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(7 pages by email)

POSITIVE FINAL INVESTMENT DECISION FOR ENC HPAL PROJECT, SUPPORTED BY INDONESIAN BANK LOANS

- Positive final investment decision for the ENC HPAL Project, accelerating the Company's transition to battery-grade nickel
- Comprehensive construction guarantee again provided by Shanghai Decent, covering capex, nameplate performance and timing of commissioning
- Nickel Industries' payment requirements for its 55% equity interest in ENC are spread across the next two years
- Nickel Industries has also entered into five year, US\$400m financing facilities with Indonesian Bank, BNI, leaving the Company comfortably positioned to fund the ENC Project
- ENC construction is advancing and the Project has received a 15 year tax holiday from the Indonesian Government – production expected to commence in Q4 2025
- ENC, like the HNC HPAL Project, will be one of the lowest-carbon emitting HPAL projects globally, supported by the Company's recent SESNA solar project (the largest solar project in Indonesia)

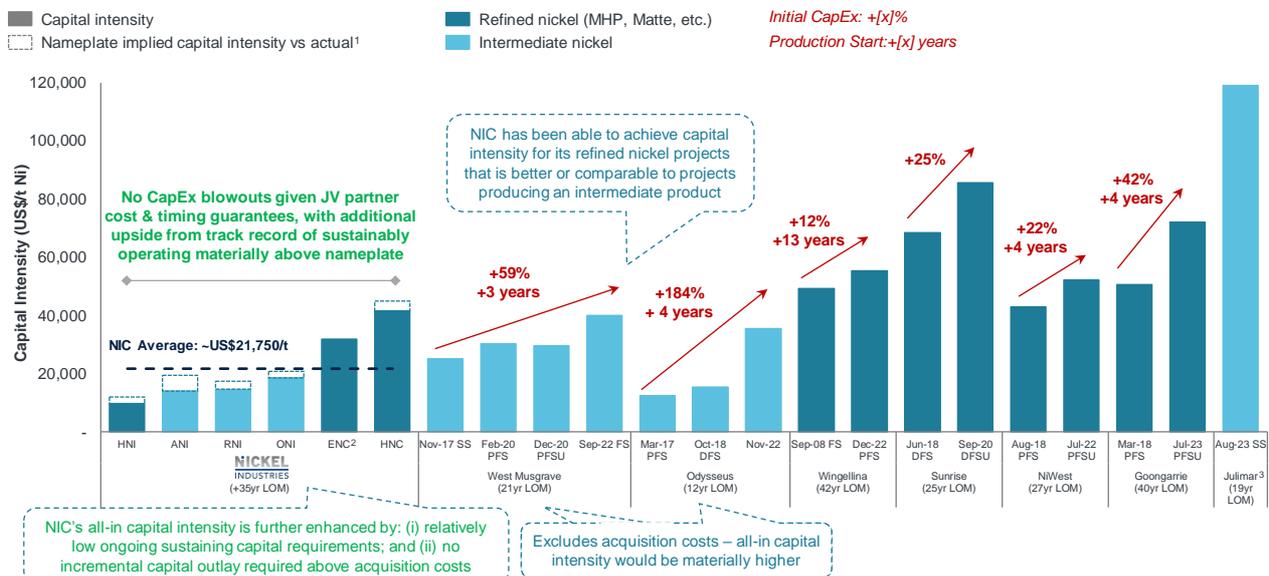
Final investment decision for the Excelsior Nickel Cobalt Project

The Directors of Nickel Industries Limited (**Nickel Industries** or **the Company**) are pleased to advise that the Company has reached a positive final investment decision (**FID**) with respect to its participation and investment in the Excelsior Nickel Cobalt high pressure acid leach (**HPAL**) Project (**ENC** or **the Project**) to be constructed within the Indonesia Morowali Industrial Park (**IMIP**) in Central Sulawesi, Indonesia.

ENC is expected to produce 72,000 metric tons per annum of contained nickel equivalent across the three major class 1 nickel products being mixed hydroxide precipitate (**MHP**), nickel sulphate and nickel cathode. ENC will be the first HPAL globally with the capacity to produce the three major class 1 nickel products, all of which are suitable for use in the electric vehicle (**EV**) battery market.

