

31 August 2023

ASX Limited
20 Bridge Street
Sydney NSW 2000

(45 pages by email)

HALF YEAR REPORTS

Highlights:

	6 Months to 30 June 2023	6 Months to 30 June 2022
• Nickel Industries Group Results:		
○ Sales revenue:	US\$932.3M	US\$515.0M
○ Gross profit:	US\$126.4M	US\$161.2M
○ Operating profit:	US\$110.7M	US\$136.2M
○ Profit after tax:	US\$49.1M	US\$118.4M
○ EBITDA:	US\$141.8M	US\$174.2M
○ RKEF EBITDA:	US\$147.2M	US\$155.4M
○ Hengjaya Mine EBITDA*:	US\$26.1M	US\$24.9M

* On a stand-alone basis

	30 June 2023 US\$	31 December 2022 US\$
• Nickel Industries Group Balance Sheet:		
○ Total assets:	US\$3,005.0M	US\$2,672.5M
○ Net assets:	US\$2,037.0M	US\$1,814.5M

- A record 59,957 tonnes (45,843 tonnes attributable) of nickel metal produced
- Completion of commissioning of Oracle Nickel's RKEF lines and powerplant
- A record 5.21 million tonnes of saprolite and limonite ore mined at the Hengjaya Mine
- Strategic placement and collaboration agreement with United Tractors
- Subsequent to year end, completion of a 10% interest in HNC HPAL Project and an additional 10% interest in the Oracle Nickel Project
- Interim dividend declared and paid of A\$0.02

By order of the Board



Richard Edwards
Company Secretary

pjn11823

Appendix 4D

Half Year Report

Name of entity

NICKEL INDUSTRIES LIMITED

ABN or equivalent company reference

44 127 510 589

Financial half year ended ('current period')

30 JUNE 2023

Results for announcement to the market

Revenues from ordinary activities	up	81.0%	to	US\$932.3M
Profit from ordinary activities after tax attributable to members	down	70.6%	to	US\$27.1M
Net profit for the period attributable to members	down	70.6%	to	US\$27.1M
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	N/A		N/A	
Interim dividend	A\$0.02		Nil¢	
Previous corresponding period				
Final dividend	N/A		N/A	
Interim dividend	A\$0.02		Nil¢	
Record date for determining entitlements to the dividend.	4 August 2023			
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
Refer attached reports.				
NTA backing	Current period		Previous corresponding period	
Net tangible asset backing per ordinary security	US\$0.674		US\$0.623	

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 30 June 2023.

This report is based on the consolidated financial statements for the half-year ended 30 June 2023 which have been reviewed by KPMG.

NICKEL INDUSTRIES LIMITED
and its controlled entities

A.B.N. 44 127 510 589

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

30 JUNE 2023

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NICKEL INDUSTRIES LIMITED and its controlled entities

DIRECTORS' REPORT

The Directors of Nickel Industries Limited (**Nickel Industries or the Company**) and its subsidiaries (**the Group**) submit their financial report for the half year ended 30 June 2023 and the Auditor's Review Report thereon.

All amounts are reported in US\$ unless otherwise stated.

DIRECTORS

The names of the Directors of the Company in office during the half year period and until the date of this report were:

Robert Neale – Chairman and Non-Executive Director since 16 April 2018
Norman Seckold – Deputy Chairman and Executive Director since 12 September 2007
Justin Werner – Managing Director since 23 August 2012
Christopher Shepherd – Executive Director since 23 December 2022
James Crombie – Non-Executive Director since 23 May 2008
Huang Weifeng – Non-Executive Director since 26 April 2018
Mark Lochtenberg – Non-Executive Director since 10 March 2017
Dasa Sutantio – Non-Executive Director since 29 May 2020
Xu Yuanyuan – Non-Executive Director since 26 April 2018
Xiang Binghe – Non-Executive Director since 9 May 2023

RESULTS

The profit of the Group for the half year after providing for income tax amounted to \$49,052,812 (2022 - \$118,448,090).

