NICKEL INDUSTRIES

Bell Potter - Unearthed Conference
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A top 10 nickel producer strongly positioned to capture growing battery grade nickel demand

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Introduction to Nickel Industries Limited

Who are we?

- Nickel Industries Limited (NIC) is a leading nickel processing business, currently producing some of the lowest capital intensive and most profitable nickel units in the global market in partnership with Tsingshan, the world's largest stainless-steel producer.
- Since its Initial Public Offering, NIC has established itself as a globally significant nickel pig iron (NPI) producer and has recently diversified into the 'Class 1' (1) nickel electric vehicle (EV) battery supply chain by converting some of its current production into nickel matte and also acquiring an interest in the operating Huayue Nickel Cobalt high pressure acid leach (HPAL) project (HNC).
- NIC has also recently announced a positive final investment decision for the Excelsior Nickel Cobalt HPAL project (ENC) to grow and further diversify its production into the EV battery supply chain.

What is our vision?

- Our vision is to become the world's pre-eminent global nickel company with an unrivalled platform of diversified, low-cost, sustainably produced nickel products, underpinned by global best practice mining standards.

How can we achieve this?

- By advancing the sustainability of Indonesia's nickel industry by playing a leadership role in promoting and implementing industry best practices across our mining and downstream processing operations with the support of the local communities in which we operate.

(1) Class 1 nickel defined as containing 99.8% nickel or above (high-purity) in pure nickel metal form suitable for battery production.

Significant foreign investment in Indonesian nickel industry

Indonesian nickel industry is attracting investment from global EV supply chain participants, focused on securing long term supply

Indonesian government initiatives...

- ☑ **Jan-20:** Renewed ban on exports of unprocessed nickel ore to support local downstream processing
- ☑ **Mar-21:** Establishes Indonesia Battery Corporation (IBC) to cooperate with foreign investors in developing an EV battery supply chain
- ☑ **Jan-22:** Investment Ministry signs an MoU with Foxconn, Gogoro Inc, IBC and Indika Energy for investment in EV battery development
- ☑ **Mar-23:** Announces subsidy for electric cars, scooters and buses to boost EV adoption and help secure investment from global EV makers

...have facilitated and encouraged significant influx of foreign investment and expertise into the onshore nickel supply chain

	Company	Description
Dec-20	BASF, eramet	BASF and Eramet sign a joint agreement to assess the development of a **nickel and cobalt hydrometallurgical refining complex**
Dec-20	LG Energy Solution	Investment Ministry signs an MoU with LG Energy Solution on **integrated EV battery investment**
Sep-21	LG Energy Solution, HYUNDAI	LG Energy and Hyundai Motor Group start construction of a US$1.1bn **battery cell plant**, the first stage of an US$9.8bn deal to develop **integrated EV battery facilities**
Feb-22	洛阳钼业, 华友钴业 HUAYOU COBALT, TSINGSHAN	A joint venture between Zhejiang Huayou Cobalt, Tsingshan Holding Group and China Molybdenum Co makes the first shipment of **nickel mixed hydroxide precipitate** to China from Morowali
Mar-22	HYUNDAI	Hyundai launches a plant in Indonesia to produce **battery-powered EVs**
Apr-22	antam, CATL	IBC and state mining company Aneka Tambang sign a framework agreement with **CATL Group**, through its subsidiary Ningbo CBL for partnership including **nickel mining and EV battery manufacturing**
Jun-22	LG Energy Solution	LG Energy breaks ground on a US$3.5Bn **nickel sulphate smelter** in Batang, Central Java. It will also build a US$2.4bn factory in the Batang park to produce **precursor and cathode components**
Aug-22	general motors, WULING MOTORS, SAIC	Production of the **Wuling Air EV** is launched in Indonesia. It is being built by SGMW Motor Indonesia, part of a joint venture of SAIC Motor Corp Ltd, General Motors Co and Wuling Motors
Sep-22	VALE, 华友钴业 HUAYOU COBALT	Vale Indonesia signs an agreement with Zhejiang Huayou to build a second **nickel MHP plant**
Nov-22	SK on, EcoPro, GEM 格林美	SK On has signed a MOU with EcoPro, a Korean secondary battery material company, and GEM, a Chinese precursor producer, to **build a MHP plant in IMIP**, Indonesia
Jan-23	antam, CBL	Aneka Tambang and Hong Kong CBL Limited, a subsidiary of CBL, sign a conditional share purchase agreement for partial ownership on **Antam's nickel mine** in East Halmahera, North Maluku
Mar-23	Ford	Ford joins Vale Indonesia and Zhejiang Huayou Cobalt as the new partner in a US$4.5bn **nickel MHP plant** with commercial operation expected to begin in 2026

