

ASX ticker: NIC

ASX release: 31 October 2023

Shares on issue: 4.29B

Market capitalisation: A\$3.26B
(@ A\$0.76)

Board of Directors

Non-Executive Chairman
Rob Neale

Executive Deputy Chairman
Norman Seckold

Managing Director
Justin Werner

Executive Director and CFO
Chris Shephard

Non-Executive Directors
James Crombie
Weifeng Huang
Mark Lochtenberg
Dasa Sutantio
Muliady Sutio
Binghe Xiang
YuanYuan Xu

Substantial shareholders

(as per last substantial holder notices)

Shanghai Decent	22.7%
PT DTN	20.0%
PT KBP	8.5%
L1 Capital	5.7%

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QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 September 2023

**Increased production and lower costs contribute to record EBITDA
from operations of US\$120.7M***

RKEF operations

- Record RKEF quarterly production of **33,852** tonnes of nickel metal (100% basis)
 - **28,561** tonnes of nickel in NPI (June quarter: 27,454 tonnes)
 - **5,291** tonnes of nickel in nickel matte (June quarter: 5,104 tonnes)
- Record **34,263** nickel metal tonnes sold, 28,978 nickel metal in NPI tonnes, 5,285 nickel metal in matte (100% basis)
(June quarter: 27,094 tonnes of nickel metal in NPI, 4,723 tonnes in nickel matte)
- RKEF quarterly EBITDA of **US\$97.6M** (100% basis)
(June quarter: US\$43.9M)
- RKEF quarterly EBITDA margin of **US\$3,009/t Ni** in NPI sold and **US\$1,971/t Ni** in matte sold
(June quarter: US\$1,585/t of nickel in NPI sold and US\$1,410/t of nickel in nickel matte sold)
- RKEF September quarter cash costs:
 - Hengjaya Nickel: US\$11,379/tonne Ni (June quarter: US\$13,146)
 - Ranger Nickel: US\$11,242/tonne Ni (June quarter: US\$13,005)
 - Angel Nickel: US\$9,467/tonne Ni (June quarter: US\$10,907)
 - Oracle Nickel: US\$9,973/tonne Ni (June quarter: US\$12,794)

HPAL operations

- 1,410 tonnes of nickel in mixed hydroxide precipitate representing NIC's 10% share of 2 months' worth of production from the Huayue Nickel Cobalt project

Mining operations

- Record Hengjaya Mine nickel ore production of **3,629,990 wmt**
(June quarter: 2,722,561 wmt)
- Record Hengjaya Mine EBITDA of **US\$23.1M**
(June quarter: US\$12.0M)
- Completion of the Hengjaya Mine to IMIP haul road

Corporate

- Cash + receivables + inventory at quarter end of **US\$1,300.6M**
(June quarter: US\$872.4M)
- Completion of acquisition of a 10% interest in Huayue Nickel Cobalt HPAL project and an additional 10% interest in Oracle Nickel
- Completion of A\$942.7M share placement with United Tractors at A\$1.10 per share for 19.99% interest in NIC
- Positive final investment decision (**FID**) made for Excelsior Nickel Cobalt Project, supported by US\$400M of Indonesian bank loans
- Execution of binding agreement for a solar project at IMIP

* Based on an average A\$/US\$ exchange rate of 0.6544 during the September quarter, US\$120.7M of EBITDA (100% basis) represents A\$184.4M; corresponding EBITDA attributable to NIC (80%) is US\$96.6M and A\$147.6M

The Directors are pleased to present the September 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 and the Huayue Nickel Cobalt (**HNC**) high pressure acid leach (**HPAL**) project, 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, increased from a 70% to an 80% interest in the ONI RKEF project, an 80% interest in the Hengjaya Mine and acquired a 10% interest in the Huayue Nickel Cobalt HPAL project.

Commenting on the September quarter's activities, Managing Director Justin Werner said:

"We are delighted to report another record quarter of 33,852 tonnes of nickel metal, as we enjoyed the first full quarter of contribution from our ramped-up ONI operations. This quarterly production number equates to 135,408 tonnes on an annualised basis and makes us easily Australia's largest listed diversified nickel producer well ahead of our nearest peers BHP's nickel west, 83,000 tonnes pa and Independence Group (ASX: IGO) 36,000 tonne pa¹.

We saw a significant increase in EBITDA across all of our operations with our Hengjaya Mine enjoying a record quarter of US\$23.1M in EBITDA, a 93.6% increase on the June quarter and our RKEF operations delivering US\$97.6M in EBITDA, a 122.3% increase on the June quarter. This combined to deliver US\$120.7M of EBITDA from operations.

This quarter marked the first contribution to production of MHP from our acquisition of a 10% interest in the HNC HPAL project, which was completed during the quarter and with our intended participation in the new ENC HPAL project, forms part of the Company's strategy to further diversify its operations to become a leading producer of low cost low carbon class 1 nickel. We have already received strong interest from a number of tier 1 battery and EV makers for our MHP from HNC and potential future supply from ENC.

With the approval by shareholders of a placement of A\$942.7M to United Tractors at \$1.10 per share (a 27.2% premium to the Company's share price at the time of announcing the placement) and the announcement subsequent to quarter end of a positive FID for the ENC HPAL and a US\$400m facility from BNI, one of Indonesia's largest banks, the Company is now well funded to secure its intended 55% interest in ENC. This will be the world's first HPAL plant with a capacity of 72,000 tonnes pa to produce the three key class 1 nickel products being MHP, nickel sulphate and nickel cathode, which will provide the flexibility and opportunity to capture superior margins across the class 1 nickel complex.

The signing of an OLA with SESNA for a 200MWp + 20 MWh solar project, which is Indonesia's largest solar project to date will allow us to strive to deliver the lowest carbon intensive class 1 nickel products globally from the ENC project.

Finally, we warmly welcome Mr Muliady Sutio as a Non-Executive Director of the Company, satisfying United Tractors' right to a Board seat. Mr Muliady brings significant in country Indonesian corporate experience and we look forward to working closely with him and the whole United Tractors team."

¹ Based on reported production numbers for the first half of calendar year 2023.

