NICKEL MINES LIMITED
ABN 44 127 510 589

Level 2, 66 Hunter Street
Sydney NSW 2000 Australia

T: +61 2 9300 3311
F: +61 2 9221 6333
E: info@nickelmines.com.au

17 December 2018

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

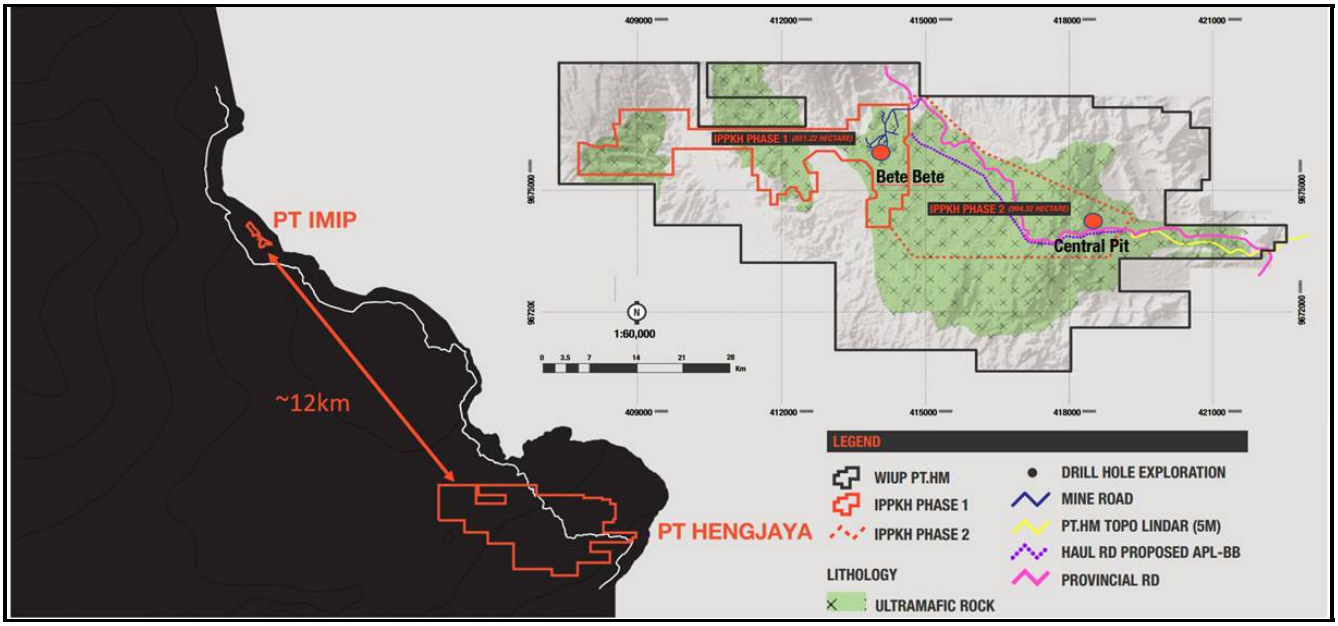
(15 pages by email)

MOU TO SUPPLY LIMONITE ORE TO NEW HPAL PLANT

The Directors of Nickel Mines Limited ('the Company' or 'Nickel Mines') are pleased to advise that the Company has signed a Memorandum of Understanding ('MOU') to supply limonite ore to the new High Pressure Acid Leach ('HPAL') plant recently announced to be constructed within the Indonesia Morowali Industrial Park ('IMIP').

In September 2018 a consortium, including two Tsingshan group companies, announced the planned construction of a new HPAL plant within the IMIP with an annual nameplate output of 50,000t nickel and 4,000t cobalt. Nickel production will be in the form of nickel intermediates that will be used to produce both nickel sulphate and nickel hydroxides to be sold into the burgeoning electric vehicle ('EV') battery market.

Unlike the IMIP's Rotary Kiln Electric Furnaces ('RKEFs') which require saprolite ore (>1.8% nickel), the HPAL plant will utilise a lower grade limonite ore (~1.0% nickel) for which the Company's 80% owned PT Hengjaya Mineralindo Mine ('HM Mine') is ideally placed to supply being located ~12km south of the IMIP.



Map showing HM Mine proximity to the IMIP

The HM Mine is one of the largest tonnage, high grade operations in close proximity to the IMIP in central Sulawesi. Using a 1.0% Ni cut-off grade, the HM Mine hosts a JORC compliant resource of 180 million dry tonnes at 1.3% Ni and 0.08% Co, containing 2.3 million tonnes of contained nickel and 1.3 million tonnes of contained cobalt as follows:

Category	Dry Tonnes (million)	Ni (%)	Co (%)	Fe (%)
Measured	6.9	1.2	0.07	23
Indicated	50	1.4	0.07	26
Inferred	120	1.3	0.08	29
Total	180	1.3	0.08	28

The opportunity to supply limonite ore to the new HPAL plant will enable the Company to optimise and extract further significant value from its resource. Where mining to date has seen the orebody's limonite layer removed as overburden to reach the higher grade saprolite ore, the ability to now monetise this lower grade limonite material (comprising both nickel and cobalt) will materially improve the efficiency of HM Mines' operations, lower mining costs and improve profitability.