*"**Ford** can help **ensure that the nickel that we use in electric vehicle batteries is mined, produced** within the **same ESG standards** as **part of our business** around the world... this framework gives **Ford direct control to source the nickel we need** – in **one** of the **industry's lowest-cost ways** – and allows us to **ensure the nickel is mined in line with our company's sustainability targets**, setting the **right ESG standards** as we **scale**" – Lisa Drake, vice president for Ford Model e EV industrialization (Mar-23)*

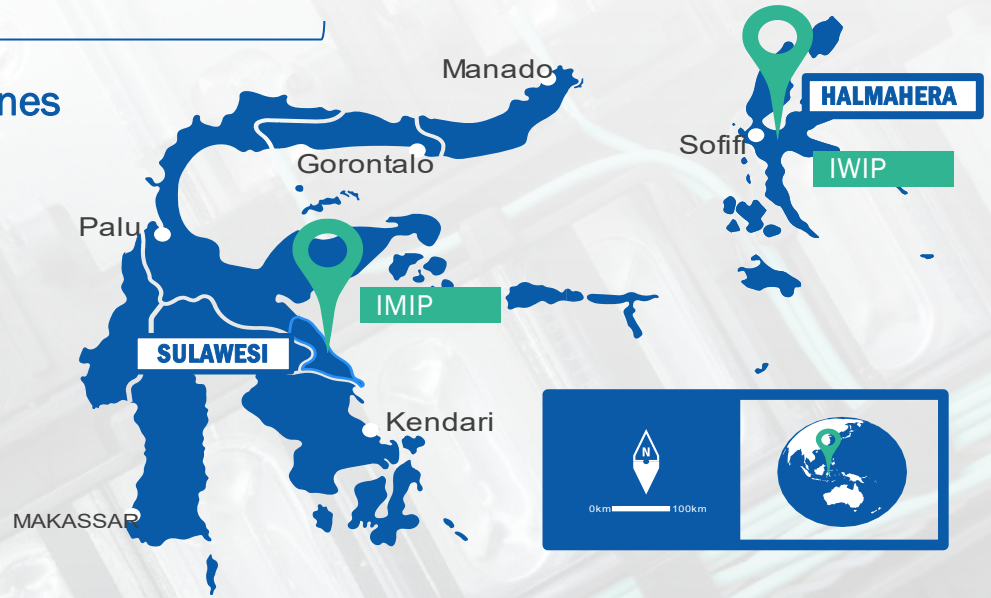
Source: Reuters, Bloomberg, Company Filings, AME Nickel Market Report 2023.

Overview of Nickel Industries operations

	Hengjaya Nickel (HNI)	Ranger Nickel (RNI)	Angel Nickel (ANI)	Oracle Nickel (ONI)	Huayue Ni-Co (HNC)	Excelsior Ni-Co (ENC)
Location	IMIP	IMIP	IWIP	IMIP	IMIP	IMIP
Ownership	80%	80%	80%	80%	10%	55%
Plant	RKEF (2 lines)	RKEF (2 lines)	RKEF (4 lines)	RKEF (4 lines)	HPAL (4 autoclaves)	HPAL
Product capability	NPI/matte	NPI	NPI (matte from 2024)	NPI	MHP	MHP/sulphate/ cathode
Currently producing	Matte	NPI	NPI	NPI	MHP	FID reached
FY 2023 Production (t)	20,539	19,550	49,058	39,112		

FY 2023: 128,259 tonnes

Nickel Industries has established operating footprints in two of the world's largest nickel production centres



Acquisition of HNC – a "best in class" operational HPAL

HNC is the first successfully operating HPAL project in the IMIP – industry leaders as partners

