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The Manager Companies
ASX Limited
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Nickel Industries enters into agreements to acquire interests in two producing nickel assets and announces a US\$471 million capital raise

The Directors of Nickel Industries Limited (“**Nickel Industries**” or “**the Company**”) are pleased to advise that the Company has executed an Electric Vehicle Battery Supply Chain Strategic Framework Agreement (“**Strategic Agreement**”) with Shanghai Decent Investment (Group) Co., Ltd (“**Shanghai Decent**”), and has entered into binding agreements with Shanghai Decent to acquire 10% interests in two producing nickel assets (collectively the “**Acquired Assets**”):

- (i) **10% interest in PT Huayue Nickel Cobalt (“HNC”)**: Company to acquire an indirect 10% interest in HNC from Newstride Development Limited (“**Newstride**”), an entity within the Tsingshan group and an affiliate of Shanghai Decent) for US\$270 million. HNC is a high-pressure acid leach (“**HPAL**”) project in the Indonesia Morowali Industrial Park (“**IMIP**”); and
- (ii) **additional 10% interest in Oracle**: acquisition of an additional 10% interest in the Oracle Nickel Project (“**ONI**”) for US\$75 million in cash (increasing the Company’s interest to 80%).

The Company has also acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for US\$40 million (collectively “**Acquired Options**”):

- (i) **DAWN HPAL+ Project**: participation in, and construction of, a nickel sulphate and electrolytic nickel plant using HPAL process (“**DAWN HPAL+ Project**”);
- (ii) **Future nickel matte conversion opportunity**: option to invest in and construct a low-grade to high-grade nickel matte converter at ONI for US\$40 million.

To fund the Acquired Assets and Acquired Options the Company is undertaking a US\$471 million capital raise (~A\$673 million)¹ (“**Equity Raise**”). The Equity Raise will comprise:

- (i) a US\$185 million (~A\$264 million) fully underwritten, institutional placement (“**Institutional Placement**”);
- (ii) a US\$270 million (~A\$386 million) placement to Newstride (or its nominee), US\$15 million (~A\$21 million) placement to Shanghai Wanlu Investment Co. Ltd. (“**Wanlu**”) (or its nominee) and US\$1.4 million (~A\$2 million) placement to Non-Executive Director Mark Lochtenberg (or his nominee) on a non-underwritten basis (“**Conditional Placement**”); and
- (iii) a non-underwritten share purchase plan (“**SPP**”) to eligible shareholders in Australia and New Zealand, with the SPP targeting to raise up to US\$20 million (~A\$29 million).

¹ Assumes AUD:USD FX rate of 0.70. Figures may not add due to rounding.

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Transformational Increase in Battery Metals Exposure

The Strategic Agreement establishes three key pillars for Nickel Industries to transform its business from a historical focus on the stainless-steel market to becoming a leading producer of battery grade 'Class 1' nickel:

- (i) increasing the Company's exposure to nickel matte production;
- (ii) providing de-risked exposure to next-generation HPAL operations; and
- (iii) collaboration with Shanghai Decent on the potential development of the DAWN HPAL+ Project.

The Acquired Assets and Acquired Options will allow Nickel Industries to diversify its sales via an increase in exposure to the growing electric vehicle battery market, providing a future growth platform for the Company. HNC and the Acquired Options will support future diversification and growth whilst leveraging cleaner technology that will lower emissions intensity (for Class 1 nickel) to ultimately support global electrification and decarbonization trends.

Use of Proceeds

The majority of the proceeds of the Equity Raise will be put towards acquiring an indirect 10% interest in HNC HPAL, and an additional 10% interest in ONI.

Nickel Industries considers the price for an additional 10% interest in ONI, consistent with the Company's existing interest, highly attractive and value accretive for the Company's shareholders. ONI completed first production of NPI in November, ahead of February 2023 scheduled commissioning, with the asset now ramping up production on time and within budget.

The Directors are also very pleased that the Company has the opportunity to secure an indirect 10% interest in HNC HPAL which will mark Nickel Industries' initial entry into an alternate processing methodology to develop Class 1 nickel and partner with industry leaders.

