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29 March 2022

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(93 pages by email)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Nickel Mines Limited (‘**Nickel Mines**’ or ‘**the Company**’) provides the Notice of Extraordinary General Meeting (‘**Notice of Meeting**’) being sent to shareholders today, seeking shareholder approval for the Company to issue 108,122,223 new fully paid ordinary shares in the Company (‘**Shares**’) to Shanghai Decent Investment (Group) Co., Ltd. (‘**Shanghai Decent**’) (or its nominee), (‘**Shanghai Decent Placement**’).

The Notice of Meeting also asks shareholders to ratify the issue of 108,122,223 Shares to institutional and sophisticated investors which was completed on 15 February 2022.

Accompanying the Notice of Meeting is an Explanatory Memorandum and an Independent Expert’s Report, which finds the proposed Shanghai Decent Placement is not fair, but reasonable to shareholders with the report suggesting:

The Independent Expert went on to note the following advantages and disadvantages of the Shanghai Decent Placement:

Advantages

(a) *the Equity Raise (including the Shanghai Decent Placement) is being undertaken to fund the First and Second Acquisition Payments*[1] *for the Oracle Nickel Project (totalling US$129.0 million), the First Shareholder Loan (of some US$46.2 million) and to provide funds for corporate purposes. The acquisition payments secure a 30% interest in the Oracle Nickel Project which is significantly value accretive for Nickel Mines shareholders. If the Shanghai Decent Placement is rejected, Nickel Mines will still need to raise additional funds to secure its interest in the Oracle Nickel Project, and it is unclear whether this could be undertaken on more favourable terms (particularly given the increased volatility and recent trading range of Nickel Mines shares)*

1 As defined in the Explanatory Memorandum.

(b) *Nickel Mines has established a financial, operational and strategic partnership with Shanghai Decent and Tsingshan which has been very beneficial to Nickel Mines shareholders and has resulted in Nickel Mines becoming a globally significant, low-cost producer of NPI. The Shanghai Decent Placement is consistent with (and a continuation of) this established relationship. If rejection of the Shanghai Decent Placement adversely affected this relationship, the impact on value for Nickel Mines could be significant*

Disadvantages

(c) *pursuant to the Shanghai Decent Placement, Shanghai Decent will increase its interest in Nickel Mines from some 17.9*[2] *to some 21.15% of issued capital, an interest which from a regulatory perspective implicitly reflects a degree of control over the Company. However, the increase in Shanghai Decent's interest in Nickel Mines is not expected to have an impact on the day to day operations or control of the Company*

(d) *the Shanghai Decent Placement is not "fair" when assessed based on the guidelines set out in RG 111. This is because the Shanghai Decent Placement does not provide value to Nickel Mines shareholders which is equal to the full controlling interest value of Nickel Mines shares prior to the Shanghai Decent Placement. However, this is to be expected as the Shanghai Decent Placement does not involve a takeover offer (or similar proposal) for 100% of Nickel Mines shares*

(e) *the Shanghai Decent Placement is slightly value dilutive on a comparative portfolio interest basis. However, at the midpoint of A\$0.005 per share (based on our assessed value range for Nickel Mines) this dilution is not material.*

As indicated above there are a number of advantages and disadvantages associated with the Shanghai Decent Placement. However, as these funds (combined with the proceeds from the Institutional Placement) enable Nickel Mines to finance the First and Second Acquisition Payments and First Shareholder Loan for the (significantly value accretive) Oracle Nickel Project, in our opinion, the Shanghai Decent Placement is reasonable and in the best interests of Nickel Mines shareholders.

For the reasons set out above, in our opinion, the Shanghai Decent Placement is therefore not fair but is reasonable to Nickel Mines shareholders in the absence of a superior proposal.

The Directors encourage all shareholders to review the material contained within the Notice of Meeting and Explanatory Memorandum including the Independent Expert's Report.

[2] Post the Institutional Placement.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting ('**EGM**') of members is to be convened at Level 2, 66 Hunter Street, Sydney, NSW or via Zoom webcast, on Tuesday 3 May 2022 at 11.00 am (Sydney Time).

Please note that due to the ongoing restrictions due to COVID-19, all resolutions will be decided based on proxy votes. Shareholders will be able to attend the EGM virtually via a live Zoom webcast which will include a facility for Shareholders to ask questions in relations to the business of the meeting.

