

14 March 2022

The Manager Companies
ASX Limited
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(4 pages by email)

ORACLE NICKEL TAX CONCESSIONS, CONSTRUCTION AND ANGEL COMMISSIONING UPDATE

The Directors of Nickel Mines Limited ('Nickel Mines' or 'the Company') are pleased to advise that the Oracle Nickel RKEF project's Indonesian operating entity, PT Oracle Nickel Industry ('Oracle Nickel' or 'ONI') has been granted material corporate tax relief for its RKEF project ('Oracle Nickel Project') that is currently under construction within the Indonesia Morowali Industrial Park ('IMIP').

Oracle Nickel is an Indonesian domiciled PMA¹ company with an RKEF project that comprises 4 RKEF lines with a name plate capacity of 36,000 tonnes of nickel per annum and a 380MW power plant, in which the Company is acquiring a 70% interest via Oracle Development Pte. Ltd., a Singaporean-domiciled company.

Notice of the tax relief was communicated to the Company by official decree from the Minister of Finance of the Republic of Indonesia after the Ministry of Investment/Investment Coordination Committee conducted a study to assess whether Oracle Nickel *"complies with the standards and requirements for tax relief set out in Article 3 of Minister of Finance Decree No. 130/PMK.010/2020 on Granting of Corporate Income Tax Relief Facilities"*.

Having satisfied these requirements, the following tax concessions have been granted:

- a Corporate Income Tax Reduction of **100%** for a period of **ten (10) tax years**, starting from the tax year in which commercial production is achieved; and
- a Corporate Income Tax Reduction of **50%** of payable income tax for a period of **two (2) tax years**, starting from the end of the initial ten-year period; and
- exemption from withholding and tax collection by third parties on sales proceeds that would normally be remitted to the Indonesian Revenue Department for a period of **ten (10) tax years**, also commencing from the tax year in which commercial production is achieved.

¹ PMA Company means a 'Perusahaan Penanaman Modal Asing', an Indonesian foreign investment company in which foreign share ownership of up to 100% is allowed.

Angel Nickel Commissioning

The granting of the ONI tax concessions closely follows on from the same material tax concessions for the Angel Nickel project, which also comprises 4 RKEF lines with a nameplate capacity of 36,000 tonnes of nickel per annum and a 380MW power plant. Angel Nickel has now commissioned 2 of its 4 lines 9 months ahead of its contracted October 2022 schedule. Daily production levels are continuing to expand towards a targeted 50-60% of nameplate capacity where they will remain until the commissioning of the Project's power plant, which is expected in September 2022. NPI output is presently being stockpiled with maiden commercial sales forecast to commence in the second quarter of 2022, upon the Project receiving its IUI (commercial sales) license.



Tapping of NPI from ANIs second RKEF line

Oracle Nickel Construction Update

The Company is pleased to provide an update on progress of its Oracle Nickel project, which is currently under construction within the IMIP. Excellent progress is being made across the project workstreams with all earthworks and plant footings complete and erection of the first rotary dryers having commenced.

Cumulative completion of the RKEF lines is estimated at:

Construction works – 60%
Installation – 20%

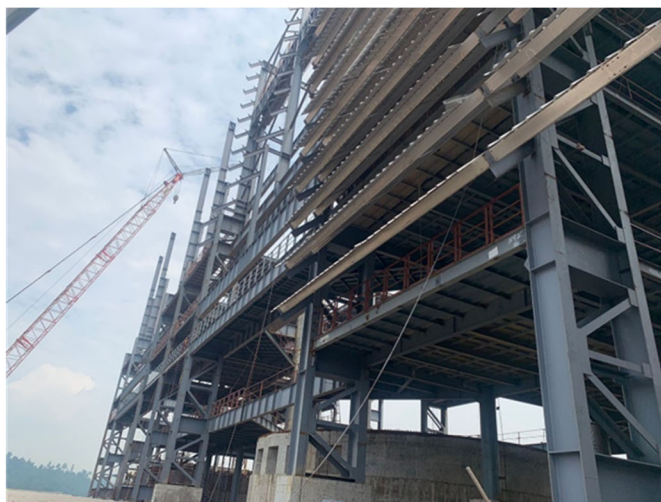
Cumulative completion of the 380MW power plant is estimated at:

Construction works – 30%
Installation – 10%

Oracle Nickel remains on track to tap first NPI on or before the end of February 2023.



ONI Electric Furnace



Base of ONI Electric Furnace



ONI RKEF lines



ONI Power Plant

Commenting on the granting of the tax relief for the Oracle Nickel Project and construction progress, Managing Director Justin Werner said:

“We are pleased to provide this update on the progress of ONI which in a very short period of time since the binding agreement was signed in December 2021 has made tremendous progress to the point where it has met the criteria to once again be granted material tax concessions for a period of 10 years plus an additional 2 years at 50% of the corporate Indonesian tax rate. All 12 of our RKEF lines that are either in operation, commissioning or under construction have been granted these tax concessions in recognition of meeting the expenditure and investment conditions set by the Indonesian government. These tax concessions along with the very low levels of sustaining capex required by our RKEF operations have resulted in 97%-99% EBITDA to free cash flow conversion over the course of 2021.”

With ANI commissioning as scheduled, and with strong construction progress being made at ONI, we expect to see our production and EBITDA profile more than triple from the FY2021 levels over the course of the next 15 months., At this point in time our RKEF operations will have a consolidated nameplate production capacity of greater than 100,000 tonnes of nickel per annum, cementing us amongst the top 10 global nickel producers – an outcome that will have been achieved in a little over 3 years. This is a tremendous result which would have not been possible without the support and execution ability of our partner and largest shareholder Shanghai Decent.”

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