

NICKEL

MINES LIMITED

ACN 127 510 589

ASX Release: 25 January 2021

ASX: NIC

Shares on issue: 2.515B

Market capitalisation: A\$3.26B
(@ A\$1.295)

Board of Directors

Non-Executive Chairman
Rob Neale

Executive Deputy Chairman
Norman Seckold

Managing Director
Justin Werner

Executive Director and CFO
Peter Nightingale

Non-Executive Director
James Crombie

Non-Executive Director
Weifeng Huang

Non-Executive Director
Mark Lochtenberg

Non-Executive Director
Dasa Sutantio

Non-Executive Director
YuanYuan Xu

Substantial Shareholders

Shanghai Decent	18.6%
PT. KBP	16.1%
BlackRock Group	6.8%
Baillie Gifford & Co.	5.2%

cpeacock@nickelmines.com.au
+ 61 (0) 439 908 732

info@nickelmines.com.au
+61 2 9300 3311

QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 December 2020

STRONG CLOSE TO 2020 AS DECEMBER QUARTER DELIVERS RECORDS OPERATIONAL AND FINANCIAL RESULTS

Headline Results

- Record RKEF quarterly production of **11,527.0** tonnes of nickel metal (100% basis), up 7.7% from 10,699.9 tonnes of nickel metal in the September quarter.
- Record NIC attributable nickel production of **9,221.6** tonnes of nickel metal, up 7.7% from 8,559.9 tonnes of nickel metal in the September quarter.
- 11,401.4** nickel tonnes sold (100% basis), down 4.8% from 11,970.2 nickel tonnes sold in the September quarter.
- Record RKEF quarterly sales of **US\$158.8M** (100% basis), up 16.6% from US\$136.2M in the September quarter.
- Record RKEF quarterly EBITDA of **US\$71.6M** (100% basis), up 45.6% from US\$49.2M in the September quarter.
- Record underlying Free Cash Flow from Operations of **US\$71.9M** (100% basis), up 58.0% from US\$45.5M in the September quarter.
- RKEF December quarter cash costs:
 - Hengjaya Nickel: **US\$7,612/tonne**, up 6.6% from September quarter.
 - Ranger Nickel: **US\$7,442/tonne**, up 2.5% from September quarter.
- Cash + receivables + inventory at quarter end of **US\$517.9M**, up 152.1% from US\$205.4M in the September quarter. Cash up 274.6% to **US\$351.4M**.
- Record **US\$68.8M** of repatriations from RKEF operations to project shareholders, including US\$55M to Nickel Mines.
- Record production from Hengjaya Mine of **499,877 wmt**, up 216% from 158,058 wmt in the September quarter resulted in December quarter EBITDA of **US\$5.9M**.



31 DECEMBER 2020 QUARTERLY ACTIVITIES REPORT

The Directors are pleased to present the December 2020 Quarterly Activities Report for Nickel Mines Limited ('Nickel Mines' or 'the Company') and its controlled entities ('the Group').

The Group's principal operations, located in Central Sulawesi, Indonesia, are the Hengjaya Nickel and Ranger Nickel RKEF (Rotary Kiln Electric Furnace) projects located within the Indonesia Morowali Industrial Park ('MIP'), and the Hengjaya Nickel Mine. For the quarter under review the Company held an 80% interest in each RKEF project and the Hengjaya Mine.

RKEF Operations

Hengjaya Nickel Project (80% interest held by Nickel Mines)

During the December quarter, Hengjaya Nickel produced 5,718.9 tonnes of nickel metal at an average NPI grade of 14.9% at a production-weighted average cash cost of US\$7,612/tonne.

The Group's attributable nickel production was 4,575.1 tonnes of nickel metal, an increase of 11.2% from the September quarter production.

The Company is pleased to report the following Hengjaya Nickel operating results for the December 2020 quarter:

HENGJAYA NICKEL		October	November	December	Quarter Total	September Quarter
NPI Production	tonnes	12,795.3	12,423.1	13,171.2	38,389.6	33,381.0
NPI Grade	%	14.6	15.4	14.9	14.9	15.4
Nickel Metal Production	tonnes	1,872.0	1,889.4	1,957.5	5,718.9	5,143.3
Cash Costs	USD/t Ni	7,375	7,536	7,913	7,612	7,139

For the December quarter, Hengjaya Nickel recorded (on a 100% basis) sales of US\$78.7M for 5,654.8 tonnes of nickel metal sold, underlying EBITDA of US\$34.9M¹ and an underlying net profit of US\$33.0M¹.



Aerial view of Hengjaya Nickel and Ranger Nickel RKEF plants

¹ Unaudited numbers from monthly operating entity financial reporting. Final tonnes sold are adjusted for each contract following the receipt of final assay results, which are generally received approximately 60 days following the original contract date. Where final assay results have not yet been received, tonnes sold is reported as stated in the original contract. The weighted average contract price for the December quarter, before receipt of final assay results, was US\$14,263/t of nickel.

Ranger Nickel Project (80% interest held by Nickel Mines)

During the December quarter, Ranger Nickel produced 5,808.1 tonnes of nickel metal at an average NPI grade of 15.0% at a production-weighted average cash cost of US\$7,442/tonne.

The Group's attributable nickel production was 4,646.5 tonnes of nickel metal, an increase of 4.5% on the September quarter production.

