

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

Non-Executive Director
Binghe Xiang

Substantial Shareholders

(as per last substantial holder notices)

Shanghai Decent	19.5%
PT. KBP	12.2%
L1 Capital	7.5%
BlackRock Group	6.5%

Further enquiries

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QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 June 2023

Record 32,558 tonnes of nickel production - further growth expected in September quarter with Oracle Nickel power plant now online

RKEF operations

- Record RKEF quarterly production of **32,558** tonnes of nickel metal (100% basis)
 - **27,454** tonnes of nickel in NPI (March quarter: 22,338 tonnes)
 - **5,104** tonnes of nickel in low-grade ('LG') nickel matte (March quarter: 5,060 tonnes)
- Record **31,817** nickel metal tonnes sold, 27,094 nickel metal in NPI tonnes, 1,001 nickel metal in high-grade ('HG') matte and 3,722 in LG matte (100% basis)
(March quarter: 23,182 tonnes of nickel metal in NPI and 4,638 tonnes in HG matte)
- RKEF quarterly sales of **US\$434.3M** (100% basis)
(March quarter: US\$487.9M)
- RKEF quarterly EBITDA of **US\$43.9M** (100% basis)
(March quarter: US\$100.2M)
- RKEF quarterly EBITDA margin of **US\$1,585/t** Ni in NPI sold and **US\$1,410/t** Ni in matte sold
(March quarter: US\$3,025/t of nickel in NPI sold and US\$4,947/t of nickel in HG matte sold)
- RKEF June quarter cash costs:
 - Hengjaya Nickel: US\$13,146/tonne Ni (March quarter: US\$14,880)
 - Ranger Nickel: US\$13,005/tonne Ni (March quarter: US\$15,161)
 - Angel Nickel: US\$10,907/tonne Ni (March quarter: US\$11,888)
 - Oracle Nickel: US\$12,794/tonne Ni (March quarter: US\$14,605)
- Oracle Nickel power plant commissioned in June

Mining operations

- Record Hengjaya Mine nickel ore production of **2,722,561 wmt**
(March quarter: 2,484,640 wmt)
- Hengjaya Mine EBITDA of **US\$12.0M**
(March quarter: US\$13.0M)
- Underlying cash generation from production operations of **US\$48.6M** (100% basis)
(March quarter: US\$108.0M)

Corporate

- Cash + receivables + inventory at quarter end of **US\$872.4M**
(March quarter: US\$808.0M)
- Completion of US\$400M senior unsecured notes issuance and concurrent refinance and tender offer of existing bonds
- Conditional Share placement and Collaboration Agreement executed with United Tractors
- Declaration of a A\$0.02 per share interim dividend

The Directors are pleased to present the June 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 June quarter's activities, Managing Director Justin Werner said:

"We are very pleased to report yet another record quarter of production. Over the past 12 months Nickel Industries has significantly increased its nickel metal production by 110% from 15,566 tonnes of nickel to 32,558 tonnes of nickel for the June 2023 quarter.

With the successful commissioning of the ONI power plant in late June, we look forward to further production increases from our ONI operations and more importantly improved margins, which should closely replicate those of ANI which delivered a robust EBITDA/t margin of \$2,754 for the quarter vs \$744 EBITDA/t margins from ONI.

Whilst we faced softening NPI and LME nickel pricing during the quarter with average realised NPI pricing declining 17.1% vs the March 2023 quarter, we also saw a reduction in opex costs across all operations, with ANI delivering an 8% reduction in costs (\$10,907 vs \$11,888 in the March 2023 quarter). Opex costs are expected to continue to decline during the September quarter with lower expected ore and power costs, whilst NPI pricing appears to have stabilised from its recent cyclical lows.

At the Hengjaya Mine we are pleased to announce another record quarter of production with 2.7MT of ore mined for the quarter vs 2.5 million tonnes in the March quarter. Pleasingly the Company is poised to record a significant milestone with the imminent commissioning of the Hengjaya Mine to IMIP haul road, which should allow ore sold to the IMIP to increase significantly from approximately 3MT sold in 2022 to a target of 10Mtpa (6.5Mtpa of limonite and 3.5Mtpa of saprolite).

During the quarter, the Hengjaya Mine delivered US\$12.0M in EBITDA and we expect EBITDA Mine to increase as production ramps up and we move towards becoming one of the largest ore suppliers to the IMIP. This highlights not just the strategic importance, but also the economic value of the mine.

Our operations continue to improve on the ESG front and we are pleased to report 5.5 million man hours without an LTI at our RKEF operations since January of this year and more than 7.3 million man hours since the last recorded LTI at the Hengjaya mine operations in November 2021. We are also proud to report that during the quarter, the Hengjaya Mine received two gold trophies at the Nusantara CSR Awards 2023 and the "Most Promising Transition Award" at the ESG World Summit and GRIT Awards 2023 in Bangkok. We remain steadfastly focused on continuing to improve our ESG record, which is being reflected in the number of awards, certifications and accolades our operations continue to receive as we look to achieve and maintain our position as one of the most sustainable and responsible integrated and diversified nickel operations in Indonesia.

Several milestones and achievements were also delivered on the corporate front during the June quarter. In line with our previously stated dividend policy we are pleased to announce and maintain an A\$0.02 interim dividend.

In June the Company entered into a conditional share subscription agreement for a A\$943M (US\$628M) placement to PT Danusa Tambang Nusantara ('DTN'), a subsidiary of PT United Tractors ('UT') at A\$1.10 per share representing a 27.2% premium to the last traded price of A\$0.87 on Thursday, 8 June 2023.

UT is one of Indonesia's largest listed industrial conglomerates with FY 22 revenue of US\$8.3B, almost 33,000 employees and US\$2.3B in cash. UTs ultimate beneficial owner is Jardine Matheson, a global diversified fortune 500 company with a strong presence in Asia across automotive, mining, mine services, automotive, property, retail and finance, employing over 425,000 employees and delivering FY 22 revenue of US\$37.7B. Company management believes UT to be one of the best blue chip Indonesian partners we could attract and subject to shareholder approval, look forward to welcoming UT as a long-term investment partner.