Zoom webcast details:
Zoom Meeting ID – 970 7451 5901
Password – 824314
or access at
https://zoom.us/j/97074515901?pwd=MGFtRk5OYmV5VzFhL3FWQUNBcjRXQT09

The Explanatory Memorandum and Independent Expert's Report provides additional information on matters to be considered at the EGM.

The Directors have determined pursuant to regulations 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Sunday 1 May 2022 at 7.00 pm (Sydney Time).

Terms and abbreviations used in the Notice and the Explanatory Memorandum will, unless the context requires otherwise, have the meaning given to them in the Glossary.

ASX takes no responsibility for the contents of this Notice or the Explanatory Memorandum.

AGENDA

BUSINESS

To consider and, if thought fit, pass the following Resolutions, with or without amendment:

Ordinary Resolution 1. Approval of the proposed issue of the Shanghai Decent Shares

*'That, for the purposes of item 7 of section 611 of the Corporations Act, for Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 108,122,223 fully paid ordinary shares in the Company in accordance with the terms and conditions set out in the Explanatory Memorandum, to Shanghai Decent (or its nominee) ('**Shanghai Decent Shares**'), as a result of which Shanghai Decent's relevant interest in the Company's shares shall increase to a maximum of 21.15%.*

The Independent Expert Report prepared by Lonergan Edwards & Associates Limited has concluded that the proposed issue of the Shanghai Decent Shares under this Resolution 1 is not fair but reasonable. Shareholders are referred to the report attached to the Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 1 by or on behalf of:

- Shanghai Decent (and any nominee) or any associate of that person or those persons; and
- any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as proxy or attorney for a Shareholder who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;

(b) the Chairperson as proxy or attorney for a Shareholder who is entitled to vote on the resolution, in accordance with a direction given to the Chairperson to vote on the resolution as the Chairperson decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

    (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

    (ii) the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition

In accordance with item 7 of section 611 of the Corporations Act, Shanghai Decent (and any nominee) and any associates of that person or those persons are excluded from voting in favour of Resolution 1 and the Company will disregard any votes cast in favour of Resolution 1 by Shanghai Decent (and any nominee) and any associates of that person or those persons.

Ordinary Resolution 2. Ratification of the issue of 108,122,223 Shares to institutional and sophisticated investors

'That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 108,122,223 Shares to institutional and sophisticated investors on 15 February 2022, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution 2 by or on behalf of:

- any person who participated in the issue; or
- an associate of any person who participated in the issue.

However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as proxy or attorney for a Shareholder who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;

(b) the Chairperson as proxy or attorney for a Shareholder who is entitled to vote on the resolution, in accordance with a direction given to the Chairperson to vote on the resolution as the Chairperson decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

    (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

    (ii) the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

By order of the Board

Richard Edwards
Company Secretary

24 March 2022

EXTRAORDINARY GENERAL MEETING

TO BE HELD ON 3 MAY 2022

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist members to understand the business to be put to members at an Extraordinary General Meeting to be held at Level 2, 66 Hunter Street, Sydney, NSW, on Tuesday 3 May 2022 at 11.00 am (Sydney Time).

An Independent Expert's Report prepared by Lonergan Edwards & Associates Limited (the '**Independent Expert**'), which sets out a detailed examination of the proposed Shanghai Decent Placement to enable Shareholders to assess its merits is attached to this Explanatory Memorandum. Shareholders are encouraged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert has concluded that the proposed issue of Shanghai Decent Shares is not fair, but reasonable.

Resolution 1 - Approval of the proposed issue of Shanghai Decent Shares

1.1 Background to the proposed Shanghai Decent Placement

On 7 December 2021, Nickel Mines executed a Collaboration Agreement ('**CA**') with Shanghai Decent and Decent Resource Limited ('**Decent Resource**'), a wholly owned subsidiary of Shanghai Decent, to acquire a 70% interest in the **Oracle Nickel Project** (as defined herein) (the '**Oracle Nickel Transaction**'). The Oracle Nickel Project is currently under construction within the Indonesia Morowali Industrial Park ('**IMIP**') and comprises:

- four rotary kiln electric furnace ('**RKEF**') lines ('**Oracle RKEF Plant**'); and
- ancillary facilities required for the operation of the Oracle RKEF Plant.

