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The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(3 pages by email)

HENGJAYA NICKEL PROJECT PRODUCES FIRST NPI

The Directors of Nickel Mines Limited ('Nickel Mines' or 'the Company') are pleased to advise that the Company's 60% owned Hengjaya Nickel Project has produced its first nickel pig iron ('NPI').

On 31 January 2019, Shanghai Decent, the Company's operating partner and 40% equity holder in the project advised that first NPI had been produced from one of Hengjaya Nickel's two rotary kilns in a maiden production run.

While commissioning will see a short hiatus over the Chinese New Year period, Hengjaya Nickel's first kiln is expected to reach at least 80% of nameplate capacity by early April 2019. The second kiln is anticipated to commence commissioning in early March and is expected to reach at least 80% of capacity in early May 2019. Ramp-up to full scale production will be achieved shortly thereafter.

This commissioning process and ramp-up is consistent with that previously implemented across the 20 existing RKEF lines currently in operation within the Indonesia Morowali Industrial Park ('IMIP').

Shanghai Decent have also advised that an expedited schedule will now see the first kiln of the Company's 17% owned Ranger Nickel Project ready to commence commissioning in April 2019 with the second kiln to commence commissioning a month later in May, well ahead of previous guidance of the September quarter.

Commenting on the maiden production run from Hengjaya Nickel, Managing Director Justin Werner said:

"Nickel Mines is extremely pleased to be able to report this milestone occasion of first NPI production from the first Hengjaya Nickel kiln and now look forward to seeing both lines commissioning in the weeks ahead and ramping up to full production."

Having broken ground in early 2018, and now having already commenced production, Hengjaya Nickel is further evidence of Tsingshan's industry-leading ability to deliver a project in record time and a testament to their commitment, professionalism and work ethic."



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

As a Company we are excited to be joining the ranks of the global nickel producers. Benefitting from very low capital intensity and being among the lowest cost nickel producers in the industry, we now look forward to generating strong operational cash flows through what we believe will be a buoyant nickel price environment in the years ahead.

With both the Hengjaya Nickel and Ranger Nickel Projects soon to be in production, we also look forward to expediting the exercise of our options to increase our equity ownership in each project to materially increase our attributable nickel units. In doing so Nickel Mines will be well on the way to becoming a globally significant nickel producer and a tier-1 nickel investment.”

For further information please contact

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About Nickel Mines Limited

Nickel Mines Limited (ASX: NIC) is an ASX listed company on the cusp of becoming a significant player in the global nickel industry having established a financial, operational and strategic partnership with China's Tsingshan group, the world largest stainless steel producer.

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

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



Aerial photo of the IMIP