RKEF operations

Key reporting metrics – current and previous quarters

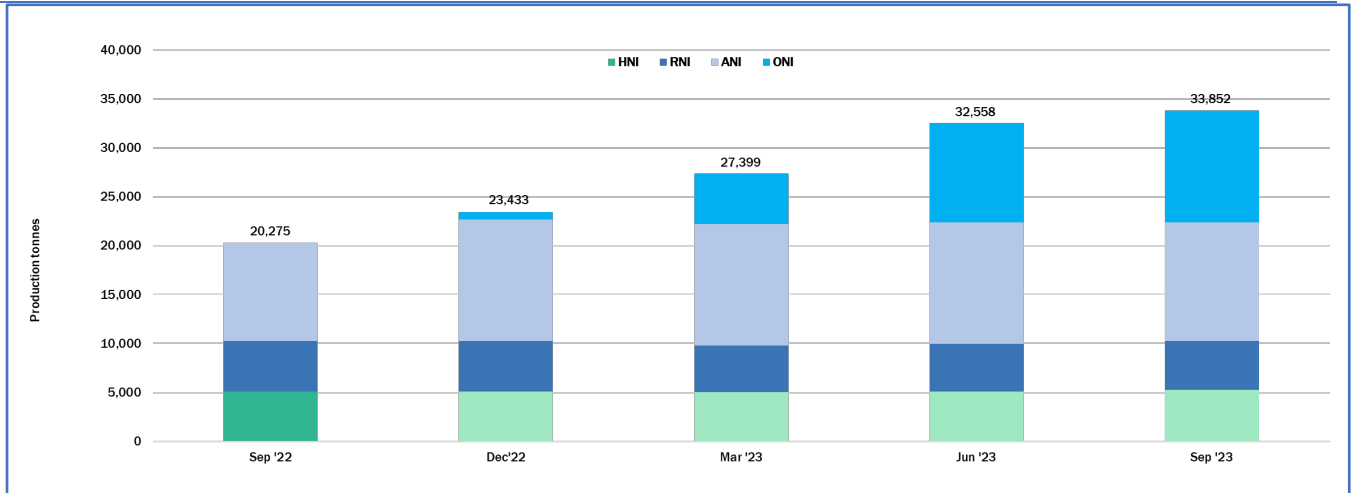
Production		HNI	RNI	ANI	ONI	Total
NPI production	tonnes	-	38,659	92,050	97,149	227,857
NPI grade	%	-	12.9	13.2	11.8	12.5
Nickel in NPI	tonnes	-	4,974	12,127	11,461	28,561
- June quarter	tonnes	-	4,891	12,422	10,141	27,454
Matte production	US\$/t Ni	31,618	-	-	-	31,618
Matte grade	%	16.7	-	-	-	16.7
Nickel in matte	tonnes	5,291	-	-	-	5,291
Total nickel production	tonnes	5,291	4,974	12,127	11,461	33,852
- June quarter	tonnes	5,104	4,891	12,422	10,141	32,558

Sales and contracts		HNI	RNI	ANI	ONI	Total
Wtd avg contract price	US\$	14,346	13,341	12,877	13,390	13,343
- June quarter	US\$	15,297	13,392	13,674	13,482	13,810
Tonnes sold	tonnes	5,285	4,973	12,544	11,461	34,263
- June quarter	tonnes	4,723	4,891	12,062	10,141	31,817
Sales revenue	US\$M	76.5	66.8	160.2	153.5	457.1
- June quarter	US\$M	66.9	66.0	164.7	136.7	434.3

Costs and margins		HNI	RNI	ANI	ONI	Total
Cash costs	US\$/t	11,379	11,242	9,467	9,973	10,198
- June quarter	US\$/t	13,146	13,005	10,907	12,794	12,161
EBITDA	US\$M	10.4	6.3	40.7	40.1	97.6
- June quarter	US\$/M	1.0	2.2	33.2	7.5	43.9
EBITDA/tonne sold	US\$/t	1,971	1,273	3,247	3,502	2,849
- June quarter	US\$/t	1,410	447	2,754	744	1,533

Summary RKEF metrics		June quarter	September quarter	% movement
Nickel production	tonnes	32,558	33,852	4.0%
Nickel tonnes sold	tonnes	31,817	34,263	7.7%
Sales revenue	US\$M	434.3	457.1	5.2%
RKEF EBITDA	US\$M	43.9	97.6	122.3%
RKEF EBITDA/tonne sold	US\$/t Ni	1,533	2,849	85.8%

RKEF production (100% basis)



***ONI's ramp-up has underpinned continued strong production growth during 2023
(lime green denotes switch of HNI's production to nickel matte)***

Commentary on RKEF operations

Safety

For the 9 months to 30 September 8,548,600 cumulative work hours without a 'lost time injury' incident were achieved across Nickel Industries' RKEF operations.

Production

During the September quarter, the Company's RKEF operations produced a record 33,852 tonnes of nickel metal, an increase of 4.0% from 32,558 tonnes produced in the June quarter. 28,561 tonnes were produced as nickel in NPI with 5,291 tonnes produced as nickel in low-grade (LG) matte at the Company's Hengjaya Nickel Project.

28,561 tonnes of nickel in NPI were produced by the Ranger Nickel, Angel Nickel and Oracle Nickel operations. This included a record 11,461 tonnes of nickel from Oracle Nickel, whose power plant was in operation during the full quarter.

For the September quarter, Nickel Industries' attributable RKEF nickel production was 26,692 tonnes of nickel metal, 22,459 tonnes of nickel in NPI, 4,233 tonnes of nickel in nickel matte.