The Company is pleased to report the following Ranger Nickel operating results for the December 2020 quarter:

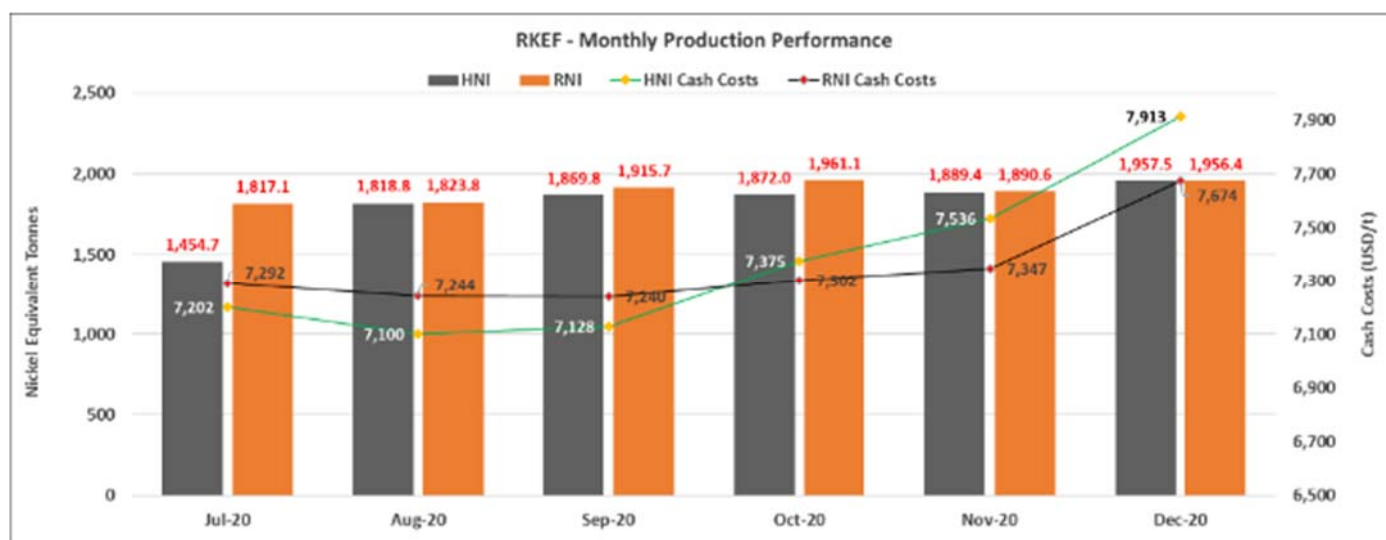
RANGER NICKEL		October	November	December	Quarter Total	September Quarter
NPI Production	tonnes	13,272.0	12,119.1	13,284.9	38,676.0	36,449.3
NPI Grade	%	14.8	15.6	14.7	15.0	15.3
Nickel Metal Production	tonnes	1,961.1	1,890.6	1,956.4	5,808.1	5,556.6
Cash Costs	USD/t Ni	7,302	7,347	7,674	7,442	7,258

For the December quarter, Ranger Nickel recorded (on a 100% basis) sales of US\$80.1M for 5,746.6 tonnes of nickel metal sold, underlying EBITDA of US\$36.7M² and an underlying net profit of US\$34.8M².



NPI tap at Ranger Nickel

² Unaudited numbers from monthly operating entity financial reporting. Final tonnes sold are adjusted for each contract following the receipt of final assay results, which are generally received approximately 60 days following the original contract date. Where final assay results have not yet been received tonnes sold is reported as stated in the original contract. The weighted average contract price for the December quarter, before receipt of final assay results, was US\$14,262/t of nickel.



Production and cost performance from the Hengjaya Nickel and Ranger Nickel RKEF projects

COMBINED RKEF OPERATIONS		October	November	December	Quarter Total	September Quarter
NPI Production	tonnes	26,068.3	24,542.3	26,456.1	77,066.7	69,830.3
NPI Grade	%	14.7	15.4	14.8	15.0	15.3
Nickel Metal Production	tonnes	3,833.1	3,780.0	3,913.9	11,527.0	10,699.9

During the December quarter, the combined Hengjaya Nickel and Ranger Nickel projects recorded (on a 100% basis) record sales of US\$158.8M for 11,401.4 tonnes of nickel metal, record underlying EBITDA of US\$71.6M and record underlying net profit of US\$67.8M.

Production of 11,527 tonnes of nickel from combined RKEF operations was a record for quarterly production, with production levels consistently around 1,900t p/m of nickel from each project.

NPI pricing rose across the December quarter with the weighted average contract price received in the December 2020 quarter being 23.4% above the weighted average contract price in the September 2020 quarter. December quarter contract prices are consistent with third party, arm's length prices at the then-current price for NPI in China.

As announced in the Company's ASX release on 20 January 2021, since the execution of Hengjaya Nickel and Ranger Nickel Collaboration Agreements, the dynamics of the nickel market have changed with the pricing of specific nickel products increasingly driven by their own supply/demand fundamentals. This development is now being progressively acknowledged across the nickel industry with a growing propensity to quote and forecast prices of specific nickel products. With the NPI market being very much 'China-centric' and with NPI not being an LME deliverable product, a continuing reference to the LME nickel price is no longer considered appropriate.

Indicative daily NPI prices in China are available from several third party, publicly available sources including <https://hq.smm.cn/nickel>.