The Company will acquire its interest in the Oracle Nickel Project through the acquisition of 70% of the shares in Oracle Development Pte Ltd ('**Oracle**') and shareholder loans due or owing by Oracle (and/or its subsidiaries). Oracle will wholly own (directly and indirectly) 100% of the shares in PT Oracle Nickel Industry ('**Oracle Nickel**'), a private company limited by shares which is to be incorporated in Indonesia and will own the Oracle Nickel Project assets. Oracle Nickel will also separately undertake the construction of a 380MW power plant ('**Oracle Power Plant**').[3]

The acquisition funding will be undertaken in the following tranches:

(i) an initial acquisition ('**First Acquisition**') whereby Nickel Mines acquired an initial interest of 10% of the shares in Oracle Nickel Project at a cost of US$53 million[4] on 17 February 2022;

(ii) a second acquisition ('**Second Acquisition**') whereby Nickel Mines will acquire an additional 20% of the shares in Oracle Nickel Project at a cost of US$106 million, which is to occur by no later than 30 June 2022; and

(iii) a third acquisition ('**Third Acquisition**') whereby Nickel Mines will acquire an additional 40% interest in Oracle Nickel Project for US$212 million, which is to occur by no later than 31 December 2022.

The shareholder loans will be undertaken in the following tranches:

(i) US$46.2 million by 30 September 2022 ('**First Shareholder Loan**');

[3] For further information see the Company's ASX announcement dated 21 December 2021.

[4] Nickel Mines has paid US$53m to Shanghai Decent for the First Acquisition, comprising (i) US$10m deposit paid on signing of the initial memorandum of understanding, (ii) US$20m paid on signing of the CA, and (iii) US$23m paid on 17 February 2022.

(ii) US$46.2 million by 31 December 2022; and

(iii) US$61.6 million by 31 March 2023.

At an Extraordinary General Meeting of Shareholders held on 25 January 2022, Shareholders voted overwhelmingly in favour of a resolution approving the acquisition of a 70% interest in the Oracle Nickel Project.

On 9 February 2022, the Company announced the launch of a US$225 million capital raising comprising:

- a ~US$106 million (~A$148 million) fully underwritten, institutional placement ('**Institutional Placement**');
- a non-underwritten share purchase plan ('**SPP**') to eligible shareholders in Australia and New Zealand, with the SPP targeting to raise up to ~US$13 million (~A$18 million); and
- a ~US$106 million (~A$148 million) non-underwritten placement to Shanghai Decent (or its nominee) ('**Shanghai Decent Placement**').

On 11 March 2022, the Company announced the withdrawal of the SPP given market conditions ('**SPP Withdrawal**').

The majority of the proceeds from the Institutional Placement and Shanghai Decent Placement (together comprising the '**Equity Raise**') will be put towards funding the acquisition of a 30% interest in Oracle Nickel Project, via the First Acquisition Payment and the Second Acquisition Payment, as well as funding the First Shareholder Loan. Excess funds will strengthen the Company's balance sheet and provide additional capital for general corporate purposes.

The Company announced the successful completion the Institutional Placement to professional and sophisticated investors utilising the Company's 15% placement capacity under Listing Rule 7.1, on 10 February 2022.

1.2 Shanghai Decent Placement

The second stage of the Equity Raise is the proposed Shanghai Decent Placement which comprises the issue of 108,122,223 Shares to Shanghai Decent (or its nominee) as consideration for the Second Acquisition Payment of US$106 million to paid to Shanghai Decent on completion of the Second Acquisition.

The proposed share issuance pursuant to the Shanghai Decent Placement forms part of the "acquisition consideration" to be paid by the Company to Shanghai Decent for the Oracle Nickel Transaction. The issue of Shares to satisfy a payment obligation owing to Shanghai Decent by the Company is consistent with past transactions that the Company has successfully completed with Shanghai Decent.

1.3 Key advantages and disadvantages of the Shanghai Decent Placement

For the reasons set out below and based on the information available, the Non-Conflicted Directors consider that on balance the advantages of the Shanghai Decent Placement outweigh the disadvantages and that Shareholder approval of the Shanghai Decent Placement is in the best interests of Shareholders.

The Non-Conflicted Directors consider that the advantages of the Shanghai Decent Placement for Shareholders are as follows:

(a) **Additional funding is required to secure the Company's interest in the Oracle Nickel Project and satisfy its payment obligations under the CA**

The Company's entry into the CA was approved by Shareholders on 25 January 2022. The notice of extraordinary general meeting provided to shareholders in respect of that approval noted that the final funding mix for the Oracle Nickel Project was yet to be determined and may include cash flows from operations, debt and/or equity funding. Since that time, the Company investigated a wide range of funding alternatives (including debt, equity and hybrid raisings). The Equity Raising which includes the Shanghai Decent Placement was the preferred means of ensuring that funds were received by the Company within the required timeframe and in advance of expenditure requirements.