Picture showing a cross section of the HM Mine ore body

Volume and pricing terms contemplated in the MOU remain commercial in confidence. Exclusivity to provide ore to the HPAL plant is not possible due to normal supply-risk management considerations.

In addition to the supply of limonite ore, the MOU also contemplates the potential for Nickel Mines' future equity participation in the HPAL plant, offering the Company significant diversity into the rapidly growing nickel sulphate and hydroxide markets.

The Company will continue to closely work with Tsingshan to progress this MOU into a binding definitive agreement as the HPAL plant nears completion and commissioning.

Commenting on the signing of the MOU Managing Director Justin Werner said:

"We are pleased to have signed this MOU and to have the opportunity to be a material supplier of limonite ore to the new HPAL plant being built within the IMIP. The sale of our limonite ore which is sizeable and contains high cobalt grades will allow us to significantly reduce the cost of our mining operation and greatly increase the value of the HM Mine resource.

The further opportunity for potential equity participation in the HPAL plant clearly demonstrates the opportunity for Nickel Mines, in close partnership with Tsingshan, to become a globally significant diversified nickel producer which sets us apart from our peers."

For further information please contact

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

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

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 a Collaboration and Subscription Agreement with Shanghai Decent, a Tsingshan group company, Nickel Mines will own and operate RKEF processing facilities within the Indonesia Morowali Industrial Park which is the world's largest vertically integrated stainless steel facility with a current production capacity of 2.0 million tonnes per annum increasing to 3.0 million tonnes per annum.

Nickel Mines also holds an 80% interest in the Hengjaya Mine located in Morowali Regency, Central Sulawesi, Indonesia just 12 kilometres from the IMIP.

pjn9693

Aerial photo of the IMIP.

Statement of Compliance

The information in this report that relates to Mineral Resources is based on information compiled by Mr Brett Gunter, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Gunter has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Brett Gunter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX 1

JORC CODE (2012) RESOURCE ESTIMATE CHECKLIST

Criteria	JORC Code explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Diamond drilling with sampling at geological intervals or 1m intervals within geology, whole core sampling and analysis using XRF at an internationally accredited laboratory. Older core drilling (pre-HM) using full core techniques, full core sampling and splitting on site and XRF analysis at an Indonesian accredited laboratory. No specialised measurement tools, e.g. downhole gamma probes, or handheld XRF instruments, etc. were employed. Mineralisation is determined visually based on characteristics of the laterite and confirmed by laboratory analysis.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Diamond coring, no core orientation, all drilling in vertical holes using Jacro-style drill rigs and HQ coring.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure	Full coring and recovery of intervals noted. Recovery recorded is equivalent to the length of core recovered, as a percentage of the drill run.

Criteria	JORC Code explanation	Commentary
	representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	Core photographed and geologically logged from recent HM drilling, 100% of core logged from all phases of historical exploration. Logging is qualitative in nature and quantitative for percentage of boulders. Previous drilling was geologically logged but no core photos are available.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	Core is sampled whole and split on site with 1 sample retained in case of sample loss in transit. The sample preparation techniques employed are industry practice, with full core samples collected based on geological horizon. The samples are weighed and dispatched to the laboratory. Sampling equipment is cleaned between each sample run split. The sample size is appropriate, with HQ coring ensuring good sample size.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg	Standard nickel package XRF for HM drilling, internationally accredited laboratory and internal QA/QC procedures. Methods used are total. No on-site analytical tools have been used. HM drilling has standards and limestone blanks inserted into the sample runs but was not implemented in older drilling (or data is not available). No external laboratory checks. Review of the available data shows a minor variance in the expected values in some periods