In addition to the abovementioned Subscription Agreement, the Company announced it had also executed a conditional Collaboration Agreement under which DTN intends to participate in the acquisition of a 20% equity interest in the ENC HPAL Project, which we were pleased to announce expects expanded capacity from 66,000 tonnes of nickel to 72,000 tonnes of nickel in either MHP, cathode or sulphate. This is a 20% increase on the originally announced capacity of 60,000 tonnes and at a reduced guaranteed capex cost of US\$2.3B, which is an almost 10% decrease on the originally announced US\$2.5B. NIC expects to reach FID prior to the intended construction commencement date of Q4 2023. The announcement of the intended placement by UT also provides the opportunity to potentially double the ENC project capacity to 144,000 tonnes of nickel per annum.

At the EGM on the 5 July 2023, shareholders overwhelmingly (98%) approved the acquisition of a 10% interest in the HNC HPAL project, an operating next generation HPAL project within the IMIP which holds the record for the fastest build and ramp up of an HPAL globally (achieved during COVID) and is one of the world's lowest opex and lowest carbon intensive (< 7 tonnes of CO2 per tonne of nickel) HPAL projects globally. HNC will provide NIC with approximately 6,500 tonnes per annum of additional nickel production in the form of MHP and continue our diversification into Class 1 nickel suitable for the EV and battery market.

Finally, in April we were pleased to announce the issuance of US\$400M in senior unsecured notes as part of the Company's refinancing of its existing US\$225M senior secured notes and completion of a concurrent tender offer for its April 2024 senior unsecured notes which has resulted in the removal of all secured debt and a simplified capital structure, which optimally positions the Company to continue its strong growth trajectory towards becoming a leading diversified producer of Class 2 and Class 1 battery grade nickel.

We look forward to another busy and productive September quarter, with highlights set to include ONI ramping up to approximately 130% of nameplate capacity, the trucking of first ore on the Hengjaya Mine to IMIP haul road to commence the ramp-up to 10Mtpa, continuing to advance offtake discussions for HNC's MHP production and delivery of a maiden JORC resource for the Siduarsi nickel-cobalt project."

RKEF operations

Key reporting metrics

PRODUCTION		HNI	RNI	ANI	ONI	Total
NPI production	tonnes	-	37,823	84,785	89,167	211,775
NPI grade	%	-	12.9	14.7	11.4	13.0
Nickel in NPI	tonnes	-	4,891	12,422	10,141	27,454
- March quarter	tonnes	-	4,750	12,382	5,206	22,338
LG matte production	US\$/t Ni	28,624	-	-	-	28,624
Matte grade	%	17.8	-	-	-	17.8
Nickel in LG matte	tonnes	5,104	-	-	-	5,104
Total nickel production	tonnes	5,104	4,891	12,422	10,141	32,558
- March quarter	tonnes	5,060	4,750	12,382	5,206	27,399

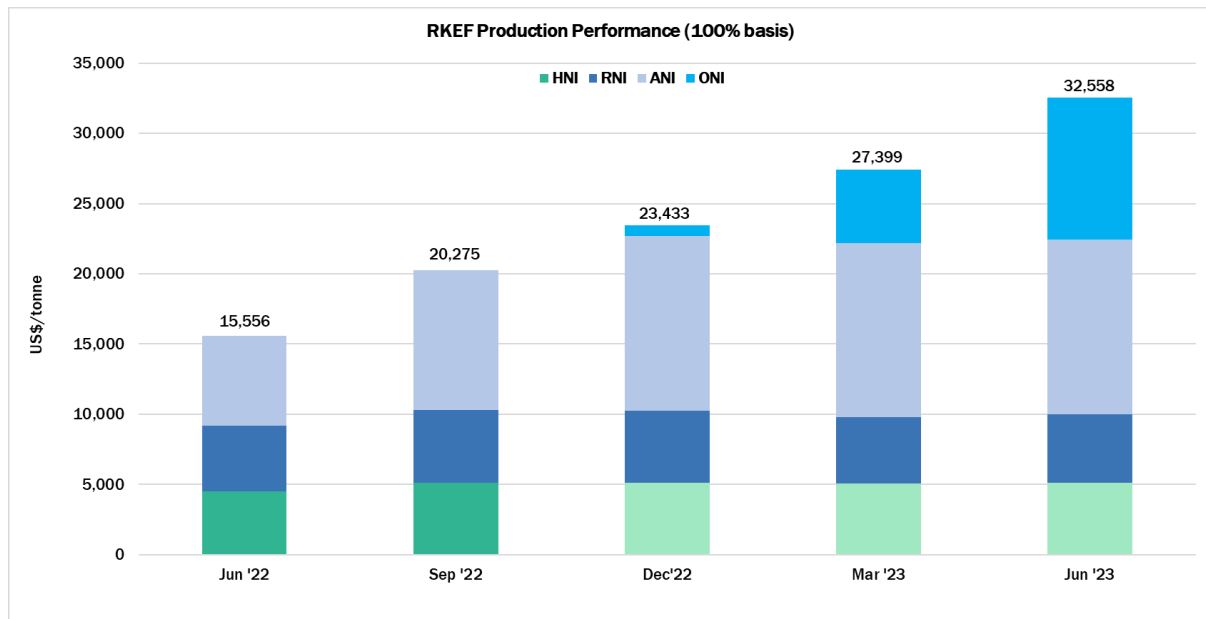
SALES AND CONTRACTS		HNI	RNI	ANI	ONI	Total
Wtd avg contract price	US\$	15,297 [^]	13,392	13,674	13,482	13,810
- March quarter	US\$	20,767*	16,638	16,874	15,337	17,077
Tonnes sold	tonnes	4,723 [^]	4,891	12,062	10,141	31,817
- March quarter	tonnes	4,638	4,750	12,479	5,953	27,820
Sales revenue	US\$M	66.9	66.0	164.7	136.7	434.3
- March quarter	US\$M	109.3	79.5	207.7	91.3	487.9

COSTS AND MARGINS		HNI	RNI	ANI	ONI	Total
Cash costs	US\$/t	13,146	13,005	10,907	12,794	12,161
- March quarter	US\$/t	14,880	15,161	11,888	14,605	13,553
EBITDA	US\$/M	1.0*	2.2	33.2	7.5	43.9
- March quarter	US\$/M	30.1*	7.4	61.1	1.7	100.2
EBITDA/tonne sold	US\$/t	1,410	447	2,754	744	1,533
- March quarter	US\$/t	4,947	1,559	4,894	278	3,349