The issue of the Shanghai Decent Placement to Shanghai Decent by the Company will satisfy the Company's US$106 million Second Acquisition Payment obligation pursuant to the CA, which will result in the Company's ownership interest in Oracle Nickel increasing to 30%.

Further the commitment by Shanghai Decent to acquire the Shanghai Decent Shares was believed to be important to encourage investor participation in the Institutional Placement and SPP.

(b) **No impact on control**

The Shanghai Decent Placement will result in Shanghai Decent and its associates increasing their voting power in the Company up to a maximum of 21.15%. This is a relatively modest overall increase in Shanghai Decent's shareholding in the Company, considering its current ownership before the announcement of the Equity Raising was 18.67%[5].

Shanghai Decent has not sought additional representation on the Company Board as part of the Shanghai Decent Placement and Shanghai Decent's 'control' over the Company does not significantly change.

(c) **The additional funding enables the Company to progress with its stated objectives**

The funds raised by the Shanghai Decent Placement will be applied in the manner set out in the background section above. Importantly, the Shanghai Decent Placement will not change the Company's current strategy.

(d) **Demonstrates strong ongoing support from the Company's major shareholder**

The Shanghai Decent Placement represents a further substantial investment by Shanghai Decent and demonstrates its strong ongoing support for the Company, its operations and prospects. This is consistent with Shanghai Decent's demonstrated prior commitments to the Company.

(e) **Independent Expert's Report – reasonableness**

The Shanghai Decent Placement is considered "not fair but reasonable" by the Independent Expert.

The Non-Conflicted Directors consider that the disadvantages of the Shanghai Decent Placement are as follows:

(a) **Dilution of Non-Associated Shareholder interests**

The Shanghai Decent Placement will result in the dilution of each Shareholder who is not associated with Shanghai Decent ('**Non-Associated Shareholders**') in terms of their proportionate interest in the Company. However, the Non-Conflicted Directors believe that the benefits outlined above outweigh the perceived disadvantages associated with the dilution of the equity interests of existing Non-Associated Shareholders.

(b) **Shanghai Decent's level of control**

The Shanghai Decent Placement will increase Shanghai Decent's level of control over the Company from a pre-Equity Raise level of 18.67% of the Company's issued share capital up to a maximum of 21.15%.

Whilst that increase is, in the view of the Non-Conflicted Directors, modest, it is an increase and does provide Shanghai Decent an increased capacity to impact decisions made by the Company. In addition, in accordance with the Corporations Act, a shareholder with voting power of in excess of 20% and less than 90% may acquire an additional

[5] As a result of the Institutional Placement, Shanghai Decent's shareholding was diluted from 18.67% to 17.91%.

3% voting power every six months without shareholder approval and without being required to make a 'takeover bid' (known as the 'creep' exception).

(c) **Independent Expert's Report – fairness**

The Shanghai Decent Placement is considered "not fair but reasonable" by the Independent Expert on the basis of the guidelines set out in ASIC Regulatory Guide 111. This is because the Shanghai Decent Placement does not provide value to Shareholders which is equal to the full controlling interest value of Shares prior to the Shanghai Decent Placement. However, as noted by the Independent Expert this is to be expected as the Shanghai Decent Placement does not involve a takeover offer (or similar proposal) for 100% of Shares.

1.4 Approval for the purposes of Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

10.11.1 a related party;

10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains shareholder approval.

The issue of the Shanghai Decent Shares to Shanghai Decent (or its nominee) falls within Listing Rule 10.11.3 as Shanghai Decent is a substantial (10%+) holder in the Company and has nominated a director to the Board of the Company pursuant to a relevant agreement,[6] and does not fall within any of the exceptions in Listing Rule 10.12.

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Shanghai Decent Shares to Shanghai Decent (or its nominee) and pursuant to Listing Rule 7.2, exception 14, the Company may issue the Shanghai Decent Shares without using up the Company's 15% placement capacity under Listing Rule 7.1. The funds raised from the issue of the Shanghai Decent Shares will enable the Company to make the Second Acquisition Payment as part consideration for the acquisition of the Oracle Nickel Project

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Shanghai Decent Shares to Shanghai Decent (or its nominee). As a result the Company will not have raised the funds from the issue of the Shanghai Decent Shares but will still need to raise additional funds to secure its interest in the Oracle Nickel Project and meet its payment obligations under the CA. It is unclear whether the funds could be raised on more or less favourable terms or at all. If funds could not be raised at all the Company will not be able to proceed with the acquisition of the 70% interest in the Oracle Nickel Project and Nickel Mines will forfeit the Deposit Amount.