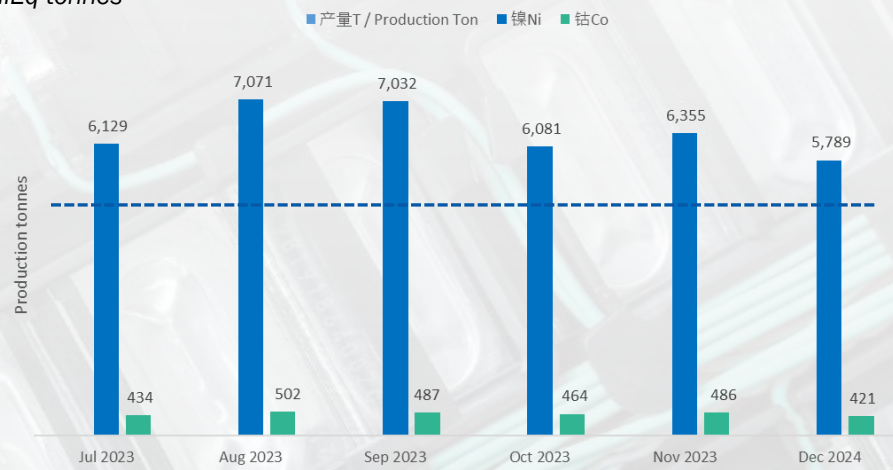
Asset overview

Asset	▪ PT Huayue Nickel Cobalt Project ("HNC"), located in IMIP
Current ownership	▪ Huayou Cobalt, 57% ▪ China Molybdenum, 30% ▪ Nickel Industries Limited, 10% ▪ Other Minorities, 3%
Pricing	▪ Shareholders in HNC historically agree pricing with reference to LME and SHFE market prices
Nameplate capacity	▪ 60ktpa nickel and 5ktpa cobalt as a MHP ▪ Currently producing nickel at approximately ~10% above nameplate capacity, with stable recoveries
Technology	▪ HPAL ▪ Two lines with 30ktpa nameplate capacity each
Supply	▪ Diversified limonite supply from local mines, including Hengjaya Mine
History	▪ Construction commenced March 2020 ▪ Commissioned in November 2021, on time and on budget – NIC understands it is one of fastest and cheapest build globally ▪ Exceeded nameplate production capacity of over 60ktpa nickel (run-rate) by April 2022
Tax concession	▪ 100% Corporate Income Tax Reduction for 15 years commencing from year of commercial production ▪ Additional 2 Years Corporate Income Tax Reduction at 50% of payable income tax, starting from the end of the initial 15-year period

- ☑ Currently emitting <10 tonnes of CO_2 / tonne of Ni, strategy to reach net zero by 2030
- ☑ During COVID-19, achieved the largest scale, the fastest construction, lowest capex, and the shortest commissioning in comparison with similar projects globally
- ☑ Increases Nickel Industries' institutional HPAL knowledge and lays the groundwork for ENC Project – replicable approach executed via proven Tsingshan delivery model

Annualised run rate of the last 6 months of Ni production above 60ktpa nameplate capacity...