REVIEW OF OPERATIONS

During and following the half year ended 30 June 2023, significant milestones were achieved as follows:

Highlights:

- At the Oracle Nickel rotary kiln electric furnace (**RKEF**) project, the 3rd and 4th RKEF lines and power plant underwent commissioning, and commercial sales of nickel pig iron (**NPI**) commenced at Oracle Nickel following receipt of its IUI (commercial sales licence).
- The Company's Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel RKEF projects produced a combined 59,957 tonnes of nickel metal equivalent. 49,792 of this was nickel in NPI and 10,165 was nickel in low grade (**LG**) nickel matte. A total of 59,637 tonnes of nickel metal equivalent were sold during the half year and EBITDA⁽¹⁾ from the RKEF projects for the six months to 30 June 2023 was \$147.2M.
- 5,207,201 wet metric tonnes (**wmt**) of nickel ore were mined at the Hengjaya Mine, 1,354,941 wmt of saprolite ore and 3,852,260 wmt of limonite ore. 1,367,254 wmt of saprolite were sold at an average grade of 1.57% nickel and 328,334 wmt of limonite ore were sold at an average grade of 1.15% nickel. On a stand-alone basis, EBITDA from the Hengjaya Mine for the six months to 30 June 2023 was \$26.1M⁽²⁾.
- In February 2023, the Company declared a final dividend of A\$0.02 per share, representing a distribution of A\$60.5M (\$40.7M). Subsequent to the end of the period, the Company declared an interim dividend of A\$0.02 per share, representing a distribution of A\$68.6M (\$44.9M).

⁽¹⁾ EBITDA is defined by the Company as profit/(loss) for the period, plus depreciation and amortisation costs, plus net financial income/(costs), plus tax expenses. This non-IFRS financial measure, which is referred to throughout the directors' report, is used internally by management to assess the performance of the Group's business and make decisions on allocation of resources. This non-IFRS measure has not been subject to audit or review.

⁽²⁾ During the half year, the Hengjaya Mine sold saprolite ore to Hengjaya Nickel, Oracle Nickel and Ranger Nickel. Hengjaya Mine profit of \$0.9M relating to nickel ore inventory held by Hengjaya Nickel and Ranger Nickel at 30 June 2023 is eliminated on consolidation.

NICKEL INDUSTRIES LIMITED and its controlled entities

DIRECTORS' REPORT

- On 18 January 2023, the Company signed an Electric Vehicle Battery Supply Chain Strategic Framework Agreement with Shanghai Decent and entered into binding agreements with Shanghai Decent to acquire 10% interests in two producing nickel assets, being an additional 10% interest in the Oracle Nickel project and a 10% interest in HNC. Additionally, the Company acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for \$40M (**Acquired Options**). The Acquired Options comprise: (i) a \$25M option for the construction of a mixed hydroxide precipitate, nickel sulphate and nickel cathode plant using the HPAL process (to be known as the Excelsior Nickel Cobalt project (**ENC Project**)); and (ii) a \$15M option to invest in and construct a low-grade to high-grade nickel matte converter at Oracle Nickel.
- To fund these transactions the Company undertook an institutional placement issuing 259,103,641 shares to complete component of the raising at A\$1.02 per share, raising A\$264.3M (\$185.7M), before costs and a Share Purchase Plan raising A\$34.6M (\$23.4M). Subsequent to the end of the period and following shareholder approval of a \$270M Conditional Placement to Shanghai Decent the Company completed the acquisition of 10% of HNC and an additional 10% of Oracle Nickel, as well as paid \$40M for the Acquired Options.
- In April 2023 the Company completed a \$400M issuance of senior unsecured notes, the refinancing of the Company's \$225M senior secured notes and completion of a Concurrent Tender Offer for the existing \$325M senior unsecured notes maturing in April 2024.
- In June 2023, the Company entered into a conditional share subscription agreement for a A\$943M (\$628M) placement of shares in the Company to PT Danusa Tambang Nusantara (**DTN**), a subsidiary of PT United Tractors Tbk (**United Tractors**). In addition, the Company executed a conditional Collaboration Agreement with DTN under which DTN intends to participate in the acquisition of a 20% equity interest in the ENC Project.
- Subsequent to the end of the period the haul road linking the Hengjaya Mine to the IMIP was completed, which will enable the trucking of both limonite and saprolite ore to the IMIP, allowing for a significant increase in nickel ore production.