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[6] As at the date of this Notice Shanghai Decent and its associates has a relevant interest in 17.91% of the issued voting shares in the Company. Prior to the completion of the Institutional Placement, Shanghai Decent and its associates had a relevant interest in 18.67% of the issued voting shares in the Company. Mr Weifeng Huang is a nominee director of Shanghai Decent.

1.5 Approval for the purposes of item 7 of section 611 of the Corporations Act

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by, or on behalf of, the person and because of that transaction, that person's or someone else's voting power increases:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% to below 90%.

A person has a relevant interest in the securities of a company if they individually, or jointly:

- are the holder of the securities;
- have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- have the power to dispose of, or control the exercise of a power to dispose of, the securities.

The calculation of a person's voting power for these purposes means the total number of votes that the person and its associates have a relevant interest in, expressed as a percentage of total votes attaching to all shares in the entity (‘**Voting Power**’).

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under section 606 of the Corporations Act. This exception provides that a person may acquire a relevant interest in a company's voting shares if shareholders of the company approve the acquisition. For the exception in item 7 of section 611 of the Corporations Act to apply, shareholders must be given all information known to the person proposing to make the acquisition or their Associates, or known to the company, that was material to the decision of how to vote on the resolution. In ASIC Regulatory Guide 74, ASIC has indicated what additional information should be provided to shareholders in these circumstances. This information is set out below.

Resolution 1 seeks shareholder approval, for the purpose of item 7 of section 611 of the Corporations Act and all other purposes, to allow Shanghai Decent and its associates to acquire a relevant interest in Shares (upon completion of the proposed Shanghai Decent Placement) that is more than 20%, up to a maximum of 21.15%.

1.6 Prescribed information

(a) Identity of the acquirers and their associates

The Shares to be issued under Resolution 1 will be issued to Shanghai Decent (or its nominee).

Shanghai Decent is a substantial holder of the Company, holding at the date of this Notice a relevant interest in 17.91%[7] of the issued voting shares in the Company. In addition, Shanghai Decent is the Company’s long-term strategic partner (with a 20% ownership interest) at the Indonesian RKEF assets, being Hengjaya Nickel Project, Ranger Nickel Project and Angel Nickel Project. Shanghai Decent is a part of the Tsingshan group of companies. At this time the Company’s operations and the development of the Angel Nickel Project and Oracle Nickel Project are heavily reliant on the Tsingshan group.[8]

[7] Prior to the completion of the Institutional Placement, Shanghai Decent and its associates held 18.67% of the issued shares in the Company.

[8] See for further information the Company’s ASX announcement dated 9 February 2022 entitled ‘Presentation to Investors’ on page 34.

(b) Effect of the Shanghai Decent Placement on the Company's Capital Structure and Shanghai Decent's voting power

As at the date of this Notice, Shanghai Decent and its associates have a relevant interest in 17.91%[9] of the issued voting shares in the Company. If approved and completed, the Shanghai Decent Placement would increase Shanghai Decent's relevant interest in the issued voting shares in the Company to 21.15%.

(c) The reasons for the Shanghai Decent Placement and use of funds

See detailing reasoning for the Shanghai Decent Placement (and Equity Raising generally) and the use of funds above in the background section of this Explanatory Notice.

(d) When the proposed Shanghai Decent Placement is to occur

Under the terms of a subscription agreement between the Company and Shanghai Decent dated 9 February 2022 ('**Subscription Agreement**'), the issue of the Shanghai Decent Shares is subject to the following conditions which may not be waived by either party:

- the **FIRB Condition**: the Treasurer of the Commonwealth of Australia or his delegate:
  - gives written notice that there are no objections under the Foreign Acquisitions and Takeovers Act 1975 (Cth) ('**FATA**') to the transactions contemplated by this Subscription Agreement, and such notice is either:
    - not subject to conditions; or
    - only subject to:
      - tax-related conditions which are in the form, or substantially in the form, of those set out in Attachment A of FIRB Guidance Note 47 on 'Tax Conditions' (in the form released on 21 September 2020); and
      - such other conditions that Decent consider to be acceptable (acting reasonably); or
  - has become, or is, precluded from making an order or decision in respect of the transactions contemplated by this Subscription Agreement under Division 2 of Part 3 of the FATA; and
- the **Shareholder Approval Condition**: Shareholder approval of this Resolution 1.