Shanghai Decent Investment (Group) Co., Ltd (**Shanghai Decent**), the Company's largest shareholder and partner, through its affiliate Decent Resource Limited (**Decent Resource**), will once again be providing a "capex guarantee" whereby the total construction costs will not exceed US\$2.3 billion (**Capex Guarantee**). Importantly, the Capex Guarantee represents a highly competitive capital intensity compared to several recently announced projects and advances beyond purely "EPC" costs as it includes Project commissioning and production build-up to nameplate capacity of at least 60,000 metric tons per annum of contained nickel equivalent. Importantly, the Capex Guarantee includes a tailings facility encompassing industry best practice storage and management (via dry-stack tailings), and an integrated sulphuric acid plant (which will produce the majority of the Project's power needs via renewable energy). Given the recent series of announced capex overruns in the nickel and battery metals industry, the value of the Capex Guarantee cannot be overstated.

Capital intensity benchmarking – NIC vs. ASX-listed nickel development projects^{1,2,3}



Source: Company filings and Wood Mackenzie

As shown above, Nickel Industries has demonstrated repeated success in delivering growth projects on time and on budget, with timing and cost guarantees provided by our largest shareholder and operating partner, Shanghai Decent, significantly de-risking the Company's growth compared to other ASX-listed nickel projects.

In addition to the low capex cost, the ENC Project will significantly benefit from an issued 15-year tax holiday (plus a further 2 years at 50% of the prevailing Indonesian corporate tax rate), which along with its expected first quartile opex costs, will enhance the project economics and profitability.

¹ Actual capacity based on Q2 2023 results annualised

² ENC Stage 1 only

³ Based on 15mtpa case

Project infrastructure and civil works have commenced at the ENC HPAL Project



The ability to produce the three major class 1 nickel products (MHP, nickel sulphate and nickel cathode) will:

- provide the Company with significant operating flexibility to target its products for EV battery markets where there may be significant pricing and demand premiums in the future; and
- significantly diversify the Company's customer base.

To this end, a global investment bank has been engaged to assist in securing the most attractive offtake and possible project level investment partners from the major European, North American and Asian EV and battery markets. Response from this process has been very strong.

SESNA solar project

The Company is also proud to have recently announced the signing of an Operational Lease and Service Agreement (**OLSA**) with PT Sumber Energi Surya Nusantara (**SESNA**) for the development, installation, operation and maintenance of a 200MWp + 20MWh battery solar project within the IMIP.

This project is the largest solar project to be developed in Indonesia and follows on from a very successful smaller 396kWp plus 250kWh battery storage project that was implemented at the Company's Hengjaya Mine operations in 2022. It is intended that power from this solar project will be supplied to the ENC Project which will further support it as one of the lowest carbon-intensive nickel projects globally.⁴

US\$400m loan facility with leading Indonesian bank

The Company is also pleased to advise it has executed financing facilities totalling US\$400m with PT Bank Negara Indonesia (Persero) Tbk Singapore Branch (**BNI**), a tier-1 Indonesian Bank, to support the Company's funding obligations in relation to the ENC Project.

The facilities comprise a 5-year senior term loan facility (**the Facility**) of US\$350m, split across two tranches:

- tranche A: US\$200m (secured against the Company's Angel Nickel Project and the Shareholder Loans (see below)); and
- tranche B: US\$150m (unsecured).

In addition, the Company has secured a US\$50m revolving credit facility (**RCF**), for general working capital purposes.

The interest rate applicable on the Facility will be a margin above the Secured Overnight Financing Rate (**SOFR**) (currently ~5.3%), according to the following schedule:

- initial 12-month period: 2.00%
- months 12 -18: 3.00%
- 18 months onwards: 3.50%

The margin applicable to the RCF will be 3.00%.

The Facility represents a new source of funding for the Company within the local Indonesian banking industry.