The Company notes that NPI prices are quoted in RMB on a "per point" or 1% nickel basis. To determine an indicative US\$/t price equivalent, the quoted price first needs to be multiplied by 100, then divided by the prevailing USD/CYN exchange rate with this USD/t number then divided 1.13 to account for the current 13% VAT (Value Added Tax) applied in China.

Cash operating costs for the December quarter were modestly higher than in the September quarter reflecting elevated nickel ore prices that are now more closely indexed to LME price movements since the Indonesian Government's adoption of a new benchmark ore pricing regime in May 2020. For several months the IMIP's large stockpiles of ore provided a buffer to it having to purchase ore under the new regime, however new ore purchases in recent months have been subject to the new pricing regime and resulted in a modest increase in ore costs into the IMIP. The notable increases in the December cash operating costs across both Hengjaya Nickel and Ranger Nickel are largely attributable to several end-of-year adjustments relating to labour bonus/holiday payments, port charges and NPI processing charges.

Hengjaya Mine Operations

Hengjaya Mine (80% interest held by Nickel Mines)

The production results achieved across the December quarter by Hengjaya Mine were the result of numerous mine expansion initiatives implemented over the past twelve months focused on increasing production and lowering costs. After a challenging and extended wet season, the December quarter saw Hengjaya Mine achieve record levels of production with the costs of ore production falling to near US\$20/wmt from levels in the US\$40/wmt range in the September quarter.

The Central and Bete Bete pits produced 357,621 wmt and 142,256 wmt respectively for a total of 499,877 wmt, equivalent to 3.0 million wmt on an annualised basis.

High nickel ore grades were consistently observed with excellent reconciliations of mined ore versus the geological model for both volume and grade.

		October	November	December	Quarter Total	September Quarter
Tonnes mined	wmt	174,193	173,930	151,764	499,877	158,058
Overburden mined	BCM	87,529	110,339	69,092	266,960	200,439
Limonite mined	BCM	115,953	94,914	83,851	294,717	240,589
Overburden and limonite mined	BCM	203,482	205,253	152,943	561,678	441,028
Strip ratio*	BCM/wmt	1.2	1.2	1.0	1.1	2.8
Tonnes sold	wmt	144,294	166,408	146,056	456,758	129,264
Average grade	%	1.79	1.81	1.83	1.81	1.85
Average price received	USD/wmt	32.03	31.99	33.79	32.58	31.39
Average cost of production³	CIF USD/wmt	28.88	23.12	23.72	25.30	40.68

*Strip ratio includes limonite as overburden.

Disclaimer: Whilst the Group's RKEF and mining operations have largely been unaffected by Covid-19 to date, it is not possible to predict the future course and duration of the pandemic and the impact that it may have on future operations.

³ Monthly production costs are a six-month average of mining costs plus port/selling costs for the actual month. Whilst the six-month average cost to the end of December was US\$23.72 per wmt, monthly stand-alone mining plus port/selling costs had reduced to US\$20.48, US\$19.64 and US\$22.86 per wmt in October, November and December 2020 respectively.



Central pit operations

The Central Pit stripping ratio further reduced for the quarter to 1.13:1 BCM/wmt. This also included stockpiling of limonite. The mines overall strip ratio was 1.13:1 BCM/wmt for the quarter resulting in an annualised strip ratio of 1.6:1 BCM/wmt.

The average mined ore grade for the December quarter was 1.81% Ni, which reconciled well against the geological block model. The average mine grade achieved for 2020 was 1.81% Ni.

Hengjaya Mine Expansion

Key expansion activities continued to advance during the December quarter in support of the Hengjaya Mine's plan to further increase production of both saprolite and limonite ores in 2021.

In preparation for meeting the ramp up in 2020 and full production in 2021 the mine's operational team has been enhanced across all disciplines. The upskilled team is supported by a new fully functional camp along with its office, medical, mess and workshop facilities.

Good progress was made on the proposed haul road that will connect Hengjaya Mine to the IMIP with a 6.9km pilot road from the Hengjaya Mine end being completed. Cut and fill excavation is now being undertaken to widen this section of the haul road.

A second 2.2km section of the haul road, commencing from the IMIP, was also progressed during the quarter with land acquisition and a pilot road being completed cut and fill activities to widen the road being commenced along with installation of culverts.

Construction of the ore scalping grizzly continued with earthworks, concrete pouring and steel construction being advanced during the quarter. Logistics issues delayed commissioning which is now planned for early 2021. The commissioning of the grizzly will allow faster separation of oversize rock from ore increasing ore recovery. Oversize rock will then be used for project infrastructure and assayed for grade which may be returned into the ore blend once crushed.

To meet the mine's additional production levels, upgrading of the onsite ore preparation and analytical laboratories and associated quality controls were completed in 2020 and include additional ore drying capacity, laboratory buildings, new XRF and fusion bead assay equipment. This allows the Hengjaya Mine to undertake a majority of the site's assays and quality controls to meet exploration, mining grade control, ore blending and shipping requirements in a timely manner.