(together, the '**Conditions**').

Pursuant to ASX Listing Rule 10.13.5 the Shanghai Decent Shares must be issued no later than 1 month after the date of the Meeting or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules. The Company is proposing to issue the Shanghai Decent Shares as soon as practicable following satisfaction of the Conditions and prior to 3 June 2022, but there is no guarantee that the FIRB Condition will be satisfied within 1 month after the date of the Meeting. Accordingly, the Company may need to apply to ASX for a waiver of the requirements of ASX Listing Rule 10.13.5 to allow the Company to issue Shares under this Resolution no later than 3 months after the date of the Meeting. Further details of any waivers, including conditions imposed, will be disclosed to Shareholders in due course.

[9] Prior to the completion of the Institutional Placement, Shanghai Decent and its associates held 18.67% of the issued shares in the Company.

(e) Summary of the key terms of the Subscription Agreement

Under the terms of the Subscription Agreement, subject to satisfaction of the Conditions), the Company has agreed to issue 108,122,223 shares fully paid ordinary shares ranking *pari passu* with existing fully paid ordinary shares to Shanghai Decent (or its nominee) at a price of A$1.37 per Share (being the same price as the Institutional Placement), representing a total consideration of A$148,127,446 (US$106 million[10]).

(f) Details of relevant agreements that are conditional on the Shanghai Decent Placement

Shanghai Decent and its associates agree that the completion under the Subscription Agreement and issue of the Shanghai Decent Placement to Shanghai Decent by the Company will satisfy the Company's US$106 million Second Acquisition Payment obligation pursuant to the CA, which will result in the Company's ownership interest in Oracle Nickel increasing to 30%.

The Company ability to perform its obligations under the CA is not directly conditional on the Shanghai Decent Placement being approved by Shareholders however if the Shanghai Decent Placement is not approved, the Company will still need to raise additional funds to secure its interest in the Oracle Nickel Project and meet its payment obligations under the CA. It is unclear whether the funds could be raised on more or less favourable terms or at all. If funds could not be raised at all, the Company will not be able to proceed with the acquisition of the 70% interest in the Oracle Nickel Project and Nickel Mines will remain with a 10% interest. If this were to occur, the Company's relationship with Shanghai Decent may also be adversely affected.

(g) Shanghai Decent's intentions regarding the Company

Shanghai Decent have confirmed to the Company that it has no intention to:

- make any changes to the business of the Company;
- inject any further capital into the Company at this time;
- make any changes to the existing employees of the Company that are inconsistent with the Board's current strategies and efforts to properly resource the Company to deliver on its stated objectives (in this regard see in particular the Company's ASX announcement dated 9 February 2022 entitled 'Presentation to Investors');
- transfer any of the Company's assets between the Company and Shanghai Decent or any of his associates;
- redeploy any of the Company's fixed assets; or
- change the Company's financial or dividend distribution policies.

The statements set out above are statements of the current intention of Shanghai Decent only and may vary as new information becomes available or circumstances change.

(d) The interests any director of the Company has in the Shanghai Decent Placement

Shanghai Decent has one nominee director on the Board of the Company (of a total of eight directors), being Mr Weifeng Huang. Mr Huang has been the Shanghai Decent nominee director since April 2018, and it is currently intended that he will remain as the sole nominee director of Shanghai Decent following completion of the proposed Shanghai Decent Placement. Mr Huang has an interest in the Shanghai Decent Placement by virtue of being a related party of Shanghai Decent.

None of the Directors other than Mr Huang (the '**Non-Conflicted Directors'**) have an interest in the Shanghai Decent Placement.

[10] Assuming an AUD/USD exchange rate of 0.7156.

(e) Voting exclusion statement

A voting exclusion statement is included in the Notice.

Neither the Company nor the Directors are aware of any additional information not set out in this Explanatory Memorandum, or the Independent Expert Report, that would be relevant to Shareholders in deciding how to vote on this Resolution 1.

1.7 Independent Expert's Report

ASIC Regulatory Guide 74, requires that that the notice of meeting to obtain shareholder approval for the purpose of item 7 of section 611 of the Corporations Act must be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders. The Non-Conflicted Directors engaged Lonergan Edwards & Associates Limited ('**Independent Expert**') to prepare the Independent Expert's Report. That report sets out a detailed examination of the proposed Shanghai Decent Placement to enable Shareholders to assess its merits.