Revenue and contract pricing

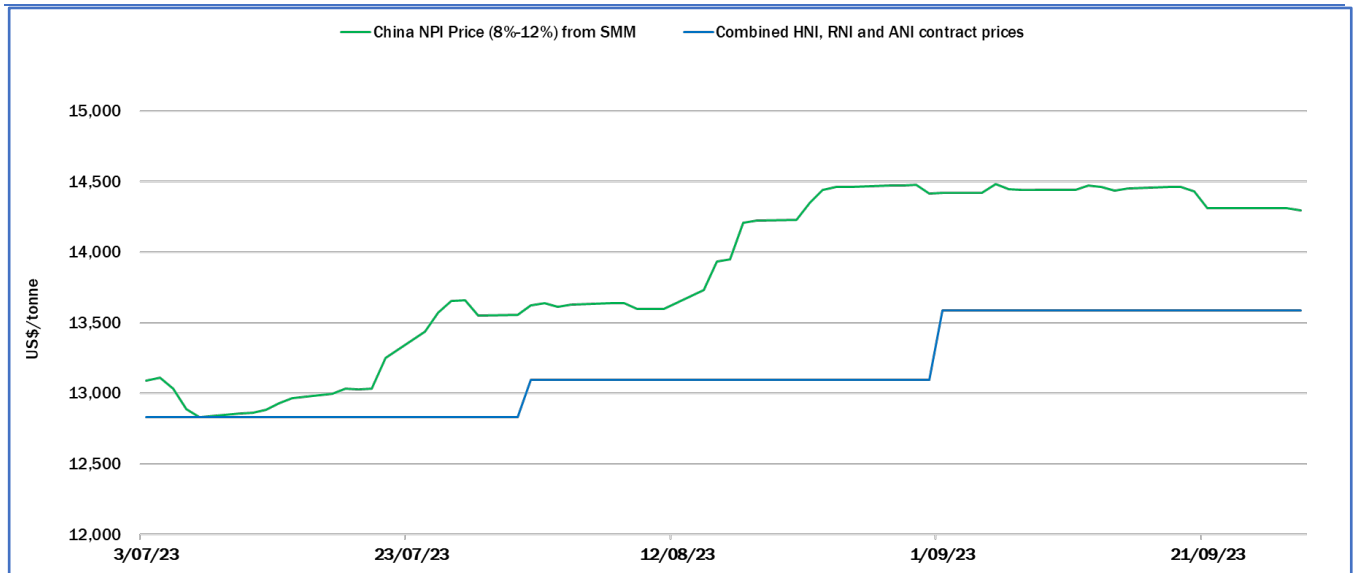
During the September quarter, the Company’s RKEF operations recorded combined sales (on a 100% basis) of US\$457.1M, an increase of 5.2% from US\$434.3M in the June quarter. This RKEF revenue was generated on record sales of 34,263 tonnes of nickel metal, an increase of 7.7% from the record 31,817 tonnes of nickel metal sold in the June quarter.

Overall realised contract prices for the September quarter were US\$13,343/t, a decrease of 3.4% from US\$13,810/t in the June quarter. Whilst the average price for the quarter fell compared to the previous quarter, average monthly prices did increase in each month during the quarter, for both NPI and nickel matte.

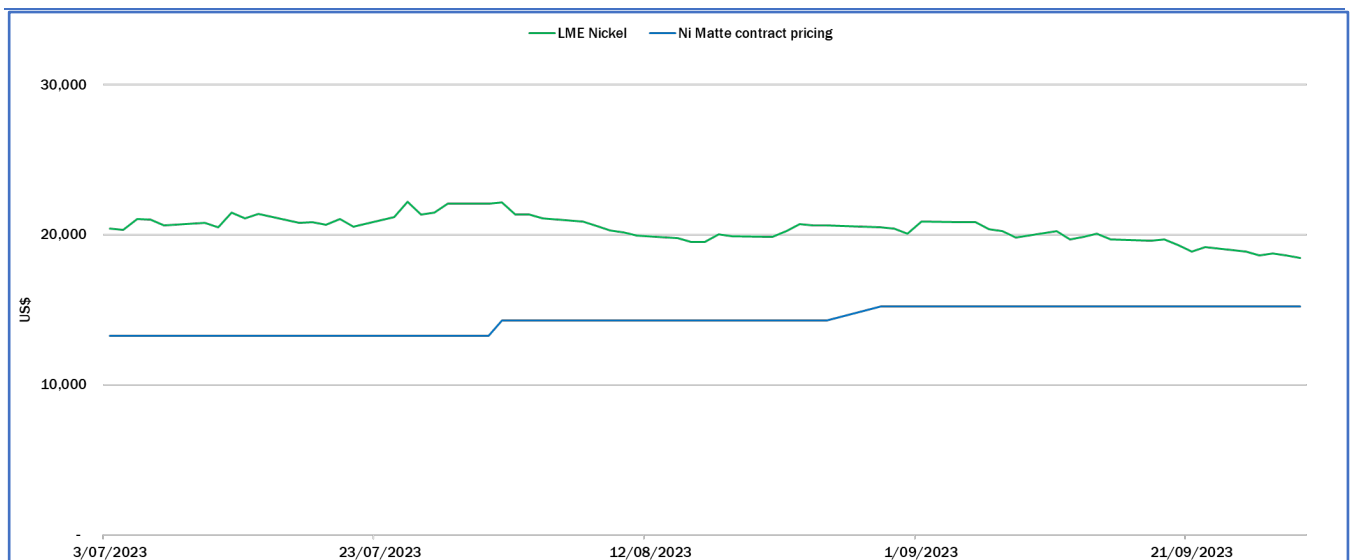
For NPI, realised contract prices for the September quarter were US\$13,160/t, a decrease of 2.9% from US\$13,551/t in the June quarter.

For LG nickel matte, realised contract prices for the September quarter were US\$14,346/t, a decrease of 6.2% from US\$15,297/t in the June quarter.

China NPI Price (8%-12%) v NPI Contract Price



LME Nickel v Nickel Matte Contract Price



Operating costs

NPI production

Operating cash costs for the September quarter were as follows:

- Ranger Nickel, US\$11,242/t, 13.6% lower than US\$13,005/t in the June quarter;
- Angel Nickel, US\$9,467/t, 13.2% lower than US\$10,907/t in the June quarter; and
- Oracle Nickel, US\$9,973/t, 22.0% lower than US\$12,794/t in the June quarter.

The continued decline in costs across all NPI operations was driven by further material reductions in nickel ore, smelting coal and electricity prices – in particular, Oracle Nickel electricity costs were 4.7c/kwh, a decrease of more than 42% from the prior quarter, reflecting the benefits from the commissioning of the Oracle powerplant in late June.