Main haul road works to IMIP



***Accommodation, technical offices,
CSR office and training facilities***



Ore scalping grizzly

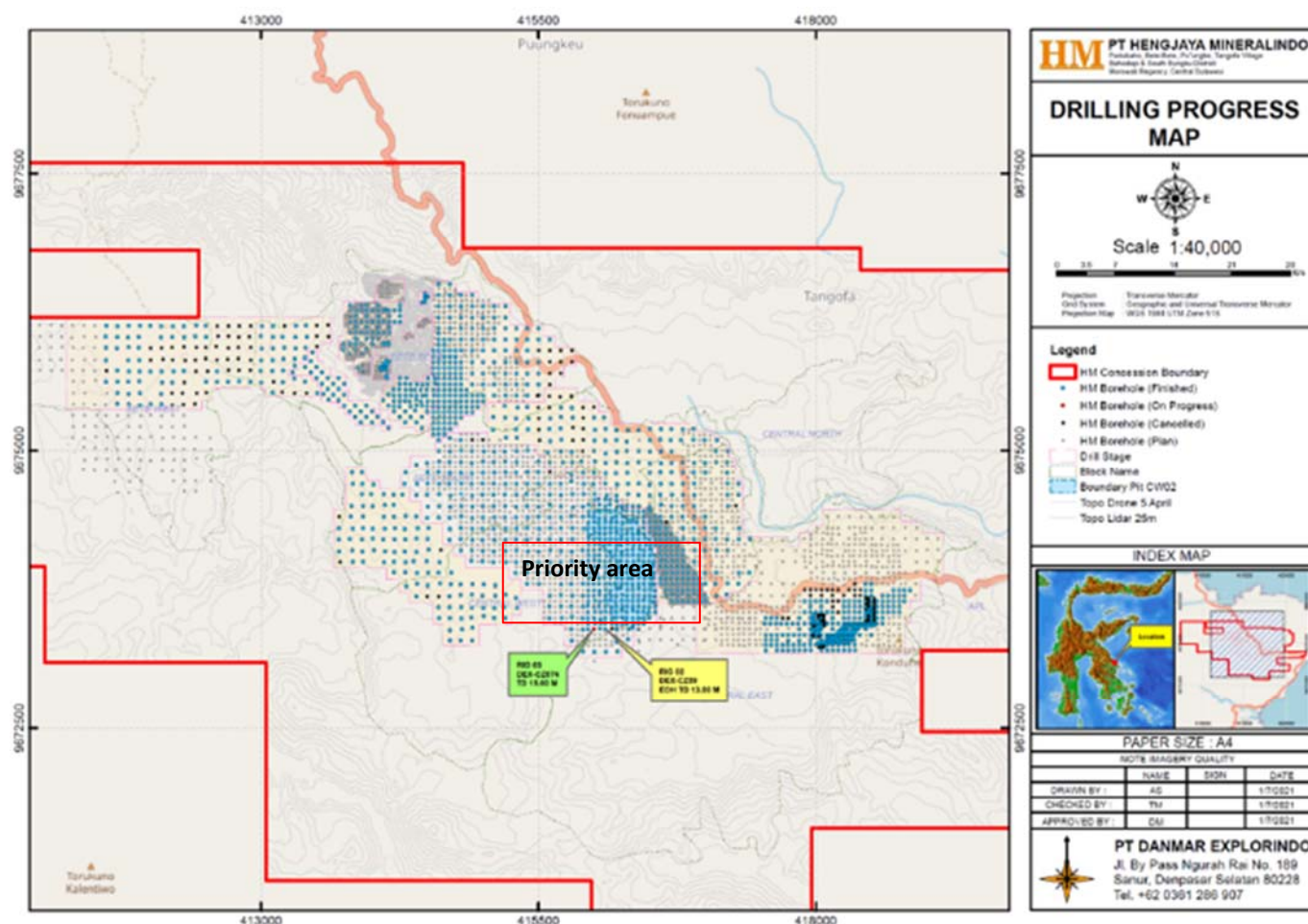


Loaded 10,000t barge at the Hengjaya Mine

Exploration

A balance of exploration and infill drilling continued during the quarter with 147 holes competed for 3,662 metres.

Drilling during 2020 consisted of exploration and infill holes totalling 19,045 metres, including exploration and infill drilling at the Central Pit area to enhance mine planning, scheduling, resource optimisation and to assist with planning for the separation of limonite and saprolite ore.



Hengjaya Mine current drilling targets for infill and exploration areas.

Additional strategic exploration drilling targets have been identified in the southern extents of the current IUP where there will be a focus on delineating new resources. This drilling is planned to commence in late Q1 2021.

Safety, Environment and Community

Safety

No lost time injuries or medical treatment injuries were reported during the December quarter or the 2020 year which saw over 2,000,000 man work hours free of a lost time injury.

During the quarter, the focus remained on intensified health screening, physical distancing and safety with an emphasis on general hygiene, disinfectant spraying, and minimising risks of Covid-19 infections in the workplace, while maintaining a focus on executing the mine's operational and development plans.

The Hengjaya Mine continued with strict no non-essential visitor access, a proactive protocol that has been in place since late January 2020. The regional government also maintained the requirement for valid negative-PCR tests to be obtained prior to travelling into the Morowali regency.

Environment

No environmental incidents were reported during the December quarter and the environmental team completed all required compliance monitoring and reporting. During the quarter Hengjaya Mine was assessed by the ESDM and awarded a “Blue” status rating confirming full compliance with the mine’s operational licence in respect to associated rehabilitation programs and commitments.

There was continuing work to complete final landform in the Bete Bete pit waste dumps. Construction and installation of additional water management and associated drainage systems at the new Central mine areas were also completed.