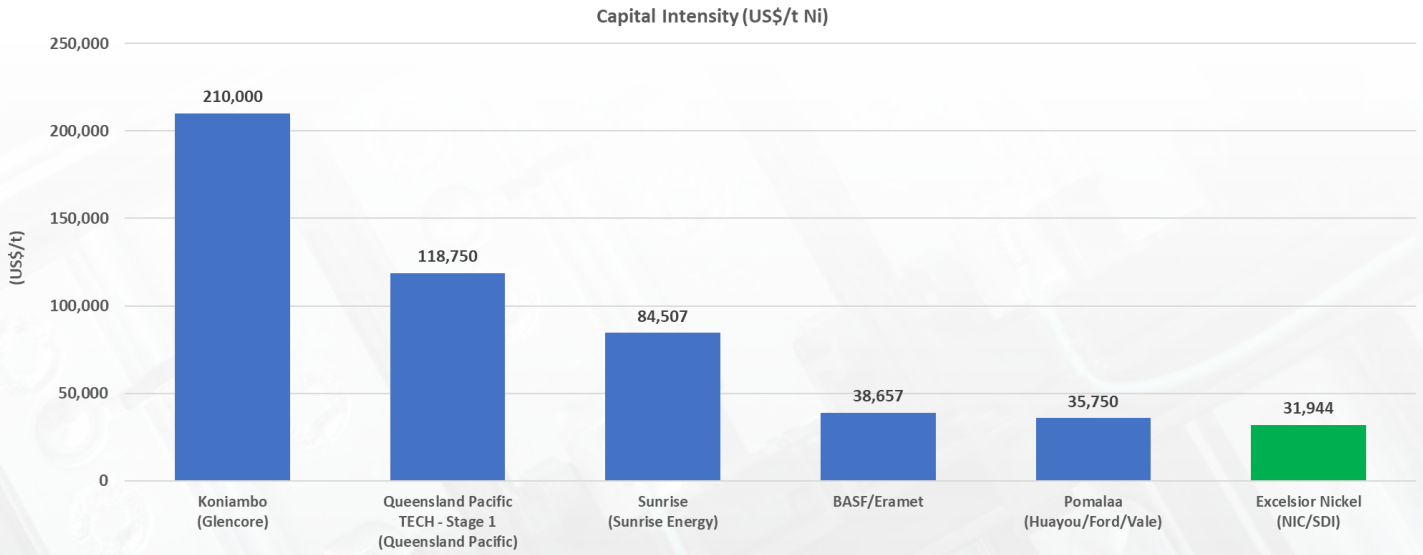
NiEq tonnes



Excelsior Nickel Project (ENC) – the next generation of HPAL

- Collaboration agreement with Shanghai Decent to build a "next generation" 72kt HPAL plant
  - Project will be capable of producing MHP, nickel sulphate and nickel cathode, differentiating from the current wave of Indonesian HPAL projects
  - Potential to double plant size to >144kt subject to funding availability
- NIC to own 55% with Shanghai Decent to own 45%
  - Interests may dilute upon the introduction of a strategic partner (Global offtake/investment process underway with strong interest from EV and battery manufacturers)
- "Capex guarantee" of US$2.3bn
  - Guarantee includes tailings facility, sulphuric acid plant and other supporting infrastructure
  - Guarantee is more than just EPC construction costs, includes commissioning and ramp-up of Project to nameplate capacity
- "Timeframe guarantee" of not more than 2 years to construct
- 15-year corporate income tax holiday confirmed

