

3 June 2019

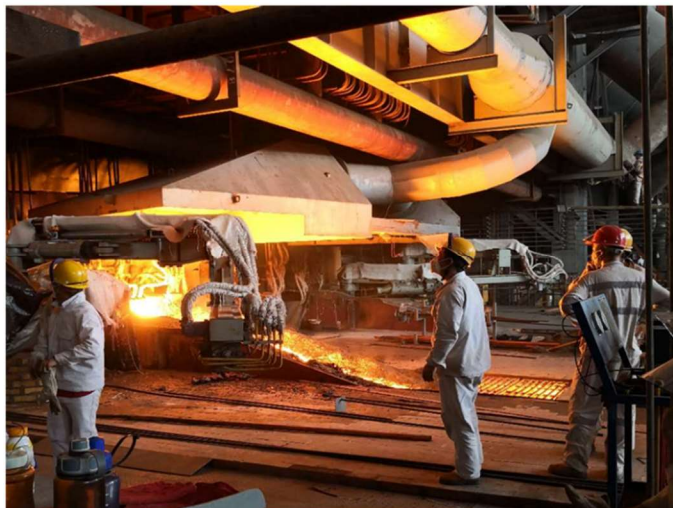
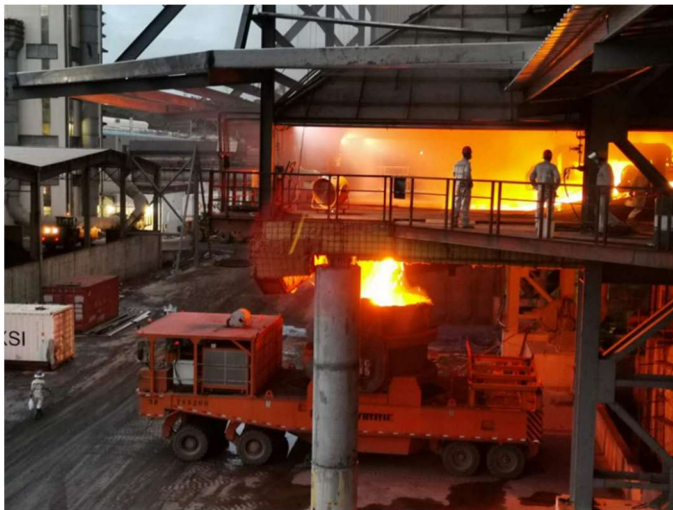
The Manager Companies  
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(3 pages by email)

## RANGER NICKEL PRODUCES FIRST NPI AND HENGJAYA NICKEL UPDATE

The Directors of Nickel Mines Limited ('Nickel Mines' or 'the Company') are pleased to advise that the Company's 17% owned Ranger Nickel Project has produced its first nickel pig iron ('NPI').

On 30 May 2019, Shanghai Decent, the Company's operating partner and 83% equity holder in the project advised that first NPI had been produced from one of Ranger Nickel's two rotary kilns in a maiden production run. The commissioning process and ramp-up to full production will be consistent with that implemented at the Company's 60% owned Hengjaya Nickel Project and across the 20 other RKEF lines currently in operation within the Indonesia Morowali Industrial Park ('IMIP').