Site rehabilitation continued at the Bete Bete waste dump areas. Elsewhere on site, various environmental impact monitoring programs were completed and new environmental controls were installed at the central mining area, camp and associated haul road systems.



Mine site rehabilitation and sediment controls

The Hengjaya “DAS” Rehabilitation program on substitution areas located at Bomba and Ensa in Central Sulawesi is required as part of the license conditions for IPPKH 1 and 2. By the end of December 2020 a total of 973 hectares have been seeded and established. DAS Rehabilitation process includes nursery, delivery, plantation, replacement of dead plants and installation of new production forests.



Community

Hengjaya Mine continues to work to establish personal development and training programs with both local and regional stakeholders, including the Tangofa, Bete Bete, Markati, Labota, Tanga Oreo and Bahodopi village regions.

Whilst most local and regional activities remained postponed during the December quarter due to Covid-19 travel restrictions, social distancing and Company restricted access procedures and travel protocols. Hengjaya Mine still managed to assist in various local initiatives involving education, wellbeing, and medical programs.

Finance⁴

Balance Sheet

At 31 December 2020, the Group held:

- Cash and cash equivalents: US\$351.4M (30 September 2020 - US\$93.8M)
- Trade receivables: US\$105.3M (30 September 2020 - US\$76.1M)
- Inventories: US\$61.2M (30 September 2020 - US\$35.5M).

Cash and cash equivalents of US\$351.4M were held by Group companies as follows:

- US\$321.3M held by Nickel Mines;
- US\$10.0M held by Hengjaya Nickel and its related entities, in which Nickel Mines holds an 80% interest;
- US\$18.1M held by Ranger Nickel and its related entities, in which Nickel Mines holds an 80% interest; and
- US\$2.0M held by Hengjaya Mine, in which Nickel Mines holds an 80% interest;

Trade receivables of US\$105.3M were held by Group companies as follows:

- US\$47.5M held by Hengjaya Nickel;
- US\$46.9M held by Ranger Nickel;
- US\$10.9M held by Hengjaya Mine⁵.

Trade receivables increased by US\$29.2M from the September quarter due to the higher volume of sales during the quarter, from both RKEF operations and the Hengjaya Mine and the increase in NPI pricing during the quarter. US\$76.1M in trade receivables reported at the end of the September quarter have been received in full.

Inventory (valued at the lower of cost or net realisable value) of US\$61.2M was held by Group companies as follows:

- US\$34.9M held by Hengjaya Nickel comprising US\$3.0M of NPI and US\$31.9M of raw materials;
- US\$25.7M held by Ranger Nickel comprising US\$3.6M of NPI and US\$22.1M of raw materials;
- US\$0.6M of nickel ore held by Hengjaya Mine.

During the December quarter, Hengjaya Nickel continued routine monthly repatriations of funds to its Singaporean holding company, Hengjaya Holdings Private Limited, which, in turn, distributes the funds to its shareholders, Nickel Mines and Shanghai Decent and its associates, in proportion to their ownership interests (i.e. 80% to Nickel Mines and 20% to Shanghai Decent and its associates). During the quarter, US\$28.0M was repatriated to Nickel Mines and US\$7.0M was repatriated to Shanghai Decent and its associates.