Positive Final Investment Decision taken in October 2023

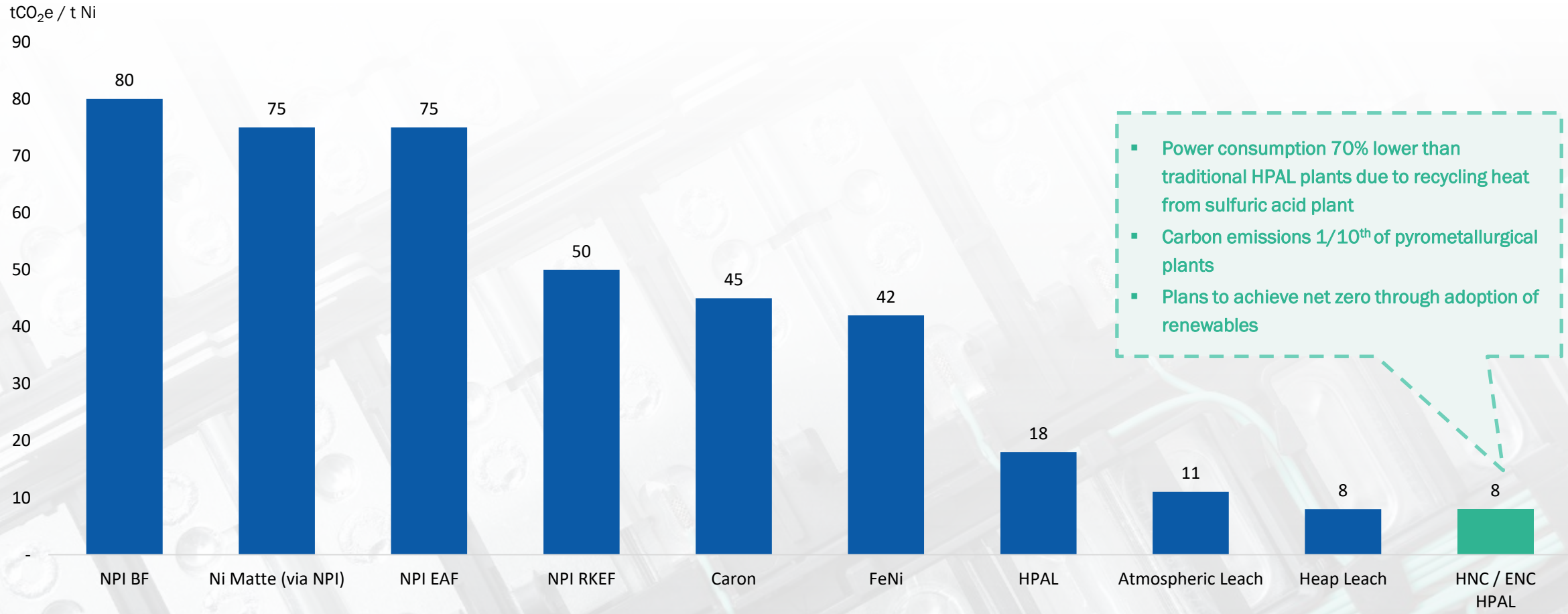


- Project fully funded with NIC's 55% share (US$1.265B) covered by:
  - Existing cash on balance sheet
  - A$943M (~US$600M) placement to United Tractors
  - US$400M loan facilities from BNI (as a bridge to Project Financing)
  - Strong cash flow from existing operations

HPAL significantly reduces our carbon intensity

Each incremental unit of HPAL nickel production decreases NIC's carbon intensity. NIC has industry best practice tailings storage via dry-stack tailings at its HPAL operations