The Independent Expert has concluded that the proposed Shanghai Decent Placement is not fair, but reasonable.

However, The Independent Expert went on to note that:

"As indicated above there are a number of advantages and disadvantages associated with the Shanghai Decent Placement. However, as these funds (combined with the proceeds from the Institutional Placement) enable Nickel Mines to finance the First and Second Acquisition Payments and First Shareholder Loan for the (significantly value accretive) Oracle Nickel Project, in our opinion, the Shanghai Decent Placement is reasonable and in the best interests of Nickel Mines shareholders.

For the reasons set out above, in our opinion, the Shanghai Decent Placement is therefore not fair but is reasonable to Nickel Mines shareholders in the absence of a superior proposal."

Shareholders are encouraged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

1.8 Board Recommendation

The Non-Conflicted Directors recommend that Shareholders vote in FAVOUR of Resolution 1.

Mr Weifeng Huang declines to give a recommendation due to the fact that he is a related party of Shanghai Decent and therefore has an interest in the outcome of the resolution. In order to manage any potential or perceived conflict of interest, Mr Weifeng Huang did not participate in the Board's consideration or vote in relation to the Shanghai Decent Issue.

The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 1.

Resolution 2 - Ratification of the issue of 108,122,223 Shares to institutional and sophisticated investors

2.1 Purpose of Shareholder approval

On 15 February 2022, pursuant to its then available Listing Rule 7.1 capacity, the Company issued 181,122,223 fully paid ordinary shares ranking pari passu with existing fully paid ordinary shares (‘**Institutional Shares**’) at A$1.37 per share to professional and sophisticated investors (none of whom were related parties of the Company) identified by or introduced by third party advisers to the Company during the book build process conducted on 9 and 10 February 2022.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the Institutional Shares does not fit within any of these exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company’s capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company’s capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. To this end, Resolution 2 seeks the ratification by Shareholders of the prior issue of securities that occurred in the 12 months prior to the date of this Notice that have not already been approved by Shareholders for the purposes of Listing Rule 7.4.

The effect of the ratification being passed is to restore the Company’s maximum discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval during the next 12 months.

Should ratification by Shareholders not be approved, the issue of securities will continue to be included in the Company’s 15% issuance capacity until 12 months after the date the securities were issued effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

2.2 Additional information required by Listing Rule 7.5

The funds raised from the issue of the Institutional Shares, representing a total consideration of A$148,127,446 (US$106 million[11]), will be applied as detailed in the background section of this Explanatory Memorandum.

The Institutional Shares were issued pursuant to subscription commitments containing standard terms for a transaction of this nature.

A voting exclusion statement is included in the Notice.

2.3 Board recommendation

The Board unanimously recommends that you vote IN FAVOUR of Resolution 2.

The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 2.

[11] Assuming an AUD/USD exchange rate of 0.7156.

GLOSSARY

ASX	means ASX Limited (ABN 98 008 624 691) or the securities market it operates, as the context requires.
Board	means the board of Directors of the Company.
CA	means the Collaboration Agreement between the Company, Shanghai Decent and Decent Resource dated 7 December 2021.
Chairperson	means the chair of the EGM elected from to time.
Company or Nickel Mines	means Nickel Mines Limited (ACN 127 510 589).
Conditions	means the FIRB Condition and the Shareholder Approval Condition.
Construction Loans	means the shareholder loans, injected through Oracle to Oracle Nickel, to construct the Oracle Power Plant.
Corporations Act	means the Corporations Act 2001 (Cth).
Decent Resource	means Decent Resource Limited, a limited liability company incorporated in Hong Kong Special Administrative Region, PRC
Deposit Amount	means US$30 million already paid by Nickel Mines to Shanghai Decent towards the First Acquisition Payment.
Directors	means the directors of the Company from time to time.
Equity Raise	means a US$225 million capital raising being undertaken by the Company.
Explanatory Memorandum	means the explanatory memorandum that forms part of this Notice of Meeting.
FIRB Condition	has the meaning given in section 1.6(d) of this Explanatory Memorandum.
First Acquisition	means the initial acquisition of 10% of the issued securities in Oracle and 10% of all shareholder loans due or owing by Oracle (and/or its subsidiaries) to Shanghai Decent and its associates.
First Acquisition Payment	means US$53 million already paid by Nickel Mines to Shanghai Decent.
First Shareholder Loan	means a US$46.2 million loan to be acquired by the Company by 30 September 2022 under the CA.
Hengjaya Nickel Project	means the Hengjaya RKEF Plant, ancillary facilities required for the operation of the Hengjaya RKEF Plant and the land on which they are situated within the IMIP.
Hengjaya RKEF Plant	means an RKEF smelter plant with a planned nameplate annual production capacity of 30,000 tonnes of equivalent nickel (in NPI) and situated in the IMIP.
IMIP	means the Indonesia Morowali Bay Industrial Park.
Independent Expert	means Lonergan Edwards & Associates Limited.
Independent Expert's Report	means the report issued by the Independent Expert as set out in Annexure A to this Notice.
Institutional Placements	means a ~US$106 million (~A$148 million) fully underwritten institutional placement.
Institutional Shares	means 181,122,223 fully paid ordinary shares ranking pari passu with Shares.
IWIP	means the Indonesia Weda Bay Industrial Park, located in Central Halmahera Regency, North Maluku Province, Indonesia.
Listing Rules	means the official Listing Rules of the ASX as amended from time to time.

