

18 March 2024

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(2 pages)

Update on March Quarter Mining and RKEF Operations

The Directors of Nickel Industries Limited (**the Company** or **Nickel Industries**) provide the following update on the Company's mining and downstream processing operations for the March quarter of 2024.

Strong production volumes from the Hengjaya Mine continued during the quarter, with more than 2M wet metric tonnes (**wmt**) of limonite and saprolite ore mined during January and February, equating to an annual run rate over 12M wmt. This is well above the target production of 10M wmt of ore for 2024.

However, during the March quarter of 2024, there have been industry-wide delays in relation to the renewal of the Rencana Kerja dan Anggaran Biaya Indonesian mining licence (**RKAB Licence**). The RKAB License is an annual licence approving nickel ore sales volumes. The delay was caused in part by enhanced regulatory approvals and scrutiny alongside the recently completed Indonesian presidential elections which were held on 14 February 2024. The Company's Hengjaya Mine was impacted by these approval delays which meant it was unable to sell ore in January and most of February.

The Hengjaya Mine received its RKAB Licence in February, for an extended renewal period of 3 years, with ore deliveries recommencing on 21 February 2024. It was among the first 40 miners from 700+ applicants to be issued a RKAB Licence post the Indonesian presidential elections. As at 15 March 2024, Hengjaya Mine had sold 369,260 wmt of ore for the month of March and is on track for a record month of ore sales. Additional haul trucks are being mobilised to Hengjaya Mine in April which will allow for increased volumes to be sold across the June 2024 quarter to make up for the loss of ore sales in January and February.

The Company is also well advanced in targeting a revised RKAB Licence application in the second half of 2024 to facilitate ore sales volumes of up to 22M wmt per annum. The Hengjaya Mine will continue to make sales under its existing licence while this process is completed.

The delayed reissuance of RKAB Licences across Indonesia also impacted the performance of the Company's RKEF operations in January and February. Whilst material stockpiles of ore are consistently maintained within the IMIP and IWIP, lower levels of incoming ore necessitated drawdown and usage of lower grade higher cost ore across the quarter. As a result of lower grade ore feed, nickel production volumes from the Company's four RKEF lines are expected to be lower than recent quarters and as such is expected to translate to slightly higher cash costs.

With the recommencement of higher grade ore deliveries from Hengjaya Mine and other mines across Indonesia the Company's RKEF operations have already seen a significant increase in NPI grades from an average of 11.7% for January and February to an average of 13.9% for the first 10 days of March.

As a result of the delayed issuance of Hengjaya Mine's RKAB Licence and the associated implications for the Company's ore sales volumes and RKEF nickel production, EDITDA from operations for the March quarter is expected to be in the range of US\$65M-US\$75M (EBITDA from operations in the March 2023 quarter was US\$113.2M).

Commenting on the delay in issuance of the RKAB Licences and the flow on impact to the Company's March quarter operations, Nickel Industries' Managing Director Justin Werner said:

"Whilst the delay in the issuance of RKAB Licences was unfortunate, the new 3-year term and greater scrutiny placed on mining operations will significantly improve the sustainability and reputation of the Indonesian nickel mining industry in the long term."

Despite the lack of ore sales across Indonesia for January and February, our RKEF operations were able to operate uninterrupted, underscoring the benefit of operating within both the IMIP and IWIP and the significant ore stockpiles that are maintained to manage any unforeseen supply disruption such as the one we have just experienced.

Most pleasingly, with our quarter to date Hengjaya Mine production combined with the March month to date improvement in ore sales and NPI grades, which are already up in March 18.8% compared to the average of the first two months of the quarter, we expect to see production and EBITDA improvement throughout 2024 supported by continued strengthening in NPI and LME prices."

This announcement has been approved by the Managing Director.

For further information please contact:

Justin Werner
Managing Director
jwerner@nickelindustries.com
+62 813 8191 2391

Cameron Peacock
Investor Relations and Business Development
cpeacock@nickelindustries.com
+61 439 908 732

Overview of Nickel Industries

Nickel Industries Limited (NIC) is an ASX-listed company which owns a portfolio of mining and low-cost downstream nickel processing assets in Indonesia.

The Company has a long history in Indonesia, with controlling interests in the world-class Hengjaya Mine, as well as four rotary kiln electric furnace (RKEF) projects which produce nickel matte for the electric vehicle (EV) supply chain and nickel pig iron (NPI) for the stainless-steel industry.

Having established itself as a globally significant producer of NPI, the Company is now rapidly transitioning its production to focus on the EV battery supply chain – recently, the Company has acquired a 10% interest in the Huayue Nickel Cobalt (HNC) HPAL project, adding mixed hydroxide precipitate (MHP) to its product portfolio.

Nickel Industries is now embarking on its next transformative step, investing in Excelsior Nickel Cobalt (ENC), a next-generation HPAL project capable of producing MHP, nickel sulphate and nickel cathode. ENC will produce approximately 72,000 tonnes of nickel metal per annum, diversifying the Company's production and reducing the Company's carbon emissions profile – reflecting the strong commitment to sustainable operations.

To learn more, please visit: www.nickelindustries.com/