CO_2e Emissions by Process

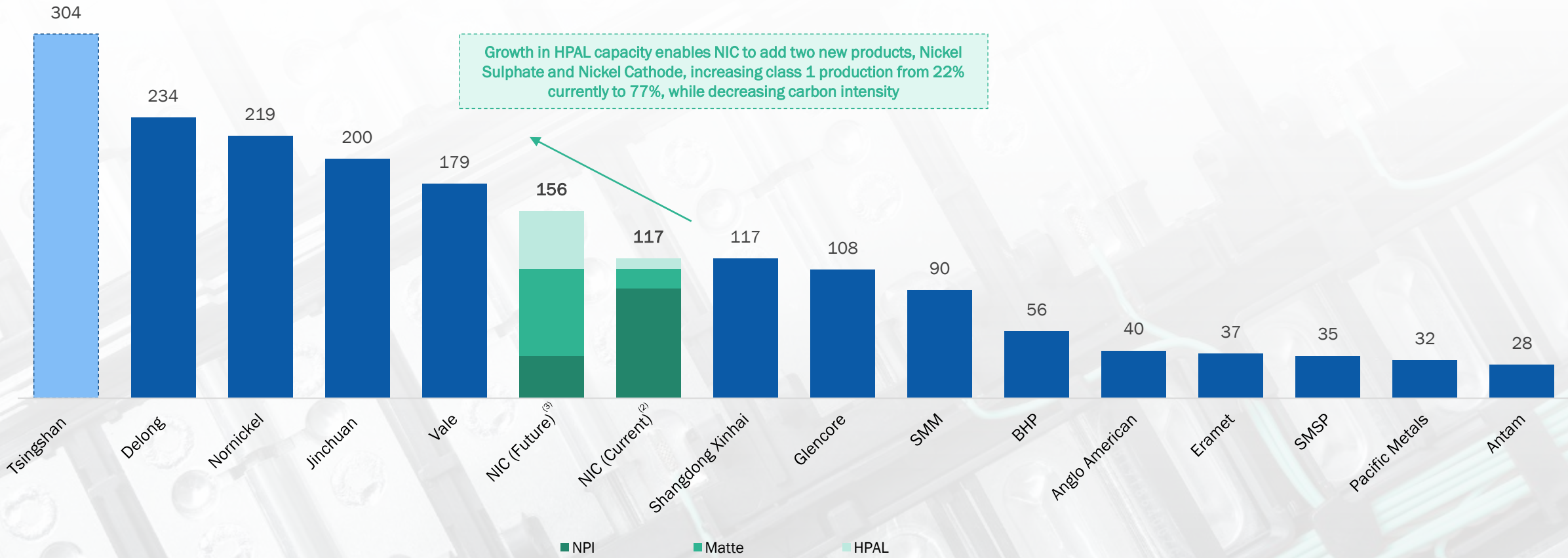


Source: Wood Mackenzie

NIC is a large, established top-10 global nickel producer

Ramp up of existing assets, coupled with recently announced ENC HPAL project FID, positions NIC with the flexibility to grow its capacity across Class 1 and Class 2 nickel

2022 Finished nickel production (kt, attributable) (1)



Source: AME Nickel Market Report 2023.

(1) Comparable production data reflects 2022 figures unless stated otherwise. NIC pro forma figures are not indicative of future nickel production levels that may be achieved and are not financial guidance or forecasts

(2) NIC current production: 3Q'2023 production of 35,262 tonnes (33,852 RKEF + 1,410 HPAL), calendarised (note, HPAL production of 1,410 is only 2 months, post HNC acquisition). NIC's corresponding attributable production = ~117,000 tonnes

(3) NIC future production = current production in (3) above, plus expected 72,000 tonnes from ENC. NIC's corresponding attributable production = ~156,000 tonnes

December quarter review

Record Group EBITDA from operations of US$135.4M underpins increased FY dividend and share buyback

- Over 16.7 million LTI-free man hours across all of NIC's operations in 2023
- Record RKEF nickel metal production of 34,450 tonnes (100% basis)
  - 1.8% higher than September quarter (33,852 tonnes)
- RKEF EBITDA of US$85.1M
  - 12.8% lower higher than September quarter (US$97.6M) due to lower realised contract prices reflecting widespread softness across the entire nickel complex
  - modest cost reductions across most operations driven primarily by declining nickel ore, coal and electricity prices
- Record Hengjaya Mine EBITDA of US$42.0M
  - 81.8% higher than September quarter (US$23.1M) despite lower realised ore prices
- Full year dividend of 2.5 cents per share
  - 25% increase on prior period
- On-market share buyback of up to US$100M over the next 12 months announced

ESG – playing a leadership role for responsible and sustainable mining in Indonesia

Safety

- Over 16.7 million LTI-free man hours achieved for 2023
- 5.5 million at Hengjaya Mine (**HM**) / 11.2 million at RKEF/HPAL operations

Environmental

- Award of GREEN PROPER rating to HM by the Ministry of Environment and Forestry (KLHK), for the second consecutive year
- Only 196 companies of the 3,694 audited achieved this rating, HM the only mine in Central Sulawesi to achieve this rank, confirming HM as an industry leader in responsible and sustainable nickel mining in Indonesia

Renewable energy

- Execution of Operational Lease Agreement for Indonesia's largest solar project, 200MWp + 20MWh battery storage within the IMIP
- Power generated to supply the Company's ENC HPAL project (currently under construction) will enable it to have one of the lowest carbon footprints globally