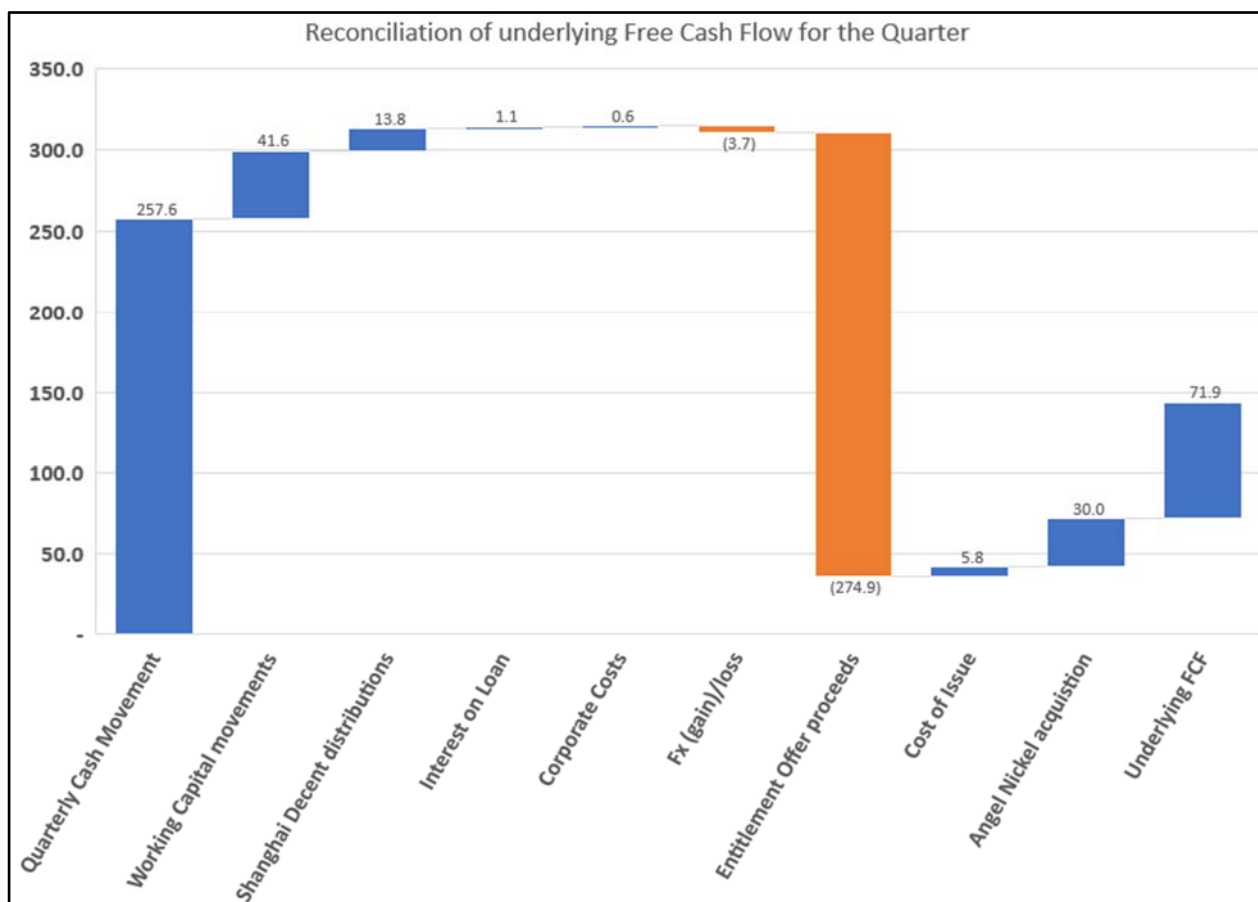
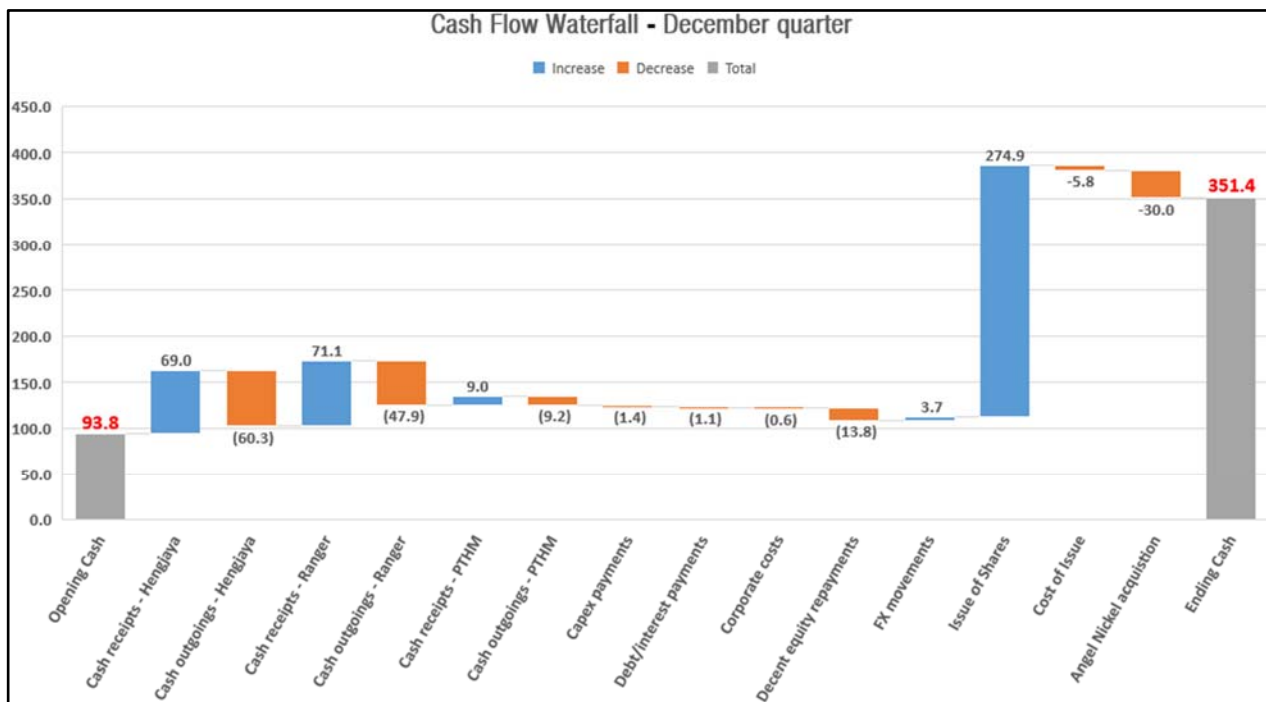
Ranger Nickel continued routine monthly repatriations of funds to its Singaporean holding company, Ranger Investment Private Limited, which, in turn, distributes the funds to its shareholders, Nickel Mines and Shanghai Decent and its associates, in proportion to their ownership interests through the June quarter (i.e. 80% to Nickel Mines and 20% to Shanghai Decent). During the quarter, US\$27.0M was repatriated to Nickel Mines and US\$6.8M was repatriated to Shanghai Decent and its associates.

⁴ Unaudited numbers from monthly operating entity financial reporting.

⁵ Sales by Hengjaya Mine to Hengjaya Nickel and Ranger Nickel are inter group transactions and are eliminated on consolidation.

Cash Flow

The following cash flow waterfall provides a reconciliation of cash movements over the December 2020 quarter.



