

20 August 2018

Dear Shareholder,

It is with great excitement and satisfaction that I welcome you as shareholders of Nickel Mines Limited ('NIC'). Having been established in 2007 and operating in Indonesia since 2009, today's listing on the ASX marks a momentous milestone for our Company and a significant day for all of our shareholders, many of whom have been with us since the Company's inception.

Nickel Mines is now on the cusp of becoming a significant player in the global nickel industry having established a financial, operational and strategic partnership with China's Tsingshan group ('Tsingshan'), the world largest stainless steel producer. Our relationship with Tsingshan was borne out of the Indonesian Government's ban on the exportation of unprocessed minerals that was enacted in January 2014. With our direct shipping operations (DSO) having ceased in late 2013 the Company was forced to explore in-country ore sales and beneficiation options. Fortuitously, prior to the implementation of this export ban, Shanghai Decent (a Tsingshan group company) with the full endorsement of the Indonesian Government had committed to the establishment of an operations and refining centre in Central Sulawesi, Indonesia, a short 12km from our Hengjaya Mine's northern-most boundary. The natural commercial attractions of cheap energy from locally sourced coal, the abundant availability of high quality nickel ore from domestic Indonesian producers, and an accessible local labour force were the underpinnings for what is now the Indonesia Morowali Industrial Park (IMIP). Requiring nickel ore feedstock to fuel the park's Rotary Kiln Electric Furnaces (RKEFs), in 2015 Nickel Mines began supplying high grade nickel ore (>1.8%) to the IMIP which is now the showpiece production centre of Tsingshan's global stainless steel operations.

While our working relationship with Tsingshan began by supplying nickel ore to the IMIP, our mutual understanding and appreciation of each other's growth ambitions led us to broaden our relationship, culminating in the signing of a Collaboration and Subscription Agreement (CSA) in September 2017 with Shanghai Decent. The CSA sets out the terms and conditions by which Nickel Mines and Shanghai Decent will work together to construct 2 new RKEF lines within the IMIP. Our collaboration will not only serve to contribute to Tsingshan expanding its stainless steel production at the IMIP to a targeted 3 million tonnes per annum but will also provide Nickel Mines with a platform to reap the significant economic benefits of becoming a downstream nickel producer. For further details on our collaboration with Shanghai Decent I invite you to review our Prospectus.

Raising \$200M in today's volatile equity markets is no small feat. That we were able to deliver a heavily oversubscribed book of tier-1 global institutional investors is testimony to both the quality of our investment proposition and the hard work of our transaction team. On behalf of the Board I would like to say a special thank you to our numerous advisors and expert consultants who worked tirelessly to deliver us to this point.

I would also like to pay special tribute to our close friend and partner Shanghai Decent. The team at Shanghai Decent have been extremely supportive of the Company as we have worked through the listing process and we couldn't be more pleased to have them as a major shareholder. We look forward to a long and prosperous future together.

On an operational level I am pleased to report the construction of our 2 RKEF lines is progressing well. As of mid-August, the majority of foundation works have been completed, with approximately 40% of procurement and 20% of civil works also completed. The material capital equipment components including the rotary kilns and electric furnaces are now being fabricated in China and over the coming months will progressively be delivered to the IMIP for installation. We are optimistic our 2 RKEF lines will be ready to start commissioning early in the June quarter of 2019. The following images show the progress to date:



Base structure for Electric Furnace #1



Base structure for Electric Furnace #2



Kiln Column



Electrical Switch Room

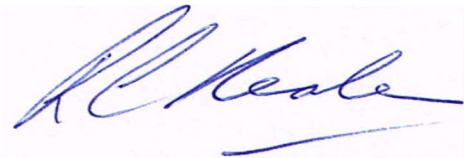
While Nickel Mines currently holds a 25% interest in the 2 RKEF lines, having now completed our IPO, the Company will shortly exercise its contractual option under the CSA to move to a 60% ownership interest.

I am also excited to convey to you a further material development for our Company. As disclosed in the Prospectus, in early June Nickel Mines signed a Memorandum of Understanding (MOU) with Shanghai Decent to construct, own and operate an additional 2 RKEF lines. This MOU is rapidly progressing towards a definitive agreement, an outcome that will further enhance our growth story with investors. With the option of moving to 100% of 4 RKEF lines with total output of ~33kt of Nickel metal per annum, Nickel Mines could lay claim to being the largest listed pure-play nickel producer in the world.

As shareholders in Nickel Mines we should all be very excited about the next chapter in our history as a listed company. With a strong growth profile overlaying low levels of capital intensity and first quartile global NPI operating costs we are confident of becoming a global significant nickel producer and tier-1 investment exposure among globally listed nickel companies. At our IPO market capitalisation of ~\$485M we are very attractively valued compared to our peer group and would hope this valuation gap might quickly close as investors come to fully appreciate the merits of our operations.

Once again on behalf of the Board I would like to say thank you to our many long term shareholders for your loyalty, support and perseverance. And to our new shareholders, welcome. We thank you for your support of our IPO and look forward to repaying your belief in our Company by delivering exceptional shareholder value as we emerge as a significant nickel producer in the years ahead.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'R. Neale', with a horizontal line underneath.

Robert Neale
Chairman