

20 March 2019

The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

(3 pages by email)

## HENGJAYA NICKEL PROJECT UPDATE

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

Operation of the first kiln is progressing well and in the commissioning period from the first NPI production on 31 January 2019 to 10 March 2019 the first kiln has produced a total of 3,280 tonnes of NPI at an average grade of 12.65% for a total of 415 tonnes of nickel.

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 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').



*The second Hengjaya Nickel kiln being tapped for NPI*



***NPI being poured into a crucible for direct hot transfer into IMIP stainless steel lines***

As announced on 1 February 2019, construction of the Company's 17% owned Ranger Nickel Project has been expedited and commissioning of the first kiln is expected near the end of April 2019 with the second kiln to commence about 45 days later, well ahead of previous guidance of the September 2019 quarter.

Commenting on the commissioning of the second Hengjaya Nickel kiln, Managing Director Justin Werner said:

*"We are extremely pleased to announce production from the second kiln. Commissioning of both kilns will continue over the coming weeks and we look forward to providing further updates as we progress towards full scale production."*

*Progress on the Ranger Nickel project also continues well ahead of schedule and brings Nickel Mines closer to its ambition to become a globally significant low cost nickel producer in partnership with our largest shareholder Shanghai Decent."*

**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*