SUMMARY RKEF METRICS		June quarter	March quarter	% movement
Nickel production	tonnes	32,558	27,399	18.8%
Nickel tonnes sold	tonnes	31,817	27,820	14.4%
Realised price	US\$/t Ni	13,810	17,077	(19.1%)
Sales revenue	US\$M	434.3	487.9	(11.0%)
RKEF EBITDA	US\$M	43.9	100.2	(56.2%)
RKEF EBITDA/tonne sold	US\$/t Ni	1,533	3,349	(54.2%)

* 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 March quarter of US\$21,858 decreased to US\$20,767 upon settlement, and the tonnes sold fell from 4,700t to 4,638t. The decreased revenue and EBITDA resulting from this decrease in price received (US\$5.7M) is reported in the June quarter revenue and EBITDA figures but has been removed from EBITDA/tonne of nickel matte sold calculations for the June quarter so that margins in the current quarter are not impacted by adjustments from the previous quarter.

[^] Combination of 1,001t of HG matte and 3,722t of LG matte sold.



NIC's RKEF operations have seen strong production growth during the last 12 months (lime green denotes switch of HNI's production to nickel matte)

Commentary on RKEF operations

Safety

For the 6 months to 30 June, 5,457,317 cumulative work hours without a 'lost time injury' incident were achieved across Nickel Industries' RKEF operations.

Work hours recorded without an LTI			2023					
Project	Type	Lines	January	February	March	April	May	June
HNI & RNI	RKEF	4	197.7	200.2	195.3	203.0	203.0	203.0
ONI	RKEF	4	362.4	398.4	377.3	308.1	308.1	308.1
ANI	RKEF	4	308.1	304.9	310.2	308.4	301.9	312.0
ANI	Power Plant	1	49.8	49.8	56.7	62.4	65.0	63.6
RKEF/Power Plant Monthly Total			918.0	953.3	939.4	881.9	878.0	886.7
RKEF/Power Plant Cumulative			918.0	1,871.3	2,810.7	3,692.6	4,570.6	5,457.3



Production

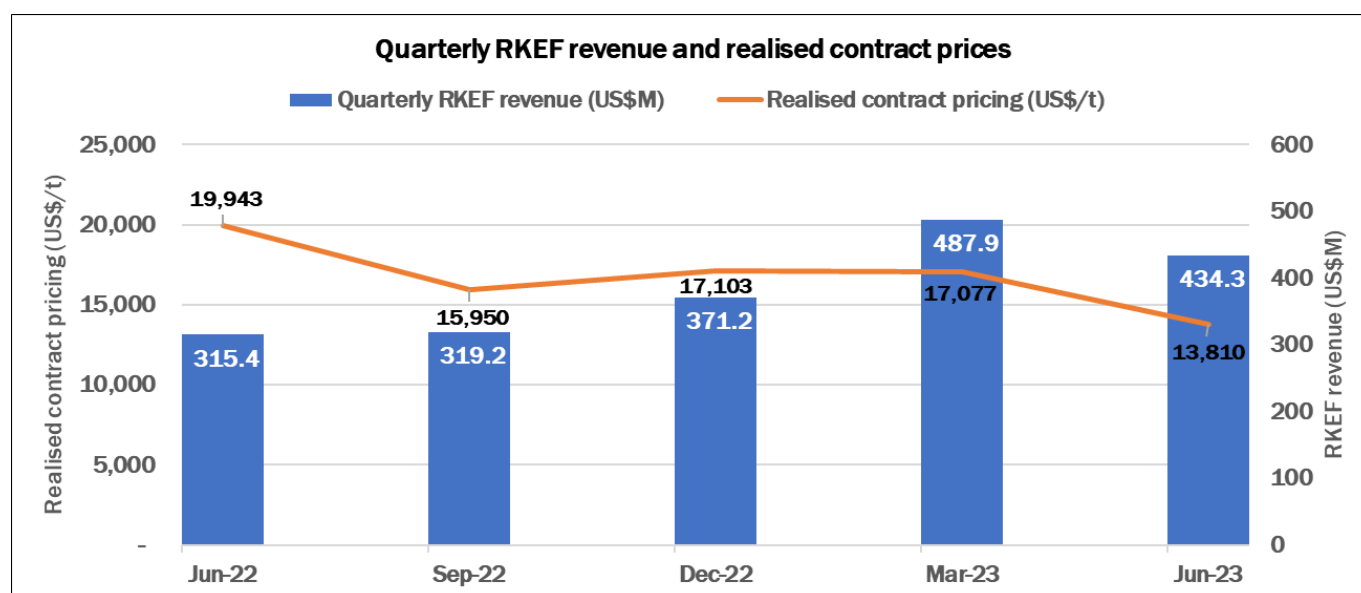
During the June quarter the Company’s RKEF operations produced a record 32,558 tonnes of nickel metal, an increase of 18.8% from 27,399 tonnes produced in the March quarter¹. 27,454 tonnes were produced as nickel in NPI with 5,104 tonnes produced as nickel in LG matte at the Company’s Hengjaya Nickel Project.

27,454 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\$11,978/t (March quarter US\$13,262/t). This included 10,141 tonnes of nickel from Oracle Nickel, which had four RKEF lines in operation throughout the quarter, with the power plant commissioned in late June.

For the June quarter, Nickel Industries’ attributable nickel production was 25,032 tonnes of nickel metal, 20,949 tonnes of nickel in NPI and 4,083 tonnes of nickel in nickel matte.

Revenue and contract pricing

During the June quarter, the Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel projects recorded combined sales (on a 100% basis) of US\$434.3M, a decrease of 11.0% from US\$487.9M in the March quarter. This RKEF revenue was generated on record sales of 31,817 tonnes of nickel metal, an increase of 14.4% from the record 27,820² tonnes of nickel metal sold in the March quarter.



Overall realised contract prices for the June quarter were US\$13,810/t, a decrease of 19.1% from US\$17,077/t in the March quarter.