*Ranger Nickel's first production run showing the flow of molten NPI*

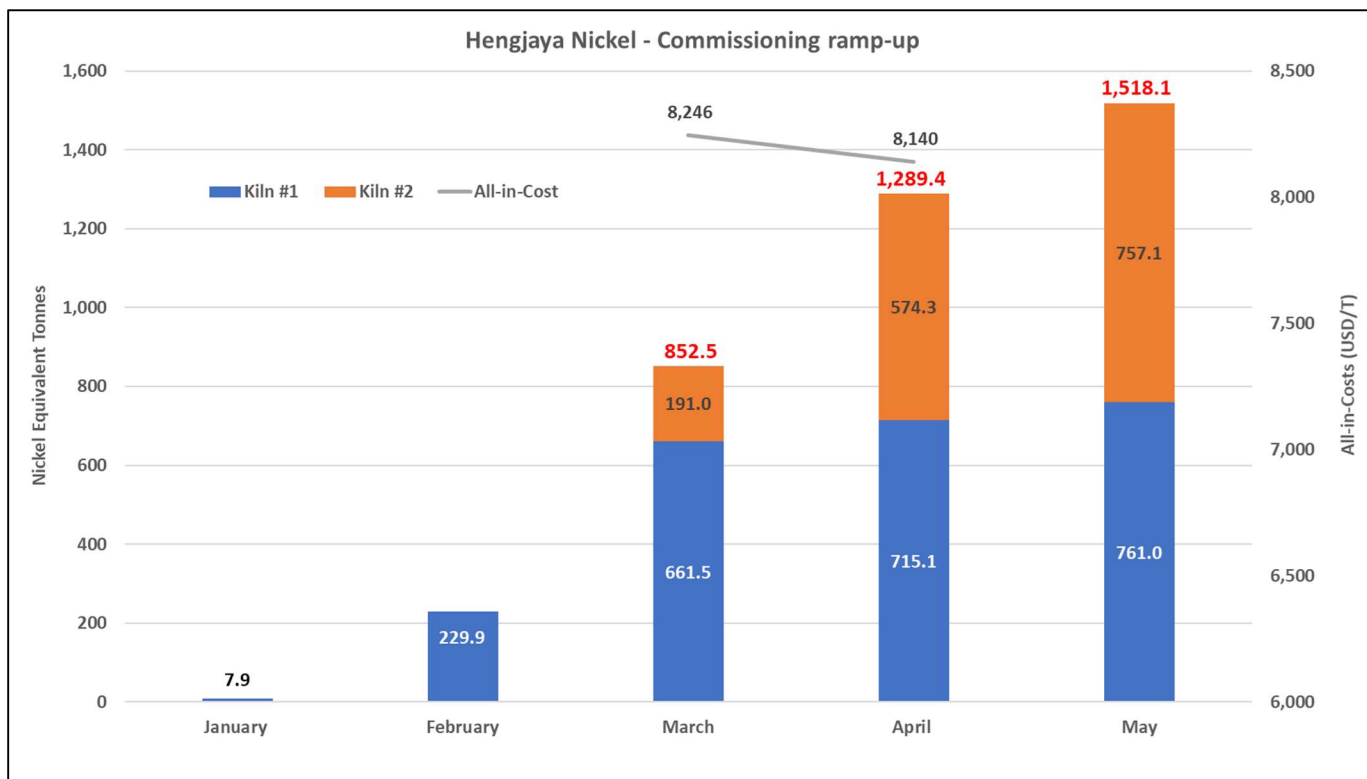
Ranger Nickel’s second kiln is anticipated to commence commissioning by early July, with both kilns expected to take approximately 2 months to ramp up to 80% of capacity.

The commissioning of Ranger Nickel comes well ahead of previous guidance for midway through the September quarter and underpins the Company’s decision to fast-track its acquisition of a further 43% interest in the Project as announced on 17 April 2019. The Company will now enjoy earlier than anticipated cashflows from Ranger Nickel, and by exercising its contractual option within 60 days of first NPI production the Company will also benefit from acquiring its additional interest at a discounted valuation of US\$280M.<sup>1</sup>

### **Hengjaya Nickel Operational Update**

Further to the strong maiden quarter of production at Hengjaya Nickel as reported in the Company’s March quarterly activities report, the Company is pleased to advise that both kilns have continued to ramp up production over April and May. The month of April saw the production of 1,289.4 tonnes of nickel metal at an average NPI grade 14.7% at an All-in-Cost of US\$8,140/tonne. As at 30th May monthly production had reached 1,518.1 tonnes of nickel metal at an average NPI grade of 13.4%. Cost data for May is not yet available. The price received in April was US\$12,800/t of nickel sold and in May was US\$11,800/t of nickel sold.

***Hengjaya Nickel has seen a steady ramp-up in production since commissioning commenced in late January***



<sup>1</sup> The US\$280M valuation is on a 100% basis and represents a \$20M discount from the US\$300M valuation that would have been applicable if the Company had elected to increase its interest in Ranger Nickel more than 60 days after first NPI production.

Commenting on the commencement of commissioning at Ranger Nickel and the strong production ramp-up at Hengjaya Nickel, Managing Director Justin Werner said:

*“Nickel Mines is extremely pleased to be able to report the significant milestone of maiden NPI production from the first Ranger Nickel kiln. Once again we thank our partner Shanghai Decent for their commitment to delivering this project well ahead of schedule and for supporting the Company in its endeavours to rapidly move to increase our equity interest in the Project. With a 60% interest in both the Hengjaya Nickel and Ranger Nickel Projects, Nickel Mines will have achieved a production profile of approximately 20,000 tonnes of nickel metal per annum in just over 15 months, with further optionality to increase our interest in both projects to at least 80% over the next 12 months.*

*With Ranger Nickel set to replicate the strong production performance of Hengjaya Nickel, we are confident we are on track to establish a world class nickel company that can lay claim to the lowest capital intensive and among the most profitable nickel units in the global market and establish Nickel Mines as a preferred nickel exposure amongst its global peer group.”*

**For further information please contact**

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**About Nickel Mines Limited**

Nickel Mines Limited (ASX: NIC) is an ASX listed company 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, the world largest stainless steel producer.

Under the terms of two separate Collaboration Agreements with Shanghai Decent, a Tsingshan group company, Nickel Mines will own and operate RKEF processing facilities within the Indonesia Morowali Industrial Park, the world’s largest vertically integrated stainless steel facility with a current stainless steel production capacity of 3.0 million tonnes per annum.

Nickel Mines also holds an 80% interest in the long life, high grade Hengjaya nickel mine located in Morowali Regency, Central Sulawesi, Indonesia just 12 kilometres from the IMIP.