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The Manager Companies
ASX Limited
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(3 pages by email)

Transition to nickel matte and continued ramp-up of ANI underpins strong December quarter

- Record nickel metal production of 23,072 tonnes (100% basis), including maiden nickel matte.
- Strong RKEF margins driven by improved contract pricing and broadly lower costs.
- Record mine production with significant increase in limonite sales to IMIP HPAL projects.
- December quarter Group EBITDA from operations of US\$106.1M¹.
- Current growth projects remain ahead of schedule and on budget.
- We regret to inform that two construction contractors at ONI were fatally injured in the quarter.

Nickel Industries Limited (“Nickel Industries” or “the Company”) provides a preliminary update of its December quarter operational and financial performance.

RKEF production

December quarter highlights included:

- continued ramp-up of the Angel Nickel Project (“ANI”) to over 130% of nameplate capacity, with the full benefits of the project’s power plant contributing to a material reduction in operating cash costs;
- transition of Hengjaya Nickel Project’s (“HNI”) production from NPI to higher margin nickel matte production; and
- commissioning of the Oracle Nickel Project’s (“ONI”) first two RKEF lines.

Nickel metal production levels increased 13.8% from the September quarter to 23,072 tonnes (100% basis), which included HNI producing 4,743 tonnes of high grade nickel matte. EBITDA margins improved significantly from US\$2,261/t in the September quarter to US\$4,146/t¹, due to improved contract pricing and lower cash operating costs. Lower operating costs were driven by ANI’s power plant running at full capacity, decreasing the operation’s power costs. Particularly pleasing was the contribution of HNI, with margins improving from ~US\$2,000/t in the September quarter to US\$5,950/t in the December quarter, validating the Company’s decision to diversify HNI’s production into nickel matte for supply into the EV battery supply chain.

¹ Figures reflect unaudited numbers from monthly operating entity financial reporting.

As a result, EBITDA from RKEF operations (on a 100% basis) for the December quarter was US\$90.0M², which surpassed the Company's previous quarterly record of US\$84.9M (posted in the June quarter of 2022) and represents a significant improvement on the September quarter of US\$45.3M.

ONI incident

The Company also sadly advises of the unfortunate death of two construction contractors working at ONI in December 2022. An investigation is ongoing into the event, as well as how safety measures can be improved across our operations. Management is working closely with the ONI and IMIP teams, as well as the Indonesian authorities on the investigation and implementation of safety measures. The Board and management of Nickel Industries offers their deepest condolences to the families of the deceased. The Company is focused on supporting the family of the employees and workers at ONI.

Nickel Industries will provide further updates as they become available.

Mine production

During the December quarter, Hengjaya Mine delivered a record performance with 2,707,858 wmt of ore mined, comprising ~2,020,027 wmt of limonite and ~687,831 wmt of saprolite.

The Hengjaya Mine received a 'GREEN PROPER' rating from the Indonesia Ministry of Environment and Forestry, the only mining company from Central Sulawesi to achieve this rank, and one of only two nickel mining companies in Indonesia which have earned this rank (the other being Vale), a reflection of Hengjaya Mine's commitment to ESG.

EBITDA from Hengjaya Mine (on a 100% basis) for the December quarter was US\$16.1M¹. The strong result was driven by increased sales of both saprolite and limonite ore.

Combined with the strong performance from its RKEF operations, Group EBITDA from operations for the December quarter is US\$106.1M. In addition, as at 31 December 2022, the Company had a Group cash balance of approximately US\$144.2M.

Commenting on the Company's December quarter operating and financial performance, Managing Director Justin Werner said:

"This quarter was marked by the unfortunate fatality of two contractors during the construction of ONI for which we offer our deepest condolences to the families of the deceased. Our team is working closely with our partners to ensure improved safety measures for both our employees and contractors across all our operations.

From an operating perspective, our indicated December numbers are ahead of market expectations. We have achieved record nickel production and strong growth quarter on quarter. Several important milestones have been delivered including first NPI at Oracle and first nickel matte sales at Hengjaya. Our combination of scale and access to both the Class 1 and Class 2 nickel markets will continue to deliver diversification and value."

² Figures reflect unaudited numbers from monthly operating entity financial reporting.

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Disclaimer

This announcement contains summary information about Nickel Industries and its associated entities and their activities current as at the date of this announcement. The information contained in this announcement is for general information purposes only.

All dollar values are in US dollars (US\$) unless stated otherwise. All Nickel Industries references starting with "FY" refer to the financial year for Nickel Industries, ending 31 December. For example, for Nickel Industries, "FY22" refers to the financial year ending 31 December 2022. This announcement includes unaudited financial information for the historical period ending 31 December 2022 that is based on management estimates and not on financial statements prepared in accordance with applicable statutory requirements. Accordingly, investors should treat this information with appropriate caution.

Investors should also note that Nickel Industries' results are reported under Australian International Financial Reporting Standards ("AIFRS"). Investors should also be aware that certain financial data included in this announcement including EBITDA, EBITDA margin and measures described as "pro-forma", are "non-IFRS financial information" under Regulatory Guide 230 (Disclosing non-IFRS financial information) published by ASIC or "non-GAAP financial measures" within the meaning of Regulation G of the US Securities Exchange Act of 1934. The non-IFRS financial information and these non-GAAP financial measures do not have a standardised meaning prescribed by AIFRS and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AIFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial measures included in this announcement.