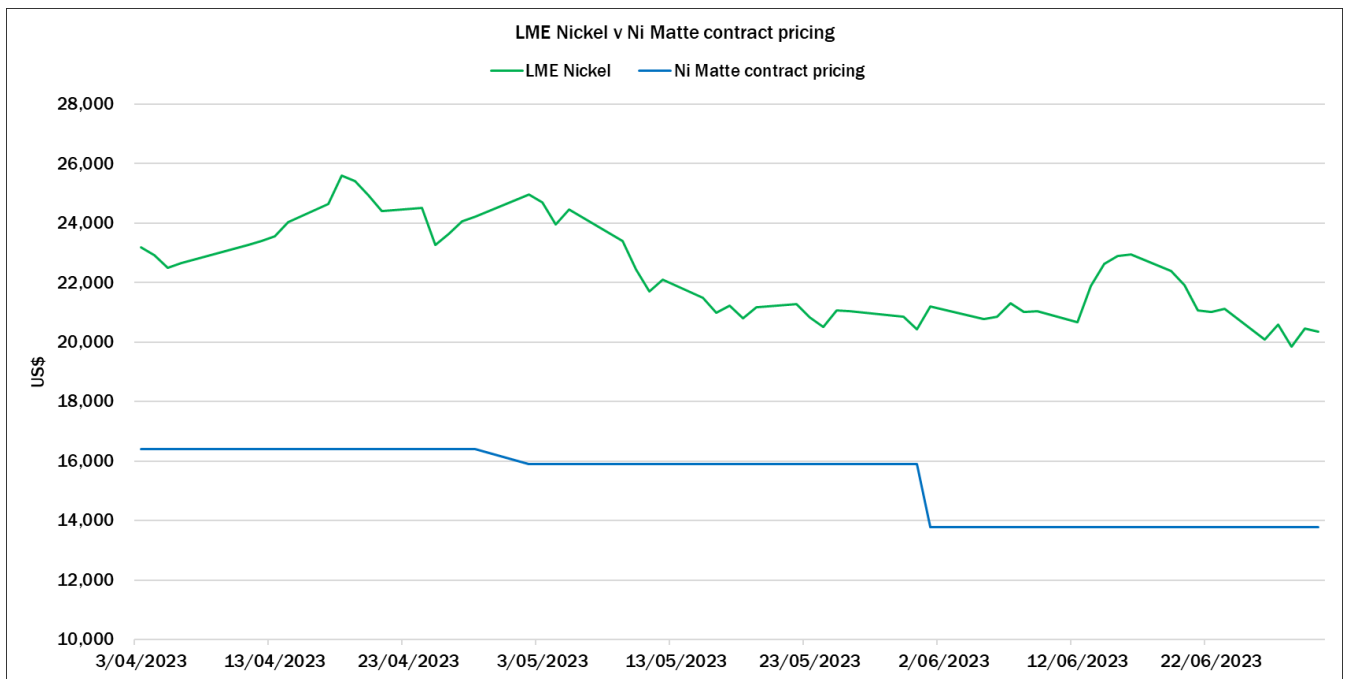
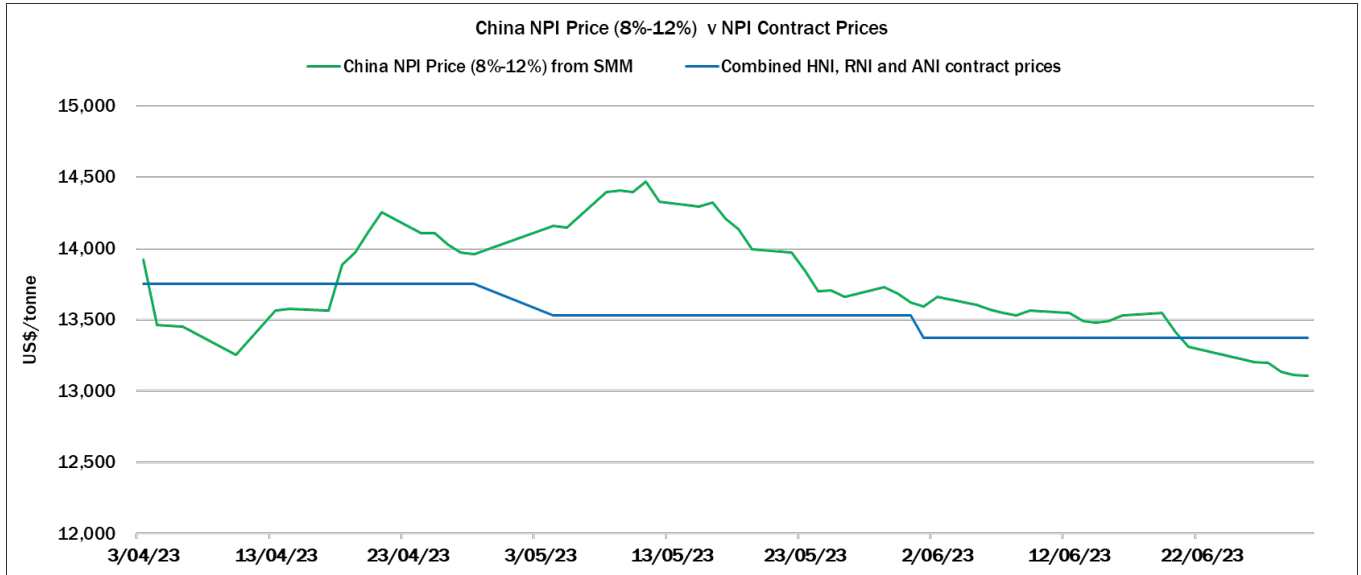
The Company believes its growing production base and low-cost operations leave it well positioned to benefit from an expected recovery in nickel prices.

¹ March quarter total includes the 5,060t of LG matte produced by HNI, rather than the 4,327t of HG matte.

² March quarter tonnes sold originally reported as 27,882t. As noted in the March quarterly report this included a pro forma number for HNI HG matte tonnes sold of 4,700t. Upon receipt of final invoices, this was revised to 4,638t.

For NPI, realised contract prices for NPI for the June quarter were US\$13,551/t, a decrease of 17.1% from US\$16,339/t in the March quarter.

