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ASX Limited
20 Bridge Street
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(2 pages)

INFORMATION ON PROPOSED INDONESIAN ROYALTY CHANGES

Nickel Industries Limited (**Nickel Industries** or **the Company**) notes that the Indonesian Government has recently announced a public consultation period for potential royalty increase for mining companies across a number of commodities, including nickel. The Company wishes to confirm the current position and potential effect of any future royalty change.

Nickel ore

The Company is currently subject to a 10% royalty on its nickel ore sales (both saprolite and limonite). The proposed royalties are between 14% to 19%, depending on the prevailing nickel price at the time. Based on the PT Hengjaya Mineralindo (**Hengjaya Mine**) sales revenue of US\$205 million in 2024, if the proposed royalty increases were legislated, the royalties paid would have increased by approximately US\$8m.

The table below sets out the royalty rates for nickel ore at various prices – under the proposal as the nickel price increases, the royalty will increase – at the same time as the Company's margins could also be expected to increase.

Existing legislation implemented in 2022		Proposed changes to royalty rates	
HMA (USD/dmt) ¹	Royalty (%)	HMA (USD/dmt)	Proposed revision (%)
All	10	< 18,000	14
		18,000 < 21,000	15
		21,000 < 24,000	16
		24,000 < 31,000	18
		> 31,000	19

Other nickel products

The Company confirms that if the proposed royalties become legislation, the impact for the Company is only on the nickel ore sales. Production royalties are (i) payable only once at the time of the first sale or export of a mining product by the party carrying out that first sale or export, and (ii) not successively payable by each party in the value-added chain for the mining product (after the applicable royalty has been paid by the first party).

¹ Harga Mineral Logam Acuan (**HMA**) is the average LME nickel price over the past month. The HMA serves as a benchmark for determining the Harga Penjualan Mineral (**HPM**) price for nickel ore (the government benchmark price for nickel ore).

Therefore, nickel pig iron (**NPI**) royalties only apply to mining operations which have integrated processing operations and thereby there are no external ore sales – in this situation, the Indonesian Government does not receive a production royalty for the nickel ore used to produce the NPI and instead, a royalty on NPI sales is imposed. The Company's nickel ore sales are from Hengjaya Mine, a separate company from the Company's RKEF entities, which purchase all their nickel ore externally. Consequently, the RKEF entities are not subject to any royalties.

Further, with the expected commissioning of the Excelsior Nickel Cobalt HPAL project (**ENC**) in the second half of 2025, the Company notes that it is adding significant production in higher-margin refined products, such as mixed hydroxide precipitate (**MHP**), nickel sulfate and nickel cathode. These products are all consistent with Indonesia's focus on creating a downstream industry of refined nickel products. These products are not currently subject to royalties, nor is this included in the public consultation proposal.

Finally, we understand that the public consultation periods are typically 3 to 6 months. There is no guarantee that the proposed royalties will be implemented and the Company will provide additional information, if required, in due course.

This announcement has been approved by the Company's Managing Director.

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Overview of Nickel Industries:

Nickel Industries Limited (**NIC**) is an ASX-listed company which owns a portfolio of mining and low-cost downstream nickel processing assets in Indonesia.

The Company has a long history in Indonesia, with controlling interests in the world-class Hengjaya Mine, as well as four rotary kiln electric furnace (**RKEF**) projects which produce nickel pig iron (**NPI**) for the stainless-steel industry.

Having established itself as a globally significant producer of NPI, the Company is now rapidly transitioning its production to focus on the electric vehicle battery supply chain – recently, the Company has acquired a 10% interest in the Huayue Nickel Cobalt (**HNC**) HPAL project, adding mixed hydroxide precipitate (**MHP**) to its product portfolio.

Nickel Industries is now embarking on its next transformative step, investing in Excelsior Nickel Cobalt (**ENC**), a next-generation HPAL project capable of producing MHP, nickel sulphate and nickel cathode. ENC is expected to produce approximately 72,000 tonnes of nickel metal per annum, diversifying the Company's production and reducing the Company's carbon emissions profile – reflecting the strong commitment to sustainable operations.

To learn more, please visit: www.nickelindustries.com/