Matte production

Operating cash costs for the September quarter at Hengjaya Nickel for producing low grade matte were US\$11,379/t, 13.4% lower than US\$13,146/t in the June quarter due to falls in nickel ore, smelting coal and electricity prices.

EBITDA and cash generation

The Company's RKEF operations delivered EBITDA of US\$97.6M during the September quarter, an increase of 117.2% from US\$43.9M in the June quarter. This comprised EBITDA of US\$10.4M from Hengjaya Nickel, US\$6.3M from Ranger Nickel, US\$40.7M from Angel Nickel and US\$40.1M from Oracle Nickel².

The Company's NPI was produced at an EBITDA margin of US\$3,009/t of nickel in NPI sold, 89.8% higher than the margin of US\$1,585/t in the June quarter, as a result of lower costs during the quarter.

The Company's matte was produced at an EBITDA margin of US\$1,971/t of nickel in matte sold, 39.8% higher than the margin of US\$1,410/t in the June quarter, as a result of lower costs during the quarter.

With the addition of quarterly Hengjaya Mine EBITDA of US\$23.1M, the Company's EBITDA from operations was US\$120.7M.

² Unaudited numbers from monthly operating entity financial reporting.

HPAL Operations

Commentary on HPAL operations

At the start of August 2023, the Company acquired a 10% interest in the HNC Project. During August and September, the HNC Project produced 14,102 tonnes of nickel and 989 tonnes of cobalt in mixed hydroxide precipitate (MHP). Nickel Industries’ attributable share of HNC production was 1,410 tonnes of nickel and 99 tonnes of cobalt.

The Company notes that the Nickel Industries Group EBITDA from operations of US\$120.7M for the September quarter does not include any financial contribution from the Company’s 10% interest in HNC. The Company will finalise the accounting treatment of its investment in HNC and report accordingly.



Nickel Industries’ site visit to HNC

Mining operations

Hengjaya Mine (80% interest held by Nickel Industries)

During the September quarter, the Hengjaya Mine delivered record mine ore production of 3,629,990 wet metric tonnes (**wmt**) of ore, up 33.3% from 2,722,624 wmt in the June quarter. EBITDA increased 93.6% to US\$23.1M, due to the increase in saprolite ore sold and an increase in the value of limonite inventory. Following the completion of the haul road between the Hengjaya Mine and IMIP, a portion of overhead costs are now being allocated to limonite costs. The trucking of limonite on the haul road between Hengjaya Mine and IMIP commenced in September. With the haul road now fully operational, the Company anticipates a significant increase in limonite sales moving forward.

Saprolite ore production for the quarter of 1,013,949 wmt increased by 46.3% compared to 692,937 wmt in the previous quarter. Limonite production for the quarter of 2,616,041 wmt increased by 28.8% compared to the 2,029,624 wmt produced in the June quarter. Stockpiles of limonite had increased to 11.27 million wmt by the end of the quarter.

Key reporting metrics		June quarter	September quarter
Saprolite mined	wmt	692,937	1,013,949
Limonite mined	wmt	2,029,624	2,616,041
Nickel ore mined	wmt	2,722,561	3,629,990
Overburden mined	BCM ³	226,798	332,155
Strip ratio	BCM/wmt	0.08	0.09
Saprolite EBITDA	\$M	9.2	15.2
Limonite EBITDA	\$M	2.8	7.9



Overhead view of the Central pit

³ BCM represents 'bank cubic metres'.

Haul road

In early August 2023 the Company completed the haul road linking the Hengjaya Mine to the IMIP. This included the construction of a 70-metre double lane bridge with public road underpass near the entrance of the IMIP.

The haul road completion represents a landmark development in the history of the Company’s mining operations and will allow the mine to rapidly increase total ore sales from current levels of ~3.5M tonnes per annum to a targeted 10M tonnes per annum.

The Company now has in excess of 11M tonnes of limonite ore stockpiled that can now be progressively sold into the IMIP’s two existing HPAL projects - the HNC Project (in which the Company acquired a 10% equity interest during the quarter) and the QMB New Energy Project.

An official ceremony to mark the opening of the haul road was held on Thursday 3 August 2023 and was attended by senior Nickel Industries executives including Deputy Chairman Norman Seckold, Managing Director Justin Werner and Director James Crombie, in addition to Tsingshan Chairman Xiang Guangda, Shanghai Decent Chairman and Nickel Industries Director Huang Weifeng and Eternal Tsingshan Chairman and Nickel Industries Director Xiang Binghe.



Nickel Industries’ Deputy Chairman Norman Seckold and Managing Director Justin Werner officially open the Hengjaya Mine to IMIP Haul Road with Tsingshan Chairman Xiang Guangda