For nickel matte, the price of HG nickel matte in the March quarter had averaged US\$20,767/t (post final invoice pricing). In April the price of HG matte received decreased to US\$16,400 p/t. For operational and commercial reasons, the decision was made to sell LG matte in May and June. During May and June, the price received for LG matte averaged US\$15,000 p/t, which is derived from the contracted HG matte pricing and adjusted for the processing costs for conversion as well as other factors such as cobalt credits.



Operating costs

NPI production

Operating cash costs for the June quarter were as follows:

- Ranger Nickel, US\$13,005/t, 14.2% lower than US\$15,161/t in the March quarter;
- Angel Nickel, US\$10,907/t, 8.2% lower than US\$11,888/t in the March quarter; and
- Oracle Nickel, US\$12,794/t, 12.4% lower than US\$14,605/t in the March quarter.

The lower cost profile across all NPI operations was driven by material reductions in nickel ore and smelting coal prices, with further decreases expected in the coming quarter as these falling input costs continue to flow through the operating cost base.

Lower thermal coal prices also contributed to a reduction in electricity costs across all operations:

- Ranger Nickel electricity costs were 8.7c/kwh, a decrease of more than 10% from the March quarter;
- Angel Nickel electricity costs were 5.2c/kwh, a decrease of more than 16% from the March quarter; and
- Oracle Nickel electricity costs were 8.2c/kwh, a decrease of more than 11% from the March quarter. Importantly, this improvement does not yet reflect any benefit from the commissioning of its own powerplant in late June. With the power plant now commissioned, Oracle production levels are expected to ramp-up to 130% of nameplate capacity from early in the September quarter while also delivering significant electricity cost savings, and by extension, a material improvement in operating margins.

Matte production

Operating cash costs for the June quarter at Hengjaya Nickel for producing low grade matte were US\$13,146/t, 11.7% lower than US\$14,880/t in the March quarter due to falls in nickel ore, smelting coal and electricity prices. In line with all other operations Hengjaya Nickel's power cost were more than 10% lower than in the March quarter at 8.7c/kwh.

EBITDA and cash generation

The Company's RKEF operations delivered EBITDA of US\$43.9M during the June quarter, a decrease of 56.2% from US\$100.2M in the March quarter. This comprised EBITDA of US\$1.0M from Hengjaya Nickel, US\$2.2M from Ranger Nickel, US\$33.2M from Angel Nickel and \$7.5M from Oracle Nickel³.

The Company's NPI was produced at an EBITDA margin of US\$1,585/t of nickel in NPI sold, 47.6% lower than the margin of US\$3,025/t in the March quarter, due to weaker NPI prices during the quarter. The reported EBITDA of US\$1.0M at Hengjaya Nickel was reduced from US\$6.7M as a result of final assay and invoice price adjustments for nickel matte contracts delivered during the March quarter. The March quarter EBITDA was US\$6.8M higher due to price increases relating to shipment of nickel matte made in the December quarter. 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 quarterly periods. The pro forma contract price reported for the March quarter of US\$21,858/t increased to US\$20,767/t upon settlement, and the final tonnes sold fell from 4,700t to 4,638t. Provisional EBITDA of US\$6.7M from the 4,723 tonnes of nickel matte delivered in the June quarter, represented at an EBITDA margin of US\$1,410/t of nickel in nickel matte sold⁴.

With the addition of quarterly Hengjaya Mine EBITDA of US\$12.0M, the Company's EBITDA from operations was US\$55.9M, with underlying cash generation from production operations of US\$48.6M⁵.

³ Unaudited numbers from monthly operating entity financial reporting.

⁴ Provisional due to delay in final assay numbers of HG matte shipments in April by HNI. As noted on page 2 matte margin figures have been adjusted so that margins reported in the current quarter are not impacted by adjustments in pricing from the previous quarter.

⁵ Defined as EBITDA from production operations less capex. Excludes construction capex for RKEF projects, given costs of RKEF construction are fully funded by Shanghai Decent.

Mining operations

Hengjaya Mine (80% interest held by Nickel Industries)

During the June quarter, the Hengjaya Mine delivered mine ore production of 2,722,624 wet metric tonnes ('wmt') of ore, up 9.6% from 2,484,640 wmt in the March quarter. EBITDA decreased 8.1% to \$12.0M, due to falling saprolite ore pricing during the quarter.

Saprolite ore production for the quarter of 690,165 wmt increased by 1.9% compared to 677,089 wmt in the previous quarter.

Limonite production for the quarter of 2,029,624 wmt increased by 11.3% compared to the 1,822,636 wmt produced in the March quarter. 215,196 wmt of limonite ore were sold during the quarter. Stockpiles of limonite had increased to 8.96 million wmt by the end of the quarter.

		June quarter	March quarter
Saprolite mined	wmt	692,937	662,004
Limonite mined	wmt	2,029,624	1,822,636
Nickel ore mined	wmt	2,722,561	2,484,640
Overburden mined	BCM ⁶	226,798	398,017
Strip ratio ⁷	BCM/wmt	0.08	0.16
Saprolite tonnes sold	wmt	690,165	677,089
Average saprolite grade	%	1.57	1.57
Average saprolite price received	US\$/wmt	40.62	44.56
Average saprolite cost ⁸	CIF US\$/wmt	31.34*	28.75*
Limonite tonnes sold	wmt	215,196	113,138
Average limonite grade	%	1.14	1.17
Average limonite price received	US\$/wmt	20.01	18.29
Average limonite cost	CIF US\$/wmt	3.11*	3.67*

Given the recent increase in limonite sales and anticipated further increase following the imminent completion of the haul road between the Hengjaya Mine and IMIP, the Company is currently reviewing the apportionment of mining costs between limonite costs and saprolite costs.

⁶ BCM represents 'bank cubic metres'.

⁷ With limonite now being supplied to IMIP, the "strip ratio" reflects overburden mined divided by total nickel ore mined.

⁸ 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 West pits continued to supply both limonite and saprolite ores

Haul road

The haul road construction has progressed well in all areas including final connection to the Industrial Park. Despite heavy rain in May and June the completion of the haul road and associated bridge (70 metre span) is on target for commissioning 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. The final assessment of haulage tenders will also be concluded during the September quarter.