Expenditures

Expenditure on mine production and development activities during the quarter totalled US\$8.5M.

Expenditure on mine exploration activities during the quarter totalled US\$1.9M.

Corporate

Participation in Angel Nickel

During the quarter the Company was pleased to announce it had signed a Memorandum of Understanding ('MoU') and subsequently a Definitive Agreement with Shanghai Decent to acquire a 70% interest in Angel Nickel, a development project within the Indonesia Weda Bay Industrial Park ('IWIP') on Halmahera Island in Indonesia's North Maluku province. Subsequent to quarter end it was agreed by both parties that the Company's equity participation in the project would increase to 80%.

The Angel Nickel Project is a joint collaboration with Shanghai Decent, the Company's largest shareholder, and will comprise:

- four next generation 54 KVA⁶ RKEF lines with an annual nameplate production capacity of 36,000 tonnes of nickel metal (in nickel pig iron); and
- a 380MW captive power plant, with ownership of the power plant to provide the benefits of a secure, integrated power supply and lower NPI operating costs.



Aerial image of IWIP on Halmahera Island

Under the amended terms of the Definitive Agreement the Company will acquire an 80% interest in Angel Nickel for US\$560M in accordance with the following staged payments:

- Stage 1 - US\$210M by the end of Q1 2021 to secure an initial 30% interest.
- Stage 2 - US\$350M by the end of Q4 2021 to secure a further 50% interest.

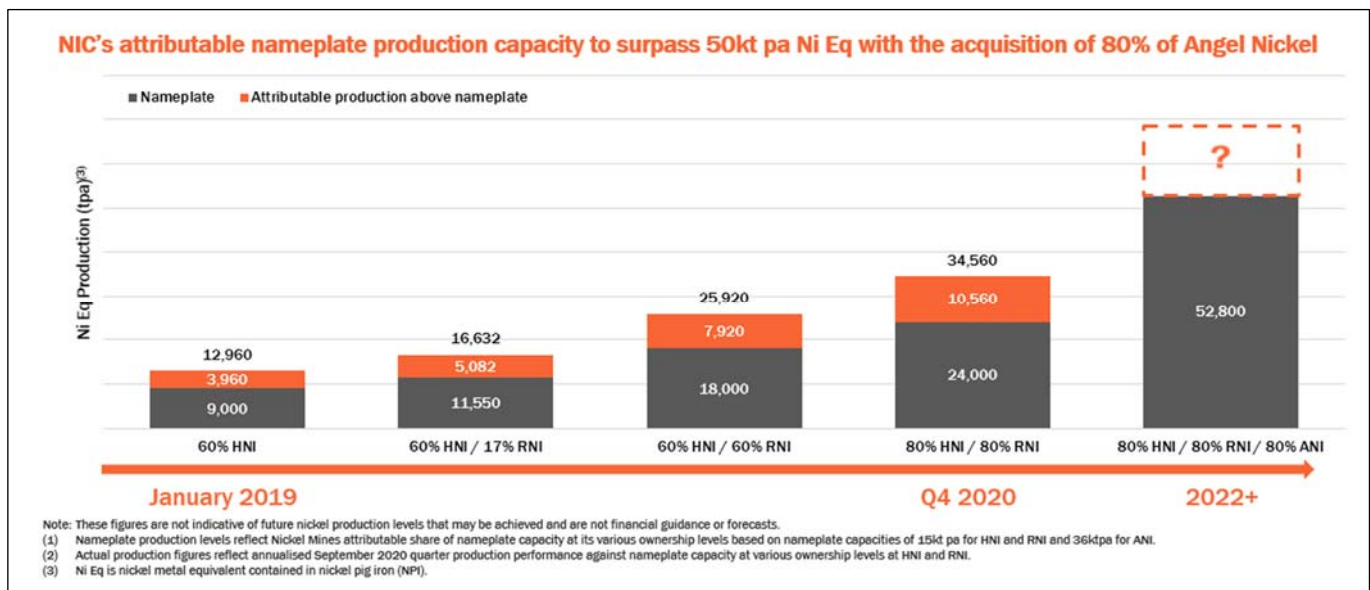
On signing the MoU, the Company paid a US\$10M 'good faith deposit' to Shanghai Decent and upon execution of the Definitive Agreement made a further US\$20M 'down payment' to Shanghai Decent with the combined US\$30M to be offset against the Stage 1 payment. This initial US\$30M was funded from existing cash reserves. The remaining outstanding balance of US\$530M will be funded from a combination of cash reserves, debt and equity.

During the quarter funding for Angel Nickel's stage 1 funding was secured through the successful completion of a A\$364M ANREO, the details of which are outlined below.

⁶ KVA (Kilo-volt amps) is a measure of 'apparent power'. The Company's existing HNI and RNI RKEF Projects comprise 33 KVA kilns.

While consideration for the second stage acquisition of 50% (including the additional 10% detailed above) remains payable by 31 December 2021, if the Company elects to make the second stage payment by 30 June 2021 the acquisition consideration will be reduced to US\$344M, a discount of US\$6M for early payment.

Nickel Mines' 80% interest in Angel Nickel represents 28,800 tpa of attributable nickel metal production. By comparison, the Hengjaya Nickel and Ranger Nickel RKEF projects each have an annual nameplate production capacity of 15,000 tonnes of nickel metal (in nickel pig iron) and the Company's 80% interest in Hengjaya Nickel and Ranger Nickel combined represents 24,000 tpa of attributable nickel metal production. Total attributable nameplate production capacity will be 52,800 tonnes of nickel metal production.