Meeting or **Extraordinary General Meeting** or **EGM**	means the extraordinary general meeting to be held on 25 January 2022, the subject of the Notice and the Explanatory Memorandum.
MW	means megawatt, a unit of power representing one million watts.
Non-Associated Shareholders	means each Shareholder who is not associated with Shanghai Decent.
Non-Conflicted Directors	means the Directors other than Mr Huang.
Notice	means the notice of EGM contained in this document.
NPI	means nickel pig iron, a beneficiated form of nickel metal.
Oracle	means Oracle Development Private Limited, a private Singaporean holding company limited by shares which will own (directly and indirectly) Oracle Nickel.
Oracle Nickel	means PT Oracle Nickel Industry, an Indonesian PMA operating private company limited by shares which is to be incorporated and which will own the Oracle Nickel Project assets.
Oracle Nickel Private	means Oracle Nickel Private Limited, a private Singaporean holding company limited by shares and which is a wholly owned subsidiary of Oracle.
Oracle Nickel Project	means the Oracle RKEF Plant, Oracle Power Plant, ancillary facilities required for the operation of the Oracle RKEF Plant and Oracle Power Plant and the land on which the Oracle RKEF Plant and Oracle Power Plant (and any ancillary facilities) will be constructed within the IMIP.
Oracle Nickel Transaction	means the proposed acquisition of the Oracle Nickel Project in three stages, through the acquisition by the Company of shares in Oracle and shareholder loans in Oracle which represents 70% of the equity and 70% of the aggregate of all shareholder loans due or owing by Oracle (and/or its subsidiaries) to Shanghai Decent and its associates, as well as the funding of 70% of the Construction Loans.
Oracle Power Plant	means one 380MW captive power plant situated in the IMIP which will supply power to the Oracle RKEF Plant as well as other third-party operations within the IMIP.
Oracle RKEF Plant	means an RKEF smelter plant with a planned nameplate annual production capacity of 36,000 tonnes of nickel equivalent (in NPI) and situated in the IMIP.
Resolutions	means the resolutions proposed in this Notice.
RKEF	means rotary kiln electric furnace.
Second Acquisition	means the acquisition of an additional 20% of the issued securities in Oracle and 20% of all shareholder loans due or owing by Oracle (and/or its subsidiaries) from Shanghai Decent and its associates.
Second Acquisition Payment	means US$106 million.
Shanghai Decent	means Shanghai Decent Investment (Group) Co., Ltd., a part of Tsingshan group company.
Shanghai Decent Placement	means a ~US$106 million (~A$148 million) non-underwritten placement to Shanghai Decent (or its nominee).
Shanghai Decent Shares	means 181,122,223 fully paid ordinary shares ranking *pari passu* with Shares.
Shareholder	means a holder of Shares in the Company.
Shareholder Approval Condition	means Shareholder approval of Resolution 1.
Shares	means fully paid ordinary shares in capital of the Company.
SPP	means a non-underwritten share purchase plan.

Subscription Agreement	means a subscription agreement between the Company and Shanghai Decent dated 9 February 2022.
Third Acquisition	means the acquisition of an additional 40% of the issued securities in Oracle and 40% of all shareholder loans due or owing by Oracle (and/or its subsidiaries) from Shanghai Decent and its associates.
Third Acquisition Payment	means US$212 million.
Tsingshan	means the Tsingshan group of companies.