Hengjaya Mine plans to commence the delivery of ore by haul road and barging to increase supply of both stockpiled and mined limonite ore to both HPAL projects at IMIP. The haul road offers the Hengjaya 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 Hengjaya Mine's jetty will continue to operate in the medium term for barging ore from the closer ore deposits.



Mine haul road to bridge and bridge construction is nearing completion



Haul road segment from IMIP river to IMIP is 98% complete

Safety, Environment and Community
Safety

During the June quarter there were no lost time injuries ('LTI') recorded at the Hengjaya Mine, with over 7.31 million work hours registered since the last reported LTI in November 2021. This gives the Hengjaya Mine a LTI frequency rate ('LTIFR') of 0.14 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, including supervisory and ISO standards components which are currently focusing on Health and Safety certification.

Community

Recently, the Company's Hengjaya Mine also received two gold trophies at the Nusantara CSR Awards 2023 for the SEA Tangofa (Selamatkan Terumbu Karang/Coral Reef Tangofa) and CSP HM (Collaborative Stakeholders for PPM HM). These latest awards further strengthen the Hengjaya Mine and Nickel Industries' credentials as a responsible metal producer in the region.



The Hengjaya Mine team received two gold awards at the Nusantara CSR Awards 2023

Environment and Sustainability

In May, Hengjaya Mine had successfully completed its Forest Area Use Permit (PPKH) obligation towards the restoration of forest areas whilst contributing directly to the welfare of the surrounding communities at Bomba-Poso (PPKH 1 – 937 hectares), Central Sulawesi and Ensa-North Morowali, Central Sulawesi (PPKH 2 – 1,094 hectares). The watershed rehabilitation obligation for both areas totalled 2,031 hectares. Since the program's inception in 2019 the Hengjaya Mine has now officially and successfully handed over approximately 1.338 hectares to the stakeholders (mainly Ministry of Environment and Forestry together with its respective communities). The remaining areas are still being rehabilitated and programs are ongoing.



Hengjaya Mine's Director Mr. Adi Wijoyo and Indonesian CFO Mr. Vijay Nair in attendance with the Ministry of Environment and Forestry officials for the handover ceremony of watershed rehabilitation areas throughout Indonesia.

During the quarter, the Hengjaya Mine was awarded the "Most Promising Transition Award" at the ESG World Summit and GRIT Awards 2023 in Bangkok. The accolade was awarded for Hengjaya Mine's leadership in transforming its business operations to contribute towards sustainability and its numerous initiatives to minimise the impact of its operations on the environment.

The Summit and Awards are organised by CorpStage and ESG Research Foundation. The GRIT Awards stand for: Growth, Resilience, Intention and Innovation, and Transcending. The Awards aim to "advance responsible capitalism" and green initiatives recognising outstanding companies which are making strides towards a sustainable world through impactful environmental, social, and governance practices.

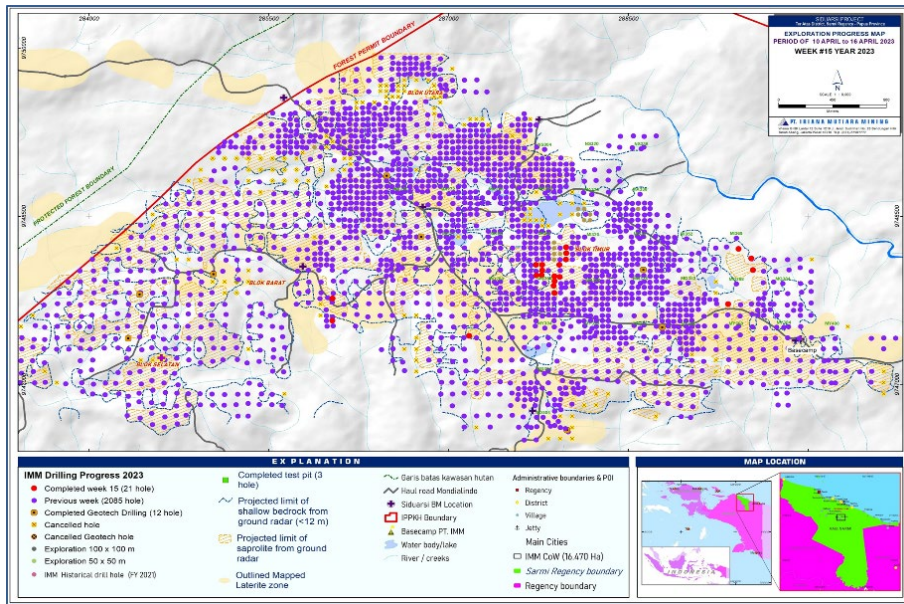


Nickel Industries' Sustainability Manager, Muchtazar, accepting the "Most Promising Transition Award" at the 2023 ESG Summit and GRIT Awards

During this quarter, the Company also conducted a detailed study to design its biodiversity conservation area with a total of 200 hectares in the Hengjaya Mine site. Once completed, this technical document will be submitted to the Indonesian government for further evaluation. Additionally, the Company also aimed to strengthen its waste management processing at the mining area by developing a Material Recovery Facility ('MRF') that will be able to recycle some of the generated waste into organic fertiliser and more valuable materials. The construction of this MRF facility is expected to start before the end of this year.

Siduarsi Project

Since the first quarter of 2022, the Company has drilled 2,074 exploration holes totalling 31,127 metres (see drill location below).



The detailed geological modelling continues to be updated with over 29,854 assays now received. As of 9 July 2023, 3,188 of samples are still at lab for analysis. Geotechnical drilling has also been completed from 10 points with a total number of samples of 51 consisting of 29 UCS samples, 18 triaxial samples and 4 UU triaxial samples. The results will be used to assist in open pit mine designs and optimisation.



Geotech drilling activities

During the quarter, additional LIDAR-Drone survey was performed in the IMM concession area and its surroundings including plans for a mine hauling road and jetty. Of the planned 22,540 hectares, 21,200 or 94% was achieved. This activity aims to obtain raw data that supports to generate topographic models where it is the basis for geological block models. The Feasibility Study process, which is part of the IMM Operational IUP permitting process, is continuing and due before end of 2023.



Environment and rehabilitation activities

Environmental projects include rehabilitation after carrying out the drilling by re-establishing areas with local trees. As of March 2023, 1,881 holes were rehabilitated with 4,249 trees planted.