The Facility, along with placement funds of A\$943m (~US\$600m) recently received from United Tractors, in addition to the Company's existing cash and strong ongoing cash flows from its existing operations, leaves the Company comfortably positioned to fund its share of the ENC acquisition payments (US\$1.265 billion) over the Project construction period of 2023 to 2025 as outlined below.

⁴ Source: HNC and Company analysis, Skarn Associates

Acquisition agreement and upcoming shareholder vote

The Company has executed an acquisition agreement (**Acquisition Agreement**) to acquire a 55% equity interest in the ENC Project from Decent Resource through the acquisition of shares in a Singaporean incorporated holding company, Excelsior International Investment Pte. Ltd (**EII**), and shareholder loans (**Shareholder Loans**) due or owing by EII (and/or its subsidiaries) (**ENC Acquisition**).

The equity interest in the ENC Project will be acquired over the next two years on the following dates:

ENC acquisition schedule for Nickel Industries' 55% equity interest

<u>Date</u>	<u>US\$m</u>	<u>Equity acquired</u>	<u>Cumulative equity</u>
10 business days following shareholder approval	126.5	5.50%	5.50%
By 1 January 2024	189.8	8.25%	13.75%
By 1 April 2024	316.3	13.75%	27.50%
By 1 October 2024	379.5	16.50%	44.00%
By 1 July 2025	126.5	5.50%	49.50%
By 1 October 2025 ⁵	126.5	5.50%	55.00%
Total	1,265.0	55.00%	

The ENC Acquisition is subject to shareholder approval before 28 December 2023, and payment of a refundable deposit of US\$126.5 million before 31 October 2023.

The Company expects to hold the extraordinary general meeting to approve the ENC Acquisition in November, and shareholders will be sent an EGM notice, which will include an independent expert's report regarding the ENC Acquisition, within the next few weeks.

Commenting on the Company reaching a positive FID on the ENC Project and the US\$400m loan facilities with BNI, Nickel Industries' Managing Director said:

"We are delighted to announce a positive final investment decision to participate in the ENC Project, which was unanimously reached by the Company's board following a detailed third-party review of the Project feasibility study and expected financial metrics.

We thank our largest shareholder and partner, Shanghai Decent, which made participation in the ENC Project possible, providing time to reach a positive FID – despite advanced earth works and other corporate initiatives, such as securing a 15-year tax holiday.

We have once again been provided with a capex, nameplate performance and timeframe guarantee, which given the large number of historical capex 'blow-outs' in HPAL projects and more recently across various nickel and battery related projects, is extremely valuable in the current high inflationary environment. This has been evidenced recently with a number of announced Indonesian HPAL projects being cancelled, paused or significantly reduced in capacity.

Participation in the ENC Project will allow us to continue to significantly diversify our business into a suite of class 1 nickel products – our existing nickel matte production, supplemented with MHP, nickel sulphate and nickel cathode. The ENC Project will be the first global nickel project to have this operating flexibility and will allow us to significantly diversify our customer base and seek to capture maximum value across different sectors of the class 1 nickel market.

⁵ Following commissioning of line 1 of the ENC Project.

The recent signing of a lease agreement with SESNA as sole offtaker to Indonesia's largest solar project marks a significant milestone for the Company as we continue to demonstrate our commitment to reducing our carbon footprint, building on the acquisition of 10% in the Huayue Nickel Cobalt HPAL project (HNC). HNC is one of the world's lowest carbon intensive nickel producers, with a carbon intensity of less than 10 tonnes of carbon per tonne of nickel, with a clear roadmap to be carbon-neutral by 2030. This has been achieved through innovative processes such as the conversion of heat generated from its sulfuric acid plant (which is currently the world's largest) into electricity for the project. ENC will benefit from this same innovation and coupled with solar power, will make it one of the world's lowest carbon intensive nickel projects globally.

In reaching a positive FID on the ENC Project, a critical determination for the Board was that our participation could be responsibly funded. With our strong operational cash flow, the recent \$943m placement to our new strategic partner United Tractors (at \$1.10 per share, representing a 47% premium to the current share price) coupled with this new US\$400m financing facility from BNI at attractive rates, we are extremely comfortable that our acquisition payment schedule for ENC can be adequately funded without the need for any future equity raisings.