In addition, Nickel Industries will utilise proceeds from the Institutional Placement to purchase Acquired Options, comprising:

- (i) US\$25 million consideration for an option for participation in, and construction of the DAWN HPAL+ Project; and
- (ii) US\$15 million consideration for an option to invest in and construct a high-grade matte converter at ONI².

Both options secure access to proprietary technology and experienced technical teams from Shanghai Decent to support the future success of these projects³.

² Option to invest in and construct the matte converter is at the discretion of Nickel Industries' Board. If the option is exercised, Shanghai Decent will construct the high-grade matte converter at ONI.

³ Note, DAWN HPAL+ Project Definitive Feasibility Study that is required ahead of a final investment decision ("FID") has not yet commenced.

Further, Nickel Industries is actively assessing near-term nickel laterite opportunities with expected assessment timeframes over the coming quarter. US\$60 million of the proceeds is expected to be applied towards new resource acquisitions, associated feasibility studies and land acquisition. These additional resources will be important ore supply sources to support our continued growth aspirations in Class 1 battery grade nickel products.

Following completion of the Equity Raise, Nickel Industries will be fully funded for all acquisition payments and will retain significant optionality and funding flexibility for future growth initiatives.

Excess funds from the Conditional Placement and US\$20 million non-underwritten SPP will go towards strengthening the balance sheet and for general corporate purposes⁴.

Use of Proceeds	US\$m	A\$m ⁵
Acquisition of 10% interest in HNC (HPAL) Project	270	386
Acquisition of additional 10% interest in Oracle Nickel Project	75	107
Acquired Options for Future Collaboration	40	57
Progression of potential nickel laterite opportunities	60	86
Additional cash to balance sheet	26	38
Total Uses	471	673

Required Approvals

The acquisition of HNC is subject to Nickel Industries' shareholder approval (with the vote expected to be held in late Q1 / early Q2 2023), the consent of HNC's lenders and completion of the Conditional Placement. Completion of the additional 10% interest in ONI is conditional upon the completion of the HNC acquisition.

The Conditional Placement is subject to (i) Nickel Industries' shareholder approval (with the vote expected to be held in late Q1 / early Q2 2023), and (ii) with respect to Newstride, Foreign Investment Review Board ("FIRB") approval (with the FIRB application expected to be lodged imminently).

The Company has engaged Lonergan Edwards & Associates Limited to prepare an independent expert's report stating whether the acquisition of the indirect 10% interest in HNC and the issue of shares to Newstride under the Conditional Placement is fair and reasonable to non-associated shareholders. The report will be provided to shareholders, and the Company intends to hold an extraordinary general meeting in late Q1 / early Q2 2023.

If the necessary approvals and consent are not obtained the acquisition of the Acquired Assets, the Conditional Placement and the Acquired Options will not proceed and the Company will consider alternative uses for the proceeds of the offer, or ways to return such proceeds to shareholders.

⁴ This is not a limit on the amount to be raised under the SPP. Nickel Industries may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount, in its absolute discretion.

⁵ Assumes AUD:USD FX rate of 0.70. Figures may not add due to rounding.

Equity Raise Overview

Institutional Placement

The US\$185 million (~A\$264 million) Institutional Placement will comprise the issuance of 259.1 million new ordinary shares (“**New Shares**”) at A\$1.02 per New Share (“**Placement Price**”), representing a ~8.9% discount to the last traded price of A\$1.12 on Tuesday 17 January 2023. The New Shares issued under the Institutional Placement represent approximately ~9.5% of the total shares of the Company prior to the issue of the New Shares.

Eligible professional and sophisticated investors in Australia or New Zealand who wish to participate in the Institutional Placement should contact their broker for further information. Priority will be given to broker bids that support existing shareholders.

Conditional Placement

Nickel Industries has entered into subscription agreements with Newstride, Wanlu and Lochtenberg for the Conditional Placement (the “**Subscription Agreement**”). The Subscription Agreements are subject to the following conditions precedent:

- (i) Nickel Industries’ shareholder approval for the purposes of ASX Listing Rule 10.1 and item 7 of section 611 of the Corporations Act 2001 (Cth) (with respect to Newstride) and ASX Listing Rule 10.11 (with respect to Wanlu and Lochtenberg) (with the vote expected to be held in late Q1 / early Q2 2023)⁶; and
- (ii) With respect to Newstride, FIRB approval (with the FIRB application expected to be lodged imminently)⁷.