Angel Nickel represents a continuation of Nickel Mines' steady accumulation of attributable nickel production capacity

At an Extraordinary General Meeting held on 19 January 2021 shareholders voted overwhelmingly in favour of the Company's acquisition of the initially proposed 70% equity interest in Angel Nickel. If required, the Company will seek shareholder approval to acquire the additional 10% equity interest in Angel Nickel at its Annual General Meeting to be held in May 2021.

Successful Accelerated Non-Renounceable Entitlements Offer Raises A\$364M

During the December quarter, the Company successfully completed a fully underwritten 2-for-11 Accelerated Non-Renounceable Entitlements Offer (ANREO) at an issue price of A\$0.94 raising approximately A\$364M (US\$275M), before costs.

The offer price represented a 10% discount to the last traded price of \$1.045 (on Tuesday 1 December 2020), an 8.6% discount to the theoretical ex-rights price (TERP) of \$1.03 and resulted in the issuance of 386,929,409 new ordinary shares representing 18.2% of the Company's existing issued share capital.

The accelerated Institutional Entitlement Offer raised approximately A\$275M. The Retail Entitlement Offer raised approximately A\$64M implying a take-up by eligible shareholders of approximately 72%. The remaining shares (representing approximately A\$25.3M) were split equally between eligible shareholders who applied for additional shares beyond their entitlements and sub-underwriters to the offer.

Funds raised will be predominately utilised to satisfy the US\$180M outstanding balance of the Company's First Acquisition payment for the Angel Nickel Project which is payable to the Company's collaboration partner Shanghai Decent by no later than 31 March 2021. The balance of funds will be utilised for general working capital purposes and the repayment of the outstanding Ranger Debt Facility of US\$45M (see further detail below).

Retirement of Ranger Debt Facility

Subsequent to quarter end, the Company repaid US\$22.5M of the remaining US\$45M balance of the Ranger Debt Facility.

With the Company committed to debt funding a portion of the second tranche of the Angel Nickel acquisition, it is the Company's intention to fully repay the remaining \$22.5M balance of the Ranger Debt Facility (originally US\$80M established in July 2019) no later than February 2021 to provide the Company the optimal platform from which to commence any future debt negotiations.

Angel Nickel Progress Report

Engineering, procurement and construction activities at Angel Nickel are progressing well. Much of the required land design and land levelling has been completed, procurement negotiations of major power plant items including the boiler, turbine and generator have been finalised and long lead time items have been ordered. The Company looks forward to providing further progress reports on development at Angel Nickel as activities intensify in the months ahead.



Aerial photo of the IWIP

Appointment of Chief Development Officer

During the quarter the Company was pleased to appoint Ms Zhao Fanfan (Rachel) as Chief Development Officer.

Ms Zhao graduated from Shanghai Jiaotong University with a Master of Management and a Bachelor of Engineering in Thermal Engineering and Computer Science and Application. She has over 15 years of investment experience in China and overseas, including the establishment of the Indonesia Morowali Industrial Park (IMIP) in Indonesia. Since June 2008 she has been General Manager of the Assets and Legal Department and then Assistant President of Shanghai Decent Investment (Group) Co., Ltd, a Tsingshan Group company. Ms Zhao has been a key contributor to the establishment and growth of the collaboration between Nickel Mines and Tsingshan.

QUARTERLY PROGRESS

Commenting on December quarter's activities, Managing Director Justin Werner said:

"We are delighted to report to our shareholders on what was a record-breaking quarter for both our RKEF and mine operations.

The December quarter marked another period of very strong and consistent production from both Hengjaya Nickel and Ranger Nickel, which combined with a much stronger NPI price, translated into a record financial performance for our RKEF operations. Production from the Hengjaya mine of almost 500,000wmt for the quarter means the mine should meet targeted ramp up from 600,000wmt pa to 1.5 mtpa with further ramp up targets to be implemented. Encouragingly, costs at the Hengjaya mine continue to decline significantly. Discussions on the supply of limonite ore to the new HPAL plants under construction are also progressing well.

We would also like to thank our shareholders for their very strong support of the Company's recent capital raising, the proceeds of which have been used to fund the first tranche of the investment in Angel Nickel within the Weda Bay Industrial Park. Nickel Mines investment in these additional 4 RKEF lines is truly a transformative opportunity for the Company and will see Nickel Mines further established as a globally significant, low cost nickel producer.

Having moved to 80% of Hengjaya Nickel and Ranger Nickel, paid a maiden dividend, undertaken substantial upgrades at Hengjaya Mine and secured an investment in Angel Nickel, 2020 was a remarkably busy but highly rewarding year. With the Company's RKEF assets now well established, a development project underway and a broadly positive outlook across the global nickel market we look forward to 2021 with great optimism.

For further information please contact:

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

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

Statement of Compliance

The information in this report that relates to Mineral Resources, the Exploration Target and Exploration Results is based on data compiled by Daniel Madre of PT Danmar Explorindo. Information relating to the Mineral Resource was first disclosed in the ASX announcement 'Hengjaya Miner Resource Update' dated 27 August 2020. Mr Madre is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Madre is an independent consulting geologist and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Madre has more than 18 years' experience in exploration and mining of nickel laterites in Indonesia.

pjn10657