

20 September 2021

The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

(2 pages by email)

## INDONESIAN NICKEL EXPORT TAX RUMOURS

On Friday 17 September 2021, the Indonesian Investment Minister was reported as suggesting that Indonesia is exploring the possibility of levying an export tax on nickel products with less than 70% nickel content, before adding that *"discussions were at an early stage and no details had been decided yet"*.

The Company acknowledges the uncertainty these comments may have created amongst its various stakeholders. Having discussed these comments with a number of relevant Indonesian contacts, including Government officials, the Company advises:

- We understand that the reported comments were made without prior consultation with other Indonesian Government Ministries, including the ministry which would be responsible for the introduction of such a tax, the Ministry of Energy and Natural Resources (MEMR).
- In August 2021, President Jokowi issued Presidential Regulation 68 of 2021 which requires that certain proposed Ministerial Regulations that are contrary to, or may have a negative impact on Government policy as it relates to the National Development Plan or State finances, must be submitted in draft to the Cabinet Secretary for review and eventual Presidential approval before it can be finalised and issued by the relevant Minister. Any contemplated export tax would therefore be required to follow this process, and only after a lengthy period of discussion and industry consultation.

Commenting on the rumoured export tax, Nickel Mines' Managing Director Justin Werner said:

*"The recent comments made were in the context of promoting further downstream development and investment in the production of key nickel products for the manufacture of Electric Vehicle ('EV') batteries given the commencement of construction of a US\$1.1 billion plant by South Korea's LG Energy Solution and Hyundai Motor Group.*

*Whilst we do not currently believe the rumoured export tax to be the planned policy of the Government, it is worth noting that at present, approximately 50% of the Company's NPI production is sold within the IMIP (in-country). The Company also has an MoU for two of its RKEF lines to undergo conversion to allow the production of nickel matte which can be processed within the IMIP to a grade of greater than 75%.*

*The Company expects to enjoy an exceptionally strong 2H2021 on the back of record NPI prices and strengthening EBITDA margins.”*

**For further information please contact:**

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