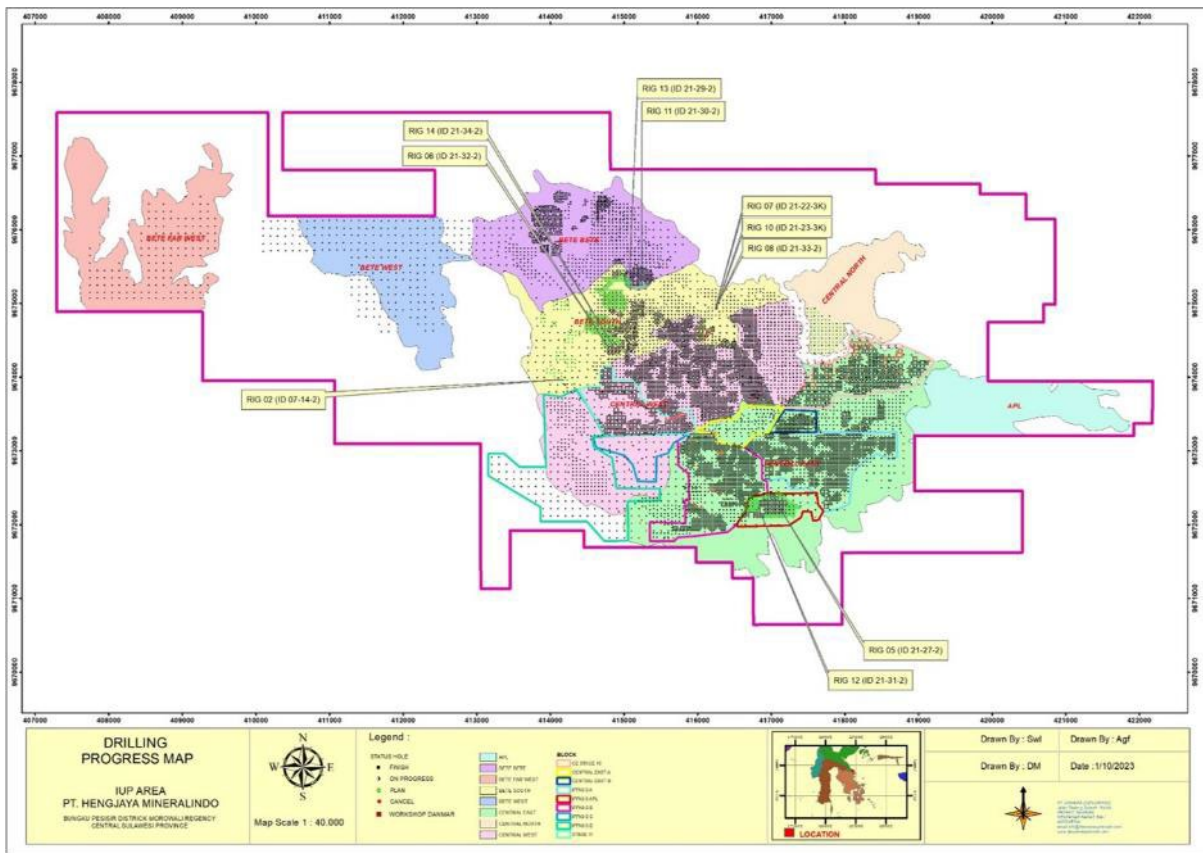
First limonite ore delivered by the haul road to the IMIP HPAL Projects by PT Roda Jaja Sakti

Resource Drilling

Exploration drilling is continuing at IPPKH 3 (Central East including APL South and Central West), IPPKH 2 (Central East and Central West) and IPPKH 1 (Bete Bete and Bete Bete South), currently focusing on the required infill drilling to further update and refine mine plans, schedules and production sequences to continue to successfully deliver quality production in 2023 and beyond.

During the quarter, ten drill rigs completed 1,252 holes for 30,141 meters and 34,047 samples. The drill spacing was a combination of 25 x 25 (infill), 50 x 50 (infill) and 100 x 100 (resource) metres spacing.

Geological results from exploration, infill drilling and drilling old limonite dump continue to offer good results in all ore types. The limonite ore is well suited for the HPAL process, with all associated mineral elements being suitable to produce a MHP product.



Drilling progress and 10 drill rig locations – September 2023



Drilling activities in progress Central Pit Area

Health and Safety

During the September quarter there were no lost time injuries (LTI) recorded at the Hengjaya Mine, with over 8.62 million work hours registered since the last reported LTI in November 2021. This gives the Hengjaya Mine a LTI frequency rate (LTIFR) of 0.12 and a total recordable incident frequency rate (TRIFR) of 1.04 for each million work hours.

Safety and career development training continued at the mine site, including supervisory and ISO standards components which are currently focusing on Health and Safety certification. With the new haul road to IMIP now in operation, a continued focus on contractor management and haul road activities is important.

Group Safety Summary

Total cumulative manhours without a lost time injury across Nickel Industries' projects in the period of January – September 2023 is 12,573,599 hours. The Company will continue to strengthen its 'best practice' mining and processing standards, in addition to the gradual transition to renewable forms of energy and production diversity into lower carbon-intensive products that will contribute to a green energy future. The Company remains committed to continuous improvement in its ESG performance and will continue to work collaboratively with stakeholders to drive positive environmental, social, and governance outcomes.

Environmental, Social and Governance

Nickel Industries is pleased to announce that it has received an upgraded MSCI ESG (Environmental, Social, and Governance) rating to 'BBB', the highest MSCI ESG rating given to Indonesian-based metals and mining companies, underscoring the Company's ongoing commitment to sustainability and responsible business practices. The upgraded MSCI ESG rating reflects Nickel Industries' steadfast dedication to environmental stewardship, social responsibility, and ethical governance. The Company has undertaken significant efforts to enhance its ESG performance across various aspects of its operations, resulting in this notable achievement.



Regular water quality monitoring continues around the Hengjaya Mine

Furthermore, the Company also earned upgraded S&P Global ESG Scores and currently sits on the 69% percentile for the metals and mining group worldwide based on the results of the 2023 year assessment only. This achievement is an improvement from the 2022 results, in which Nickel Industries was placed in the 59% percentile globally. Key highlights contributing to the improved ESG ratings for Nickel Industries are detailed in the Environment and Sustainability section below.

Environmental Sustainability: The Company has made substantial investments in the most advanced 'third-generation' HPAL process, with energy consumption and carbon emissions only ~25% and ~20% of similar pyrometallurgical products, respectively. Additionally, the Company signed an operational lease agreement (OLA) with PT Sumber Energi Surya Nusantara (SESNA) to develop, install, operate and maintain a 200MWp + 20MWh battery solar project within the Indonesia Morowali Industrial Park (IMIP), this project is the largest solar project to be implemented in Indonesia to date and will provide the company with a fixed competitive power price for the next 25 years with no required capital outlay and supplements the existing 396kWp plus 250kWh battery storage project for integration into the facilities at the Hengjaya Mine, which has been fully commissioned by SESNA. The Company expects the Hengjaya Mine solar project, which replaces diesel-powered generators, will reduce diesel consumption by approximately 31 million litres over the 25-year projected project life.

Social Responsibility: Nickel Industries Limited places a strong emphasis on the welfare and development of its employees, as well as the communities in which it operates. It has implemented comprehensive health and safety programs, promoted diversity and inclusion, and supported local education and community development projects. Various awards have been received at the local, national, and international levels for our initiatives and the Company's Hengjaya Nickel, Ranger Nickel and Hengjaya Mine have also been certified both for the ISO 45001: 2018 and ISO 14001: 2015 for Occupational Health.