Criteria	JORC Code explanation	Commentary
	standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	of analysis but we do not consider this material in establishing a mineralisation grade.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	None undertaken, no twin holes drilled. No adjustment to assays made. Checks between analysis sheets and primary database made and company personnel spent a large amount of time in reconciling and checking old drill data and incorporating the data into the new database.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	Total station survey of drill collars in Block 1, 2 and 3. Total station survey for all Bete Bete collars. GPS for outlying holes and older drilling based on a grid system. All data projected to UTM WGS 84 Zone 51 South. Topography of the entire concession by LIDAR. Topography is detailed and adequate.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	Drilling on 25x25m, 50x50m and 100x100m spacing. Some wildcat holes on irregular spacing. Continuity of grade and structure has been demonstrated between drill holes as evidenced in the geological models and numerical interpolants. Analytical data composited on 1m intervals.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Vertical drill holes in horizontal laterite deposit. Suitable for this type of deposit. No sampling bias has been introduced. Methodology is standard industry practice.
Sample security	• The measures taken to ensure sample security.	Not applicable for Ni laterite samples. Standard chain of custody for laboratory dispatch.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	Standard techniques for sampling, training provided, data reviewed for consistency. The Geoservices sample preparation laboratory in Kendari was inspected by the author. Sampling techniques and administration reviewed on site by the author.
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The HM concession area is based on the legality of an IUP Operasi/Produksi (Izin Usaha Pertambangan or mining business licence, Operation/Production) for nickel with the Decree number 540.3/SK.001/DESDM/IV/2011. The concession covers an area of 6,249 hectares and was issued on the 16th of June 2011, valid until the 31st of May 2031. HM is owned 80% by NIC and the remaining 20% is held by Indonesian national entities. Licence is fully operational and in compliance with regulations.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	Previous exploration by other parties assessed and incorporated into current data sets.
Geology	• Deposit type, geological setting and style of mineralisation.	Nickel laterite deposit, mineralisation occurs as concentrations of Ni minerals due to the processes of tropical weathering and enrichment. Nickel mineralisation dominated by garnierite.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	There are numerous drill holes (1,403 in total). The inclusion of the drill hole collars is not material to the understanding of this report. The drill holes are all drilled vertically to various depths to intersect the nickel-bearing saprolite and depth of limonite overburden. There is no alternative interpretation that can be made from the drilling data.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	No cutting of high-grade samples. Cut-off grade determined based on current industry trends and an assessment of basic economics of a direct shipping operation and contractor costs. No metal equivalents reported.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	The mineralisation is flat-lying and the drill holes are vertical. The mineralised widths are true widths as the intercepts are close to perpendicular to the mineralised horizon.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	These have been incorporated into the report.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Exploration results are not being reported. All relevant drill hole data is incorporated in the Mineral Resource estimate.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	No other exploration data is considered material other than what has already been reported.

Criteria	JORC Code explanation	Commentary
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Recommendations outlined in report for infill drilling to lift Resource categories. The broad boundaries of mineralised zones have been established by previous work.

Criteria	JORC Code explanation	Commentary
Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. • Data validation procedures used.	Validation procedures included checks on hole lengths versus assay data and geology data, missing assays, correct transposing of analysis data and collar reconciliations. Some errors detected were rectified and HM personnel also contributed to the final validated database.
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	The CP completed a site visit in 2015 during the final phases of the exploration drilling program. He reviewed the mined areas, drilling techniques, core administration and sampling techniques and reviewed the Geoservices sample preparation facility in Kendari. The CP is satisfied the quality of data is suitable for use in estimating Resources.
Geological interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. • Nature of the data used and of any assumptions made. • The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. • The factors affecting continuity both of grade and geology.	The geological interpretation is certain as evidenced in the field and based on numerous similar deposits in the region. All drilling data was utilised in the geological model, assumptions made on the geochemical signature of logged lithologies to standardise the stratigraphy and removal of minor rock codes. The geology is simple and laterite nickel deposits are commonly developed throughout Sulawesi. Geology has been used to constrain the interpolation. The stratigraphic sequence was used to constrain the numerical interpolants and composites.

Criteria	JORC Code explanation	Commentary
		Continuity of grade and geology can be affected by topography, where steep slopes do not allow the accumulation of laterites. Bedrock structures can also affect areas of high-grade accumulations and the process of supergene enrichment.
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	The area of the Block A, B and C is approximately 3km long x 0.75km wide. The mineralisation depth ranges between 1-20m and is variable in thickness between 1 and 10m. The Central area covers an area of approximately 1,200ha and is 3.3x4.3km. The mineralisation depth ranges between 1-20m and is variable in thickness between 1 and 10m. The Bete Bete deposit covers an area of 150 hectares and is 2km north-south and 1km east-west. The mineralisation depth ranges between1-15m and thickness up to 10m. The West Bete Bete deposit is poorly defined and covers approximately 360Ha. The deposit is 2.8km by 1.5km, oriented northwest-southeast. The Ni mineralisation is weeakly developed between 1-5m thick and between 1-15m depth.
Estimation and modelling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. • The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. • The assumptions made regarding recovery of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation). • In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	Leapfrog Geo used for the modelling and interpolation. The estimation technique uses a radial basis function for interpolation of both geology and numerical interpolants. Nickel laterites have few extreme values. Geological domains were utilised to constrain both geological assignment and grade assignment to each block. Extrapolation distance of 150m from any drill data for the geological model but the block model was categorised according to distance from a valid point of observation. No previous estimates reported in accordance with the JORC Code but a reconciliation on mined material from the Bete Bete deposit versus shipments shows an acceptable reconciliation. No by products are considered. No deleterious elements considered. DSO has penalties on high moisture and high Fe but these do not preclude economic viability.