The Conditional Placement will be conducted at the same price as the Institutional Placement.

SPP

The non-underwritten SPP is targeting to raise up to US\$20 million (~A\$29 million). This is not a limit on the amount to be raised under the SPP. Nickel Industries may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount, in its absolute discretion.

Eligible shareholders in Australia and New Zealand will be invited to apply for up to A\$30,000 of shares free of any brokerage, commission and transaction costs.

The issue price per new fully paid ordinary share under the SPP will also be conducted at the same price as the Institutional Placement.

An SPP offer booklet is expected to be sent to Eligible Shareholders, in accordance with their communications election, on Friday 27 January 2023.

⁶ Shanghai Decent, Wanlu and Mark Lochtenberg will be excluded from the vote on their respective Shares issuance.

⁷ Shanghai Decent is expected to have a relevant interest in Nickel Industries of approximately 28% subject to the Conditional Placement being completed. Shareholder and FIRB approvals, if granted, will not be known until post completion of the Institutional Placement.

Indicative Timetable of the Equity Raise

The timetable below is indicative only and subject to change. Nickel Industries reserves the right to alter the dates at its full discretion and without prior notice, subject to the ASX Listing Rules and the Corporations Act 2001 (Cth).

The quotation of New Shares is subject to confirmation from the ASX.

All times below are based on Sydney, Australia time

Event	Date
Record date for SPP	7:00pm (AEDT) Tuesday, 17 January 2023
Trading halt	Wednesday, 18 January 2023
Announcement of Equity Raise	Wednesday, 18 January 2023
Trading halt lifted – trading resumes on ASX	Thursday, 19 January 2023
Settlement of New Shares issued under the Institutional Placement	Monday, 23 January 2023
Allotment and normal trading of New Shares issued under the Institutional Placement	Tuesday, 24 January 2023
SPP offer opens and SPP offer booklet is dispatched	Friday, 27 January 2023
SPP offer closes	Friday, 24 February 2023
Announce results of SPP	Friday, 3 March 2023
Allotment of SPP shares commences	Friday, 3 March 2023
New shares under the SPP commence trading	Monday, 6 March 2023
Shareholder meeting to approve the Conditional Placement	Late Q1 / early Q2 2023
Allotment of new shares under the Conditional Placement	To be confirmed ⁸

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⁸ Assuming shareholder approval is received, the allotment date of New Shares will depend on the date of receipt of the FIRB approval.

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Important Notices

The release of this announcement was authorised by the Board of Nickel Industries.

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares to be offered and sold in the Placement have not been, and will not be, registered under the US Securities Act of 1933 (the “**US Securities Act**”) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States unless they are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

This announcement contains certain forward-looking statements and comments about future events, including about the plans, objectives and strategies of Nickel Industries’ management, the industry and the markets in which Nickel Industries operates, Nickel Industries’ expectations about the financial and operating performance of its businesses, the timetable and outcome of the Placement and the use of proceeds thereof. Forward looking statements can generally be identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors could cause Nickel Industries’ actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements and many of these factors are beyond Nickel Industries’ control. Refer to the various risks factors in the Appendix under “Legal risks and disclosures” of the investor presentation entitled “Acquisition and Equity Raising Presentation” released to the ASX today.

Forward-looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainty and other factors, many of which are outside the control of Nickel Industries. As such, undue reliance should not be placed on any forward-looking statement. Past performance information given in this announcement is given for illustrative purposes only and is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this announcement is to be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Nickel Industries.

The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire Nickel Industries shares and is not intended to be used or relied upon as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial position or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. Nickel Industries is not licensed to provide investment or financial product advice in respect of Nickel Industries shares. Cooling off rights do not apply to the acquisition of Nickel Industries shares pursuant to the Placement.