographical segment as follows:

	Indonesia	Unallocated	Total
	$	$	$
6 months ended 31 December 2017			
External revenues	9,148,048	-	9,148,048
Reportable segment loss/(profit) before tax	(2,841,146)	3,477,034	635,888
Interest income	10,864	2,286	13,150
Depreciation and amortisation	43,802	-	43,802
Reportable segment assets	31,070,479	17,119,160	48,189,639
Reportable segment liabilities	(27,117,410)	(1,989,512)	29,106,922

NOTE 15 – SUBSEQUENT EVENTS

In January 2018 the Company completed the pre-IPO capital raising. Funds raised were primarily aimed at meeting the condition precedent to the Collaboration and Subscription Agreement signed in September 2017 with Shanghai Decent Investment (Group) Co., Ltd, a subsidiary of the Tsingshan Holdings Group ('Tsingshan'), and a third party strategic cornerstone investor, that the Company be 'debt free'. In order to meet this requirement the Company has, subsequent to the end of the half year ended 31 December 2017:

- settled in full the agency fee payable to PT Hengjaya Sukses Pratama's ('HSP') nominated entity, Swift, including associated interest charges, as detailed in Note 10 and the Loan payable to Swift as detailed in Note 11 by the payment on 30 January 2018 of $12,400,000 and the issue of 10,000,000 fully paid ordinary shares in the Company at $0.16 per share to Swift's nominee; and
- settled the Woodburn Convertible Loan Facility on 29 January 2018 through payment of $4,428,641 to Woodburn. The final payment represented the principal totalling $3,000,000 and accrued interest and other charges of $1,428,641.
- in February 2018 the Group received confirmation that the forestry permit for the area previously classified HL protected forest area had been granted and consequently in February 2018 the third and final milestone payment of $2,800,000 ($3,000,000 less $200,000 paid in advance) was paid to HSP's nominee, completing the Company's deferred project acquisition obligations.

Subsequent to 31 December 2017 the Group has settled the following creditor balances through the issue of shares in the Company:

- Director fees totalling A$976,000 settled through the issue of 5,321,050 shares in the Company
- Employee and consultant fees totalling A$125,000 settled through the issue of 628,906 shares in the Company
- Contractor fees totalling $830,186 settled through the issue of 5,188,666 shares in the Company

Other than the matters detailed above, there has not arisen in the interval between the end of the half year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

MANAGEMENT'S ASSERTION STATEMENT

In the opinion of the Management of Nickel Mines Limited ('the Company'):

(a) the financial statements and notes set out on pages 3 to 15:

(i) present fairly the financial position of the Group as at 31 December 2017 and of its performance for the period ended on that date in accordance with the accounting policies described in Notes 1 to 3; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1 to 3;

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

Signed at Sydney this 29th day of March 2018

Norman Seckold	**Peter Nightingale**
Executive Chairman	**Chief Financial Officer**

Independent Auditor's Review Report

To the Directors of Nickel Mines Limited

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Nickel Mines Limited (the Company) and its controlled entities (the ***Group***).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of the Group does not present fairly, in all material respects, the financial position of the Group as at 31 December 2017 and of its performance and cash flows for the *Interim Period* ended on that date, in accordance with the basis of preparation described in Notes 1, 2 and 3 to the Interim Financial Report.

The ***Interim Financial Report*** comprises:

- Consolidated interim statement of financial position as at 31 December 2017
- Consolidated interim statement of profit or loss and other comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the Interim Period ended on that date
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information

The ***Group*** comprises Nickel Mines Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The ***Interim Period*** is the 6 months ended on 31 December 2017.

Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Notes 1, 2 and 3 to the Interim Financial Report, which describe the basis of preparation.

The Interim Financial Report has been prepared to assist the Directors of Nickel Mines Limited for the purpose of their due diligence in relation to a potential Initial Public Offering. As a result, the Interim Financial Report and this Auditor's Review Report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Our report is intended solely for the Directors of Nickel Mines Limited and should not be used by or distributed to parties other than the Directors of Nickel Mines Limited. We disclaim any assumption of responsibility for any reliance on this report, or on the Interim Financial Report to which it relates, to any person other than the Directors of Nickel Mines Limited or for any other purpose than that for which it was prepared.

Responsibilities of Management for the Interim Financial Report

Management are responsible for:

- the preparation and fair presentation of the Interim Financial Report in accordance with the Basis of preparation and have determined that the basis of preparation described in Notes 1, 2 and 3 is appropriate to meet the needs of the Directors for the purpose of their due diligence in relation to the Initial Public Offering.
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not presented fairly, in all material respects, in accordance with *the basis of preparation* described in Notes 1, 2 and 3 to the Interim Financial Report. As auditor of Nickel Mines Limited. *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We are independent of the Group in accordance with the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants.*

KPMG

KPMG

Brisbane

29 March 2018

CORPORATE DIRECTORY

Directors:

Norman Seckold
James Crombie
Mark Lochtenberg
Peter Nightingale
Justin Werner

Company Secretary:

Richard Edwards

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