

**Not for release or distribution in the United States**

**9 December 2020**

Dear Shareholder

**Accelerated non-renounceable pro-rata entitlement offer - Notification to ineligible shareholders**

On 2 December 2020, Nickel Mines Limited announced that it was conducting a 2 for 11 accelerated non-renounceable pro-rata entitlement offer of new fully paid ordinary shares ("**New Shares**") to existing shareholders to raise approximately A\$364 million, at an issue price of A\$0.94 per share ("**Entitlement Offer**")

The institutional accelerated component of the Entitlement Offer (**Institutional Entitlement Offer**) was successfully completed on 3 December 2020. The Institutional Entitlement Offer raised approximately \$275 million and the retail component of the Entitlement Offer (**Retail Entitlement Offer**) is expected to raise approximately \$89 million.

This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. Further information on the Entitlement Offer, including the eligibility criteria to participate and how your entitlements will be dealt with, is set out below. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.

The Entitlement Offer is being made by Nickel Mines in accordance with section 708AA of the *Corporations Act 2001* (Cth) ("**Act**") as modified by the ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84, meaning that no prospectus or other formal disclosure document needs to be prepared with respect to the Entitlement Offer.

The Entitlement Offer comprises of an offer to eligible institutional shareholders ("**Institutional Entitlement Offer**") and an offer to eligible retail shareholders ("**Retail Entitlement Offer**"). The Entitlement Offer is fully underwritten by Credit Suisse (Australia) Limited ("**Credit Suisse**") and Bell Potter Securities Ltd ("**Bell Potter**") (together, the "**Underwriters**").

The majority of the proceeds of the Entitlement Offer will be put towards funding the Company's initial 30% interest in the Angel Nickel Project. Excess funds will go towards strengthening the Company's balance sheet and will provide additional working capital. The Company is also in discussions with Shanghai Decent about early repayment of the remaining balance of the Ranger Debt Facility.

More detail is provided in Nickel Mines' Investor Presentation lodged with the Australian Securities Exchange ("**ASX**") on 2 December 2020.

## Eligibility criteria

- are registered as holders of existing shares as at 7.00pm (Sydney time) on Thursday, 4 December 2020;
- have a registered addresses on the Nickel Mines share register in Australia or New Zealand at that date;
- are not in the United States and are not acting for the account or benefit of a person in the United States;
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as ineligible institutional shareholders under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

As you do not satisfy the criteria above, you are deemed not to be an Eligible Retail Shareholder for the purposes of the Retail Entitlement Offer. Pursuant to ASX Listing Rule 7.7.1(a) and the section 9A(3)(a) of the Act (the Act) (as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84), Nickel Mines considers it generally unreasonable on this occasion to extend the Retail Entitlement Offer to shareholders with a registered address outside of Australia or New Zealand having regard to the small number of those shareholders and the costs of complying with legal and regulatory requirements in each of those jurisdictions. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Act (as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84), the Company is unfortunately unable to extend to you the opportunity to participate in the Retail Entitlement Offer. Under the terms of the Retail Entitlement Offer, you are not eligible to apply for New Shares and you will not be sent a copy of the offering materials relating to the Retail Entitlement Offer. The Underwriters, their affiliates and related bodies corporate, and each of their respective directors, officers, employees, advisers and agents, disclaim any liability in respect of any determination of eligibility, to the maximum extent permitted by law

**You are not required to do anything in response to this letter.** Entitlements in respect of new shares you would have been entitled to if you were an Eligible Retail Shareholder will lapse. As the Entitlement Offer is non-renounceable, these entitlements cannot be sold or transferred, and you will not receive any value for these entitlements. New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Retail Shareholder may be allocated to other Eligible Retail Shareholders who subscribe for New Shares in excess of their entitlement under the Retail Entitlement Offer under a retail oversubscription facility.

Thank you for your continued support of Nickel Mines and I trust you understand the Company's position on this matter.

If you have any queries regarding the Retail Entitlement Offer, please contact your professional adviser or the Nickel Mines' Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (from outside Australia) from 8.30am to 5.00pm (Sydney time) during the Retail Entitlement Offer period. For other questions, you should consult your broker, solicitor, accountant, financial adviser or other professional adviser.

Yours sincerely



Mr Peter Nightingale  
Chief Financial Officer

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