Staff training and development continues a regular basis with a cross section of employees and contractors - ISO 45001 training at the Hengjaya Mine

Governance Excellence: The Company maintains rigorous corporate governance practices, ensuring transparency, accountability, and ethical behaviour at all levels of the organisation. Stringent adherence to regulatory standards and a commitment to shareholder engagement have been key factors in this aspect.

In this quarter, the Company was also nominated as the winner of the TrenAsia ESG Award 2023 for the sustainability aspect of the nickel mining sector. The TrenAsia ESG Award 2023 jury consists of representatives of the Financial Services Authority, the Indonesian Chamber of Commerce (KADIN), Investment Managers, ESG practitioners, the Indonesian Entrepreneur Association, and the National Committee on Governance Policy.



Managing Director Justin Werner accepting the TrenAsia ESG Award 2023 in the Nickel company category with the title Sustainability

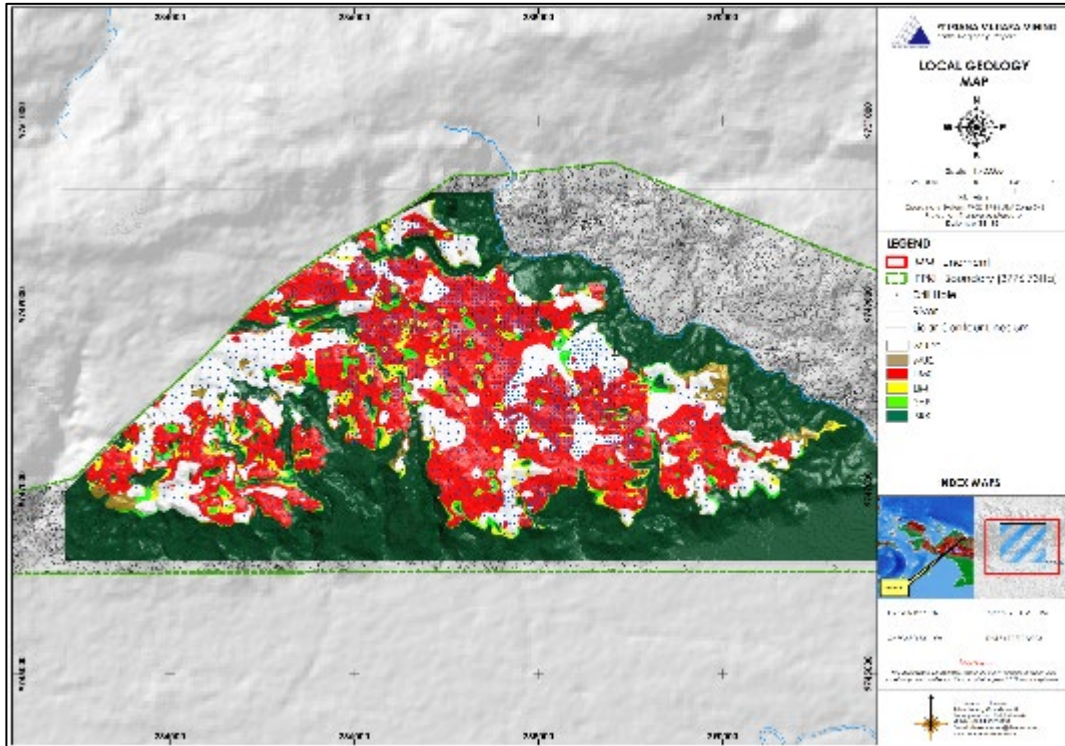


Ongoing rehabilitation continues as part of our commitment to the environment

Siduarsi Project

Since the first quarter of 2022, the Company has drilled 2,074 exploration holes totalling 31,127 metres.

With all assay results now included in the geological model totalling 33,183 assays in the geological model, we anticipate the maiden JORC resource will be available before the end of the year. As part of the geological update preliminary geostatistical studies are indicated there are two domains on limonite (see reference below)



Additional Exploration Targets, where nickel laterite has been identified by surface mapping and topography analysis, are recognised in the southwest part of the IUP. These areas, which are outside the coloured Resource areas are planned to be studied in further detail and include approximately +200 hectares

The other project prefeasibility studies advancing include confirming best jetty location, preferred coastal access, haul road route, areas for ore logistics and stockpiling. There currently are three jetty locations identified along the adjacent coastline being studied including bathometric studies and ore shipping options and shipping vendors.



Recent visit to the Siduarsi exploration camp and coastline near Betaf

Finance⁴

Balance sheet

At 30 September 2023, the Group held:

- Cash and cash equivalents: US\$827.6M (30 June 2023 - US\$363.1M);
- Trade receivables: US\$258.2M (30 June 2023 - US\$279.0M); and
- Inventories: US\$214.8M (30 June 2023 - US\$230.3M).

Cash and cash equivalents of US\$827.6M were held by Group companies as follows:

- US\$724.5M held by Nickel Industries;
- US\$91.7M held by the Indonesian RKEF entities and their related entities (Nickel Industries interest: 80%); and
- US\$11.4M held by Hengjaya Mine (Nickel Industries interest: 80%).

Trade receivables of US\$258.2M were held by Group companies as follows:

- US\$238.6M held by the RKEF entities; and
- US\$19.7M held by Hengjaya Mine⁵.

Trade receivables of US\$279.0M reported at the end of the June quarter have been received in full.

Inventories (valued at the lower of cost or net realisable value) of US\$214.8M were held by Group companies as follows:

- US\$188.7M held by the RKEF entities, being nickel matte of US\$19.3M, NPI of US\$11.0M and raw materials of US\$158.4M; and
- US\$26.1M of nickel ore held by Hengjaya Mine.