Finance⁹

Balance sheet

At 30 June 2023, the Group held:

- Cash and cash equivalents: US\$363.1M (31 March 2023 - US\$275.1M);
- Trade receivables: US\$279.0M (31 March 2023 - US\$338.7M); and
- Inventories: US\$230.3M (31 March 2023 - US\$194.2M).

Cash and cash equivalents of US\$363.1M were held by Group companies as follows:

- US\$269.7M held by Nickel Industries;
- US\$12.3M held by Hengjaya Nickel and its related entities (Nickel Industries interest: 80%);
- US\$11.4M held by Ranger Nickel and its related entities (Nickel Industries interest: 80%);
- US\$57.9M held by Angel Nickel and its related entities (Nickel Industries interest: 80%);
- US\$4.0M held by Oracle Nickel and its related entities (Nickel Industries interest: 70%); and
- US\$7.9M held by Hengjaya Mine (Nickel Industries interest: 80%).

Trade receivables of US\$279.0M were held by Group companies as follows:

- US\$50.0M held by Hengjaya Nickel;
- US\$43.0M held by Ranger Nickel;
- US\$88.4M held by Angel Nickel;
- US\$86.0M held by Oracle Nickel; and
- US\$11.7M held by Hengjaya Mine¹⁰.

Trade receivables of US\$338.7M reported at the end of the March quarter have been received in full.

Inventories (valued at the lower of cost or net realisable value) of US\$230.3M were held by Group companies as follows:

- US\$56.7M held by Hengjaya Nickel, being nickel matte of US\$12.0M and raw materials of US\$44.7M;
- US\$57.0M held by Ranger Nickel, being raw materials;
- US\$29.4M held by Angel Nickel, being NPI of US\$14.6M and raw materials of US\$14.7M;
- US\$67.9M held by Oracle Nickel, being raw materials; and
- US\$19.4M of nickel ore held by Hengjaya Mine.

The Hengjaya Nickel, Ranger Nickel and Angel Nickel project distributed dividends and interest, net of withholding tax, during the June 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\$18.0M, Shanghai Decent received US\$4.5M
- from Ranger Nickel: Nickel Industries received US\$3.6M, Shanghai Decent received US\$0.9M; and
- from Angel Nickel: Nickel Industries received US\$40.5M, Shanghai Decent received US\$10.1M.

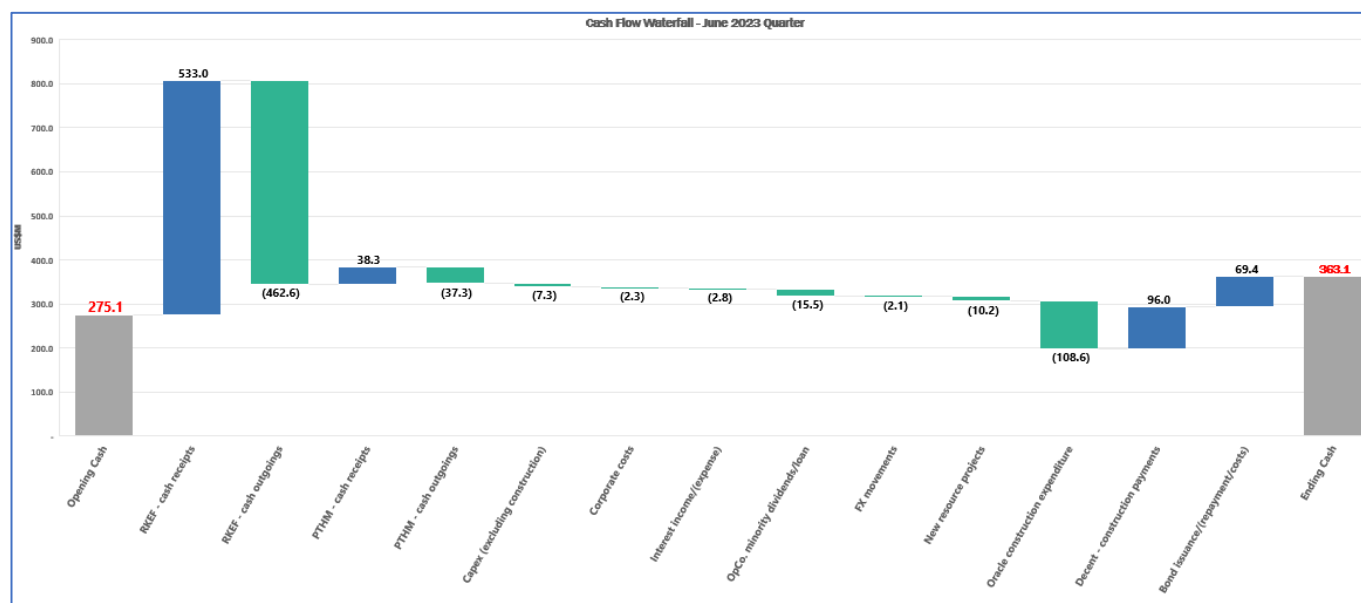
Angel Nickel fully repaid its working capital loans during the quarter, with US\$24.0M paid to Nickel Industries and US\$6.0M paid to Shanghai Decent.

⁹ Unaudited numbers from monthly operating entity financial reporting.

¹⁰ 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 is 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 June 2023 quarter.



Underlying cash generation from production operations (defined as EBITDA from production operations less capex) was US\$48.6M.

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.

Expenditures

Expenditure on mine production and development activities at the Hengjaya Mine during the quarter totalled US\$28.3M, of which US\$6.4M was capex, and non-construction capex at Hengjaya Nickel and Ranger Nickel combined was US\$0.9M.

Expenditure on exploration activities at the Hengjaya Mine during the quarter including infill drilling totalled US\$2.0M, which have been expensed as part of the Hengjaya Mine production costs. Additional exploration expenditure across new project opportunities totalled US\$10.2M.

Related party expenditures

During the quarter, the aggregate amount of payment to related parties and their associates totalled US\$677,049, comprising US\$600,760 of payments to Directors or Director-related entities for Directors’ consulting fees and US\$76,289 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

Conditional share placement and execution of collaboration agreement with PT United Tractors

In June, the Company advised it had entered into a conditional share subscription agreement ('Subscription Agreement') for a A\$943M (US\$628M) placement of shares in Nickel Industries ('Conditional Placement') to PT Danusa Tambang Nusantara ('DTN'), a subsidiary of PT United Tractors Tbk ('UT').