Importantly, the BNI loan facility marks our first debt financing from one of Indonesia's largest and most respected banks and is representative of the Company's growing profile and status within Indonesia.

This loan provides important third-party endorsement of the ENC Project and we thank BNI for its support to the Company and our positive FID.

Today's announcement marks a key milestone in the Company's transition into the class 1 nickel market, where we expect to capture a number of benefits including a diversified global customer base of tier 1 EV and battery makers, superior margins to class 2 nickel, and importantly a significantly lower carbon intensity across our portfolio of nickel production assets.

We look forward to providing further progress updates as the Company continues to pursue its goal of becoming the largest listed diversified producer of high margin, low carbon intensive nickel units to drive the world's decarbonisation."

Commenting on the Company reaching a positive FID on the ENC Project, Nickel Industries' Director, Mr Weifeng Huang said:

"We are delighted to note that the Board of Nickel Industries is recommending its shareholders to approve the investment in ENC HPAL Project and we look forward to continuing our successful collaboration with Nickel Industries. Nickel Industries will remain as Tsingshan's most important partner as we continue our strategy in enlarging our nickel product offerings, particularly for the EV battery and storage industry, in an environmentally responsible and sustainable manner.

Tsingshan is committed to deliver a top of the class HPAL Project on schedule and continue to play our part in contributing towards Indonesian and the world's decarbonisation plans."

About BNI

PT Bank Negara Indonesia (Persero) Tbk (**BNI**) is a major global commercial bank with strong focus on corporate segment, representing more than half of its loan portfolio, while maintaining top 3 market share in retail banking segment in Indonesia. The Bank provides a wide range of banking and financial services and benefits from the combination of a long and successful history, a strong customer base and brand recognition, as well as extensive scale and scope in products and networks. Commencing commercial operations in 1946, BNI is one of the systemically important banks identified by OJK. The Bank also has one of the largest branch networks in Indonesia. As of 30 June 2023, BNI had 1,800 domestic outlets, 13,390 ATMs, 58 commercial, SME and consumer loan business centers, 173 thousand Banking Agents, equipped with 27,000 employees widely distributed throughout the Indonesian archipelago. To complement its extensive physical distribution platform, BNI also provides mobile banking services, SMS banking services and internet banking services to its customers. The Bank recorded Rp.1,025 trillion (U.S.\$67.5 billion) in total assets (including Rp.651 trillion (U.S.\$42.9 billion) in total loans), Rp.765 trillion (U.S.\$50.4 billion) in total customer deposits, and over 67 million individual funding accounts, as well as over 413,000 business banking debtors (including corporate, medium, and small loan debtors).

BNI aims to continue to improve its customer focus, service quality and performance in order to retain and enhance its strong position within the Indonesia banking sector. The Bank seeks to offer a comprehensive and competitive range of financial products and services to cater to its customers' needs, including traditional banking activities (such as lending and funding), treasury and investment services, loan syndications, trade financing, and foreign exchange products. The Bank has long-standing credit relationships with a number of Indonesia's largest business groups and Government-related entities and lends to small and medium businesses and to consumer segment. In addition to its core banking business, the Bank is engaged in other ancillary businesses, such as securities, multi-finance and life insurance.

BNI was the first Indonesian bank establishing an overseas office followed by several overseas operations located in major international trade and financial centers. As of 30 June 2023, BNI had branches in Hong Kong, London, Singapore, Seoul and Tokyo, as well an agency in New York. In addition to overseas branches, the Bank also maintains a sub-branch in Osaka and two limited-purpose branches in Singapore as well as one representative office in Amsterdam.

Rating agencies from time-to-time review BNI and specific transaction ratings in light of changes in ratings criteria. The Bank's credit ratings are "Baa2" (Moody's), "BBB-" (Fitch) and "BBB-" (S&P) with Stable Outlook from all rating agencies. BNI is also one of the first movers on sustainable banking in Indonesia and committed to being at the forefront of sustainable finance implementation. The Bank is currently rated "A" from MSCI ESG rating.

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