Presentation to COP28 Climate Summit and announcement of future emission targets

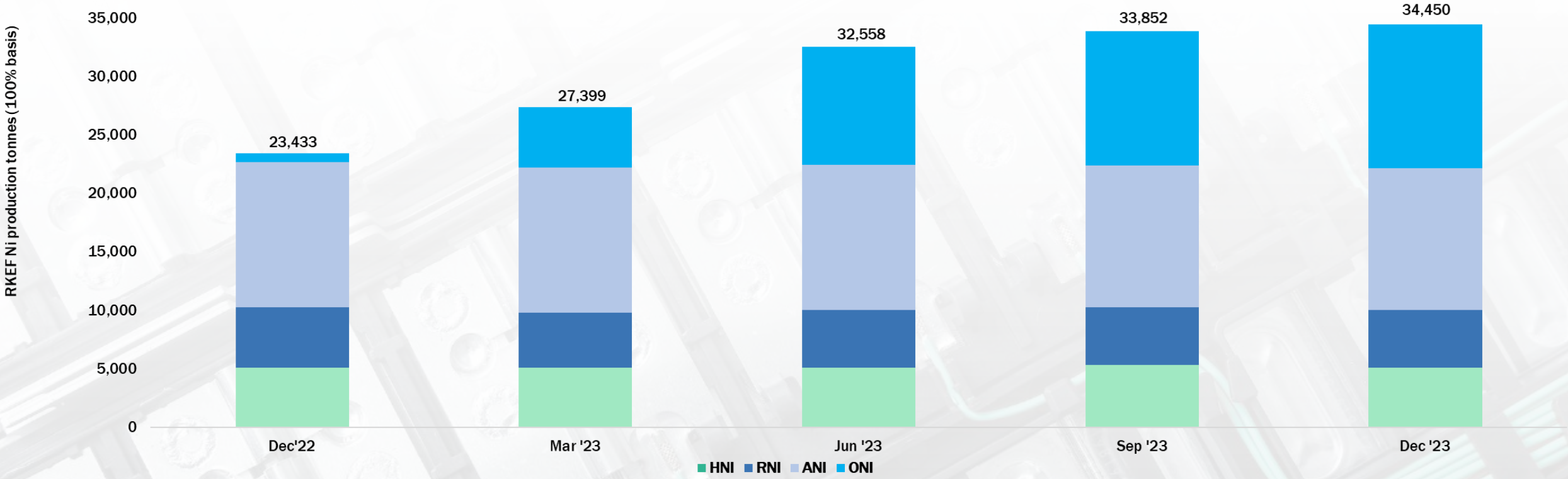
- One of only two companies with mining operations in Indonesia invited to present at the 2023 United Nations Climate Change Conference (**COP28**) in the United Arab Emirates on 2 December 2023
- Announcement of future emission targets, committing to a 50% reduction in carbon intensity by 2035 and net zero emissions by 2050

EV truck trial

- First nickel mining company in Indonesia to trial the use of EV trucks for hauling as part of NIC's net zero target

Strong EBITDA generated in difficult operating environment

	Dec'22	Mar '23	Jun '23	Sep '23	Dec '23
EBITDA from operations (US$M)	106.1	113.2	55.9	120.7	135.4
Average LME Ni price (US$/t)	25,460	25,973	22,277	20,392	17,288



- Record RKEF quarterly production of 34,450 tonnes of nickel metal (+1.8% from September quarter), comprising 29,367 tonnes in NPI and 5,083 tonnes in nickel matte, in addition to 1,823 tonnes of MHP from HNC, representing NIC's 10% attributable share of production
- Maintenance of strong EBITDA from operations despite materially weaker nickel price environment during the December quarter

Corporate

Acquisition of a 13.75% equity interest in ENC HPAL Project

- FID taken in October to commit to the participation and investment in the Excelsior Nickel Project (**ENC**) which is expected to produce 72,000 tonnes per annum of contained nickel equivalent metal across the three major class 1 nickel products, being mixed hydroxide precipitate (**MHP**), nickel sulphate and nickel cathode, the first HPAL globally to have this product diversification
- NIC to benefit from capex, commissioning and timeframe guarantees
- Acquisition executed via two payments totalling US$316.3M

Establishment of US$400m loan facility with leading Indonesian bank

- Execution of 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
- US$350M - 5-year senior term loan facility
- US$50M revolving credit facility (**RCF**), for general working capital purposes

Nickel matte sales contract with Glencore

- Executed a maiden nickel matte sales contract with Glencore
- The contract, commencing January 2024 and running for an initial 6-month term, will result in nickel matte from the Company's Hengjaya Nickel Project being sold to Glencore and represents the Company's first direct sales to western customers

Board changes

- Retirement of Non-Executive Directors Huang Weifeng and Mark Lochtenberg
- Retirement of Non-Executive Chairman Rob Neale with Company Founder and Deputy Chairman Norm Seckold appointed as Executive Chairman

THANK YOU

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