The Conditional Placement will comprise the issuance of 857M new fully paid ordinary shares ('New Shares') at A\$1.10 per New Share ('Placement Price'), representing a 27.2% premium to the last traded price of A\$0.87 on Thursday, 8 June 2023. Immediately following the completion of the Conditional Placement, the New Shares will represent approximately 19.99% of the Company's total ordinary shares outstanding. UT will have the right to appoint a director to the Nickel Industries Board on completion of the Subscription Agreement. The Conditional Placement is conditional on completion of the HNC Placement (approved by shareholders on 5 July 2023) and Nickel Industries shareholder approval, on or before 29 September 2023.

In addition to the abovementioned Subscription Agreement, the Company announced it had also executed a conditional Collaboration Agreement with DTN under which DTN intends to participate in the acquisition of a 20% equity interest in the ENC Project, reducing Nickel Industries' investment in the ENC Project by a similar amount. The Collaboration Agreement is subject to certain conditions precedent including completion of a feasibility study and Nickel Industries making a final investment decision ('FID') to proceed with the ENC Project.

If the conditions precedent are not satisfied by 29 September 2023 either party may terminate the Collaboration Agreement. The Company sees numerous benefits to its collaboration with United Tractors and DTN that include but are not limited to:

- **UT adds local knowledge and operational expertise:** UT is one of the largest heavy equipment distributors and mine operators in Indonesia and has deep knowledge of the Indonesian mining landscape;
- **financial firepower:** DTN's investment provides Nickel Industries with an immediate capital injection of A\$943M, strengthens Nickel Industries' balance sheet, and assuming that DTN invests in the ENC Project, reduces Nickel Industries' capital commitment for the ENC Project, and brings the ENC project closer to realisation; and
- **potential expansion of the ENC Project:** Collaboration with UT and DTN also provides the potential opportunity to investigate doubling the expected production of the ENC Project via Stage 2 Expansion (as defined below), which would further establish Nickel Industries as a leading global and diversified nickel company.

FIRB approval received for placement to Shanghai Decent

During the quarter the Company advised that Australia's Foreign Investment Review Board ('FIRB') has issued a "No objection notification" to Shanghai Decent, and that the FIRB condition precedent to the US\$270M placement of Company shares to Shanghai Decent has been satisfied.

Results of Extraordinary General Meeting

On 5 July 2023 an extraordinary general meeting of the Company's shareholders approved:

- (i) the Company's acquisition of a 10% interest in the HNC HPAL Project;
- (ii) the issuance of US\$270M worth of NIC shares at \$1.02 to Newstride, as consideration for the Company's 10% interest in HNC;
- (iii) the issuance of NIC shares to Shanghai Wanlu at \$1.02; and
- (iv) the issuance of NIC shares to Non-Executive Director Mark Lochtenberg at \$1.02.

The three issuances above were part of the Company's January 2023 capital raise.

Excelsior Nickel Cobalt Project ('ENC') Update

The Company is well advanced with the feasibility study that will shortly allow the Nickel Industries Board of Directors to make a Final Investment Decision ('FID') with respect to the ENC Project. As reported during the quarter, expected production has increased from 67,000 metric tons of contained nickel equivalent, to 72,000 metric tons. Despite the production increase, the total subscription price from Shanghai Decent has remained fixed at the negotiated US\$2.3 billion. In addition, Shanghai Decent will provide Nickel Industries with capital expenditure, timeframe and commissioning guarantees. Also, in addition to producing a mixed hydroxide precipitate ('MHP'), ENC will be capable of producing both nickel sulphate and nickel cathode, differentiating it from the current generation of HPAL plants currently being constructed across Indonesia, and providing the Company with significant product flexibility.

The ENC Project will benefit from existing IMIP infrastructure and be supported from existing and future laterite resources that the Company has identified. Nickel Industries' investment in the ENC Project is subject to the following:

- (i) completion of the feasibility study for the ENC Project;
- (ii) shareholder approval for the investment in the ENC Project; and
- (iii) execution of definitive ENC Project documents.

Construction of the ENC Project is expected to commence in Q4 FY23, and commissioning to commence within twenty-four months thereafter. Subject to the Company making a positive FID and receiving all necessary shareholder approvals, and DTN participating in the ENC Project, the Company anticipates owning a 55% equity interest in the ENC Project, with Shanghai Decent owning 25%, and DTN (an affiliate of United Tractors) owning 20%.

Stage 2 optionality

With the introduction of DTN as a major shareholder and potential operating partner, Nickel Industries and Shanghai Decent are investigating the expansion of the ENC Project – such expansion would result in an increase in expected production from 72,000 tons to 144,000 tons of contained nickel equivalent ('Stage 2 Expansion'). The Stage 2 Expansion will be subject to a positive FID.

Sources and Uses of Funds

The proceeds from the Conditional Placement, combined with the potential reduction in Nickel Industries' capital expenditure commitment for the ENC Project, position the Company strongly for future growth. If the Company proceeds with an investment in the ENC Project, it will explore various options to raise third party debt to partly fund the ENC Project. No further equity issuance is expected to be required by the Company to fund the ENC Project.

Oracle Nickel power plant commences commissioning

Late in the June quarter, Company's 70%-owned Oracle Nickel Project commenced commissioning of its 380MW power plant. While the Project's 4 RKEF lines have been progressively commissioned during recent months, production levels were maintained at approximately 80% of nameplate capacity. With the power plant now commissioned, production levels at the Project are expected to steadily increase to approximately 130% of nameplate capacity, in line with the historical outperformance above nameplate capacity of the Company's established RKEF operations. As with the Company's replica Angel Nickel Project within IWIP on Halmahera Island, Oracle Nickel's RKEF lines are expected to benefit from a saving of over 20% on electricity charges, which currently account for approximately 25% of total operating cash costs.

Declaration of interim dividend

Subsequent to quarter end the Company announced an interim dividend of A\$0.02 per share in relation to its 1H 2023 financial performance.

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