

21 May 2019

The Manager Companies
 ASX Limited
 20 Bridge Street
 Sydney NSW 2000

(3 pages by email)

UPDATE TO RANGER NICKEL PROJECT FINANCING

The Directors of Nickel Mines Limited ('the Company' or 'Nickel Mines') are pleased to advise that pursuant to the announcement made on the 17 April, 2019 regarding the Company's intention to increase its interest in the Ranger Nickel Project ('Ranger') from 17% to 60% via a funding package comprising a mixture of debt and equity, it has now signed a binding term sheet and commitment letter with Decent Investment International Private Limited ('Decent Investment'), an associate of the Company's operating partner Shanghai Decent Investment (Group) Co., Ltd., ('Shanghai Decent').

The key terms of the term sheet are:

Lender	Decent Investment, an associate of Shanghai Decent.
Borrower	Nickel Mines.
Facility Amount	US\$80,000,000.
Interest Rate	6% plus the greater of (i) 3-Month US\$ LIBOR or (ii) 2.5% per annum.
Payment of Interest	Interest is payable on the last day of each Interest Period.
Interest Period	1 month.
Payment of Principal	Quarterly instalments by repaying on the last Business Day of each November, February, May and August (beginning on 30 November 2020) an amount equal to 1/15 of the amount borrowed under the Facility at Financial Close.
Security	Nickel Mines will grant security over its 60% equity interest in Ranger Investment Private Limited ('Ranger Investment') and its 60% equity interest in Hengjaya Holdings Private Limited, the Singaporean entity which holds a 100% indirect interest in the Hengjaya Nickel Project.
Early prepayment	Nickel Mines may prepay or cancel the facility without penalty.

Under the term sheet there are no up-front fees, no break fees and no equity warrants.

Under the term sheet, Shanghai Decent or its associates have agreed to receive US\$40M worth of Nickel Mines shares as partial consideration for the 43% interest in Ranger Investment that they are divesting to Nickel Mines. The issue price of the new shares to be issued to Shanghai Decent or its associates will be as detailed in the Ranger Project Collaboration Agreement. i.e. a 10 day VWAP for the ten trading days prior to the Company lodging the Second Acquisition Notice with Shanghai Decent for the acquisition of the additional 43% interest in Ranger Investment.

Concurrently the Company shall seek to raise up to an additional US\$30M of equity by placement to a selection of current and/or new professional investors.

The Company will seek shareholder approval for the Ranger acquisition and the associated issue of new shares to Shanghai Decent, and the associated change to the scale of the Company's activities from the Ranger acquisition. The resulting equity interest in Nickel Mines held by Shanghai Decent will be determined by the final pricing of the share issue to Shanghai Decent and the pricing and quantum of the additional equity placement. Shanghai Decent's interest in Nickel Mines will not exceed 20% as a result of the issues.

Commenting on the Company's amended debt funding package Nickel Mines' Managing Director Justin Werner said:

"Nickel Mines is pleased to announce agreement on a simplified debt package with very attractive terms which will allow us to accelerate the acquisition of an increased interest in the Ranger, which is set to commission its first kiln in the coming weeks well ahead of the initial September 2019 schedule. Whilst the funding package originally announced in April 2019 was the result of an extensive and competitive process, the opportunity offered a simplified and more attractive debt funding arrangement that allows Nickel Mines to accelerate its interest in Ranger. Nickel Mines also welcomes the further strengthening of its relationship with Shanghai Decent the funding package brings, both through the debt facility and the intended conversion of a significant portion of the Ranger acquisition consideration into Nickel Mines shares. This further demonstrates Shanghai Decent's commitment to the ongoing success and growth of Nickel Mines. Nickel Mines looks forward to accommodating existing and new shareholders into the Company's proposed equity raise."

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 ('Tsingshan'), the world largest stainless steel producer.

Under the terms of two separate a 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.