The Angel Nickel project distributed dividends and interest, net of withholding tax, during the September quarter to Nickel Industries and Shanghai Decent (and its associates), in proportion to their ownership interests, as follows:

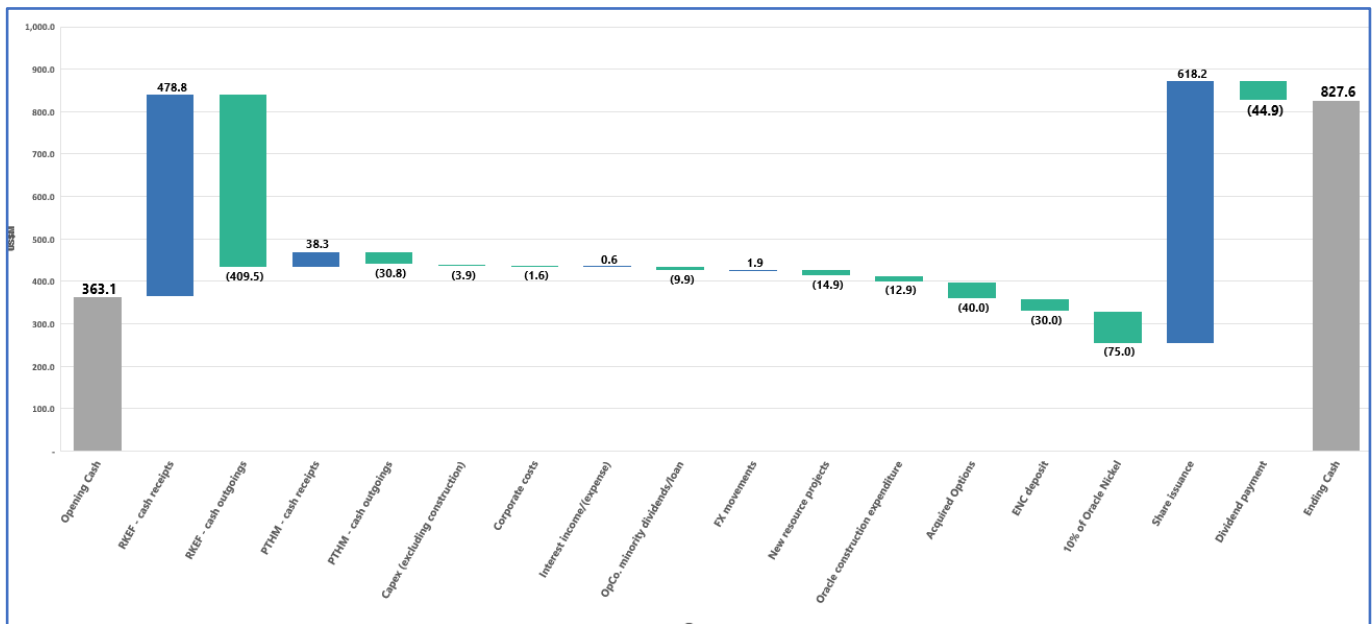
- Nickel Industries received US\$39.6M, Shanghai Decent received US\$9.9M.

⁴ Unaudited numbers from monthly operating entity financial reporting.

⁵ 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 September 2023 quarter.



Cash flow waterfall – September 2023 quarter

Whilst the four RKEF lines and power plant of Oracle Nickel were in operation during the quarter, some additional construction expenditures were made during the quarter. Ongoing RKEF construction costs of Oracle Nickel are funded by the Company’s operating partner, Shanghai Decent, via the Company’s 80%-owned Indonesian operating entity PT Oracle Nickel Industry and appear in the Group’s cashflow. A final settlement of construction contributions due from Shanghai Decent and the assignment of 80% of the construction loans in favour of Nickel Industries will be made during the December quarter.

Expenditures

Expenditure on mine production and development activities at the Hengjaya Mine during the quarter totalled US\$29.2M, of which US\$3.9M was capex.

Expenditure on exploration activities at the Hengjaya Mine during the quarter including infill drilling totalled US\$1.0M, which have been expensed as part of the Hengjaya Mine production costs. Additional exploration expenditure across new project opportunities totalled US\$14.9M.

Related party expenditures

During the quarter, the aggregate amount of payment to related parties and their associates totalled US\$261,496, comprising US\$186,085 of payments to Directors or Director-related entities for Directors’ consulting fees and US\$75,411 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

Completion of placement with PT United Tractors

At an Extraordinary General Meeting (**EGM**) held on 8 September 2023 shareholders approved the conditional placement of 857M new fully paid ordinary shares at A\$1.10 to PT Danusa Tambang Nusantara (**DTN**), a subsidiary of PT United Tractors Tbk (**United Tractors**), originally announced by the Company in June. Subsequent to the meeting and following the receipt of the subscription amount of A\$942.7M the Company completed the issuance of shares.

The Company appointed Mr Muliady Sutio as a Non-Executive Director of the Company, satisfying United Tractors right to a Board seat upon completion of their 19.99% equity interest in the Company.

Mr Sutio currently serves as the President Director of DTN, now a 19.99% Nickel Industries shareholder, President Director of PT Agincourt Resources which operates the world class 6.5 million ounces resources Martabe gold mine and is Commissioner of the following companies: PT Energia Prima Nusantara (a renewable energy company with interests in solar- and hydro-power operations), PT Persada Tambang Mulia, PT Sumbawa Jutaraya, PT Bhumi Jepara Services and PT Unitra Nusantara Persada, all of which are subsidiaries companies of the United Tractors group.

Completion of HNC HPAL and Oracle Nickel Acquisitions

Following shareholder approval at an EGM held on 5 July 2023, the Company completed the acquisition of 10% equity interests in two producing assets from Shanghai Decent (collectively the **Acquired Assets**) in addition to completing the payment obligations of two future battery nickel opportunities (collectively the **Acquired Options**) contemplated under its Electric Vehicle Battery Supply Chain Strategic Framework Agreement (announced in January 2023).

The Company:

- issued to a Shanghai Decent affiliate company (Decent Investment International Private Limited) 381,365,628 ordinary shares in Nickel Industries at an issue price of \$1.02, as consideration for acquiring a 10% equity interest in the Huayue Nickel Cobalt high pressure acid leach (**HPAL**) project (**HNC**); and
- made a cash payment of US\$75M to Shanghai Decent, as consideration for acquiring an additional 10% equity interest in Oracle Nickel Project, increasing the Company's interest from 70% to 80%.