Criteria	JORC Code explanation	Commentary
	• Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables. • Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	The model was validated using the following techniques: Visual 3D checking and comparison of informing samples and estimated values. Global statistical comparisons of raw sample and composite grades to the block grades. Block sizes were 10x10x1m (x,y,z) on a drill spacing of 25x25, 50x50 or 100x100m spacing. No rotation or dip was applied to the model. The search used the numerical interpolants to populate the block model. Interpolants based on a 200m search and an isotropy of 2x2x0.1 (x,y,z). Normally, the saprolite is the target mining unit and each interpolant was domained according to the geological horizon. The geological contacts are hard boundaries for compositing and numerical interpolants. No grade cutting or capping was applied. Extreme Ni values are not present. The block model was checked to ensure the interpolation results reflected the raw data and cross sections checked for block grades and raw drill hole data and composites.
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Tons estimated on a dry basis. Moisture content reconciled with available moisture data for each deposit area.
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	In September 2018 a consortium, including two Tsingshan group companies, announced the planned construction of a new HPAL plant within the IMIP with an annual nameplate output of 50,000t nickel and 4,000t cobalt. Nickel production will be in the form of nickel intermediates that will be used to produce both nickel sulphate and nickel hydroxides to be sold into the burgeoning Electric Vehicle ('EV') battery market. The HPAL plant will utilise a lower grade limonite ore (~1.0% nickel), rather than the higher grade saprolite ore required by the IMIP's Rotary Kiln Electric Furnaces under the current off-take agreement.

Criteria	JORC Code explanation	Commentary
		Therefore, lower grade material can clearly be demonstrated to have reasonable prospects for economic extraction. Therefore, we have chosen a 1% Ni cut-off for the Resource estimate to yield material of sufficient quality for the planned HPAL plant in accordance with the MOU recently entered between HM and the IMIP consortium.
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	Mining by regular open pit truck and shovel operation, direct shipping to the nearby smelter under the current DSO supply contract. Contractor is currently paid for material delivered to the port. Future operations will utilise the same techniques to supply the planned HPAL unit at the IMIP. It should be noted that blending may be required for the various ore types to meet the required specifications of the HPAL but this is not considered material.
Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	The nickel deposit is typical of a large number of other similar deposits in the region. The processing route may be either through DSO sales domestically (currently the case) or construction of a blast furnace on site.
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	Limited environmental concerns, the area is remote and poorly developed, normal operational procedures will mitigate any environmental impacts. Open pit nickel mining is well established in Sulawesi, with a large number of previous and current operations. Environmental impacts mainly restricted to sediment settling and run-off.

Criteria	JORC Code explanation	Commentary
Bulk density	• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. • The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. • Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	SG determinations have been completed in a number of areas using measurement of drill core. The data is limited but within a range considered by GMT as compatible with other locations within the same region. Bulk density determinations classed according to rock types. Geological categorisation based on the estimated bulk density of each material.
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories. • Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • Whether the result appropriately reflects the Competent Person's view of the deposit.	The areas with drilling at a 25 x 25 metre spacing was assigned an area of influence of 37.5 metres around each drill hole to form a solid polygon for Measured Resources. The areas with drilling at a 50 x 50 metre spacing was assigned an area of influence of 75 metres around each drill hole to form a solid polygon for Indicated Resources. Areas outside of these polygons but within the geological model range of 150m were assigned as Inferred Resources but constrained within the drilled area, that is, no extrapolation past the last line of drilling. Unreliable data was not considered a point of observation for the Resource estimation, including incomplete drill hole data (analyses). The results accurately reflect our view on the deposit.
Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates.	No audits or reviews have been completed.
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or,	There are few factors that may affect the accuracy of the Resource estimate include the inability to convert Inferred Resources to a higher category due to irregular grade continuity, particularly in the Central area. Other factors that may affect the estimate is variable moisture within each deposit or the determination of a more accurate bulk density of each material. The moisture content of nickel laterites

Criteria	JORC Code explanation	Commentary
	if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	varies greatly between deposits in different areas and even adjacent deposits in the same area. Intensity of rainfall is one factor that may affect moisture level in a nickel laterite but the greatest effect is due to the geomorphology of the deposit. In the HM concession, the extrapolation of moisture data has been made and assessed in relation to the geomorphology and deposit location. In each case we consider this unlikely as the parameters used are consistent with similar deposits in the area and variations in moisture content and bulk density are adequately reflected in the categorisation of Resources and will not have a material effect on the Resource estimate. The estimate is Global. Production reconciliation against the block model is robust.

Table A1. Checklist of compliance with the requirements of the JORC Code (2012)