The Company has also completed the payment obligations for the two Acquired Options with cash payments to Shanghai Decent of US\$40M comprising:

- US\$25M consideration for an option to participate in the construction and ownership of the Excelsior Nickel Cobalt HPAL project (refer below for more detail); and
- US\$15M consideration for an option to invest in and construct a high-grade matte converter at Oracle Nickel.

Both options secure access to proprietary technology and experienced technical teams from Shanghai Decent to support the future success of these projects.

Excelsior Nickel Cobalt Project

Subsequent to the end of the quarter the Company announced it had reached a positive final investment decision (**FID**) with respect to its participation and investment in the Excelsior Nickel Cobalt HPAL project (**ENC** or **the Project**) to be constructed within the IMIP.

ENC is expected to produce 72,000 metric tons per annum of contained nickel equivalent across the three major class 1 nickel products being mixed hydroxide precipitate (**MHP**), nickel sulphate and nickel cathode. ENC will be the first HPAL globally with the capacity to produce the three major class 1 nickel products, all of which are suitable for use in the electric vehicle (**EV**) battery market.

Shanghai Decent will once again be providing a “capex guarantee” whereby the total construction costs will not exceed US\$2.3 billion (**Capex Guarantee**). Importantly, the Capex Guarantee represents a highly competitive capital intensity compared to several recently announced projects and advances beyond purely “EPC” costs as it includes Project commissioning and production build-up to nameplate capacity of at least 60,000 metric tons per annum of contained nickel equivalent. Importantly, the Capex Guarantee includes a tailings facility encompassing industry best practice storage and management (via dry-stack tailings), and an integrated sulphuric acid plant (which will produce the majority of the Project’s power needs via renewable energy). Given the recent series of announced capex overruns in the nickel and battery metals industry, the value of the Capex Guarantee cannot be overstated.

The ability to produce the three major class 1 nickel products (MHP, nickel sulphate and nickel cathode) will:

- provide the Company with significant operating flexibility to target its products for EV battery markets where there may be significant pricing and demand premiums in the future; and
- significantly diversify the Company’s customer base.

US\$400m loan facility with leading Indonesian bank

Subsequent to the end of the quarter, the Company executed financing facilities totalling US\$400M with PT Bank Negara Indonesia (Persero) Tbk Singapore Branch (**BNI**), a tier-1 Indonesian Bank, to support the Company’s funding obligations in relation to the ENC Project.

The facilities comprise a 5-year senior term loan facility (**the Facility**) of US\$350M, split across two tranches:

- tranche A: US\$200M (secured against the Company’s Angel Nickel Project and associated shareholder loans); and
- tranche B: US\$150M (unsecured).

In addition, the Company has secured a US\$50M revolving credit facility (**RCF**), for general working capital purposes.

The interest rate applicable on the Facility will be a margin above the Secured Overnight Financing Rate (**SOFR**) (currently ~5.3%), according to the following schedule:

- initial 12-month period: 2.00%;
- months 12-18: 3.00%; and
- 18 months onwards: 3.50%.

The margin applicable to the RCF will be 3.00%.

The Facility represents a new source of funding for the Company within the local Indonesian banking industry.

The Facility, along with placement funds of A\$943M (~US\$600M) recently received from United Tractors, in addition to the Company's existing cash and strong ongoing cash flows from its existing operations, leaves the Company comfortably positioned to fund its share of the ENC acquisition payments (US\$1.265 billion) over the Project construction period of 2023 to 2025 as outlined below.

Acquisition agreement and upcoming shareholder vote

Subsequent to the end of the quarter, the Company executed an acquisition agreement (**Acquisition Agreement**) to acquire a 55% equity interest in the ENC Project from Decent Resource through the acquisition of shares in a Singaporean incorporated holding company, Excelsior International Investment Pte. Ltd (**EII**), and shareholder loans (**Shareholder Loans**) due or owing by EII (and/or its subsidiaries) (**ENC Acquisition**).

The equity interest in the ENC Project will be acquired over the next two years on the following dates:

Date	US\$M	Equity acquired	Cumulative equity
10 business days following shareholder approval	126.5	5.50%	5.50%
By 1 January 2024	189.8	8.25%	13.75%
By 1 April 2024	316.3	13.75%	27.50%
By 1 October 2024	379.5	16.50%	44.00%
By 1 July 2025	126.5	5.50%	49.50%
By 1 October 2025 ⁶	126.5	5.50%	55.00%
Total	1,265.0	55.00%	

The ENC Acquisition is subject to shareholder approval before 28 December 2023, and payment of a refundable deposit of US\$126.5M before 31 October 2023. The payment of the refundable deposit has now been made.

The Company expects to hold the extraordinary general meeting to approve the ENC Acquisition in December, and shareholders will be sent an EGM notice, which will include an independent expert's report regarding the ENC Acquisition, in early November.

⁶ Following commissioning of line 1 of the ENC Project.

Execution of binding agreement for solar project at IMIP

Subsequent to the end of the quarter, the Company signed a binding Operational Lease and Service Agreement (**OLSA**) with PT Sumber Energi Surya Nusantara (**SESNA**) with respect to the development, installation, operation and maintenance of a 200MWp + 20MWh battery solar project within the IMIP. This solar project is designed to supply electricity to the Company's existing RKEF operations, along with the future ENC Project, and represents a transition of the Company's operations to renewable energy sources and its commitment to a more sustainable future for Indonesia's mining industry.

A signing ceremony for the OLSA in Jakarta was attended by Nickel Industries' Managing Director Justin Werner in October 2023.



Nickel Industries' Managing Director Justin Werner and SESNA Chief Executive Officer Rico Syah Alam sign the Operational Lease and Service Agreement for Indonesia's largest solar project

Under the terms of the OLSA, Nickel Industries will be the long-term offtake partner for SESNA and will not be required to contribute any capital funding. The indicative tariff for electricity (expressed as US cents per kWh), is currently competitive with the Company's existing power costs, with the electricity pricing expected to remain constant over the life of the project.

This solar project supplements the Company's existing 450kWp plus 250kWh battery storage project at the Hengjaya Mine (also in partnership with SENSAs) which replaced diesel-powered generators and expected to reduce diesel consumption by approximately 31 million litres over the 25-year projected project life.

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