Rotary kiln at Oracle Nickel

NICKEL INDUSTRIES LIMITED
and its controlled entities

DIRECTORS' REPORT

RKEF OPERATIONS

During the half year, the Company held an 80% interest in Hengjaya Nickel, Ranger Nickel and Angel Nickel projects and a 70% interest in the Oracle Nickel project, which during the period was commissioning at the IMIP.

A summary of production from Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel for the six months to 30 June 2023 is as follows:

PRODUCTION		HNI	RNI	ANI	ONI	Total
NPI production	tonnes	-	74,897	165,694	133,568	374,159
NPI grade	%	-	12.9	15.0	11.5	13.3
Nickel in NPI	tonnes	-	9,641	24,804	15,347	49,792
LG matte production	tonnes	55,545	-	-	-	55,545
Matte grade	%	18.3	-	-	-	18.3
Nickel in LG matte	tonnes	10,165	-	-	-	10,165
Total nickel production	tonnes	10,165	9,641	24,804	15,347	59,957

SALES AND CONTRACTS		HNI	RNI	ANI	ONI	Total
Weighted av contract price	\$	18,007	14,991	15,214	14,168	15,476
Tonnes sold	tonnes	9,361	9,641	24,541	16,094	59,637
Sales revenue	\$M	176.3²	145.5	373.1	228.0	922.9

COSTS AND MARGINS		HNI	RNI	ANI	ONI	Total
Cash costs/tonne produced	\$/t	14,009	14,067	11,396	13,464	12,806
EBITDA	\$/M	30.2	12.9	96.1	8.1	147.2
EBITDA/tonne sold¹	\$/t	2,493²	1,338	3,916	502	2,355²

SUMMARY RKEF METRICS			6 months to 30 June 2022	6 months to 30 June 2023	% movement
Nickel production	tonnes		26,733	59,957	124.3%
Nickel tonnes sold	tonnes		25,906	59,637	130.2%
Nickel metal production attributable to Nickel Industries	tonnes		21,386	45,843	114.4%
Sales revenue	\$M		511.3	922.9	80.5%
RKEF EBITDA	\$M		155.4	147.2	(5.2%)

¹ EBITDA/tonnes sold is defined by the Company as profit/(loss) for the period, plus depreciation and amortisation costs, plus net financial income/(costs), plus tax expenses, divided by the nickel tonnes sold in the period.

² HG nickel matte sold by HNI is exported and under the current contract the final price is the average of the settlement prices of SHFE nickel main contracts on each trading day in the quotation period, which is the month following the shipment month. Consequently, the final invoice price differs from the original pro forma invoice price, and adjustments cross over reporting periods. During the current reporting period, following price increases on deliveries of HG matte made during the December quarter there was an increase to revenue and EBITDA for the current period which has been removed from EBITDA/tonne of nickel matte sold calculations for the half year period so that margins in the current period are not impacted by adjustments from the previous period.

NICKEL INDUSTRIES LIMITED
and its controlled entities

DIRECTORS' REPORT

Safety

During the half year, 5,457,317 cumulative work hours without a 'lost time injury' incident were achieved across Nickel Industries' RKEF operations.

Work hours recorded without an LTI			2023					
Project	Type	Lines	Jan	Feb	Mar	Apr	May	Jun
HNI & RNI	RKEF	4	197.7	200.2	195.3	203.0	203.0	203.0
ONI	RKEF	4	362.4	398.4	377.3	308.1	308.1	308.1
ANI	RKEF	4	308.1	304.9	310.2	308.4	301.9	312.0
ANI	Power plant	1	49.8	49.8	56.7	62.4	65.0	63.6
RKEF/Power plant monthly total			918.0	953.3	939.5	881.9	878.0	886.7
RKEF/Power plant cumulative			918.0	1,871.3	2,810.7	3,692.6	4,570.6	5,457.3



Production

During the half year, the Company's RKEF operations produced a record 59,957 tonnes of nickel metal, an increase of 124.3% from the 26,733 tonnes produced in the six months to 30 June 2022. 49,792 tonnes were produced as nickel in NPI with 10,165 tonnes produced as nickel in LG matte at the Company's Hengjaya Nickel Project.

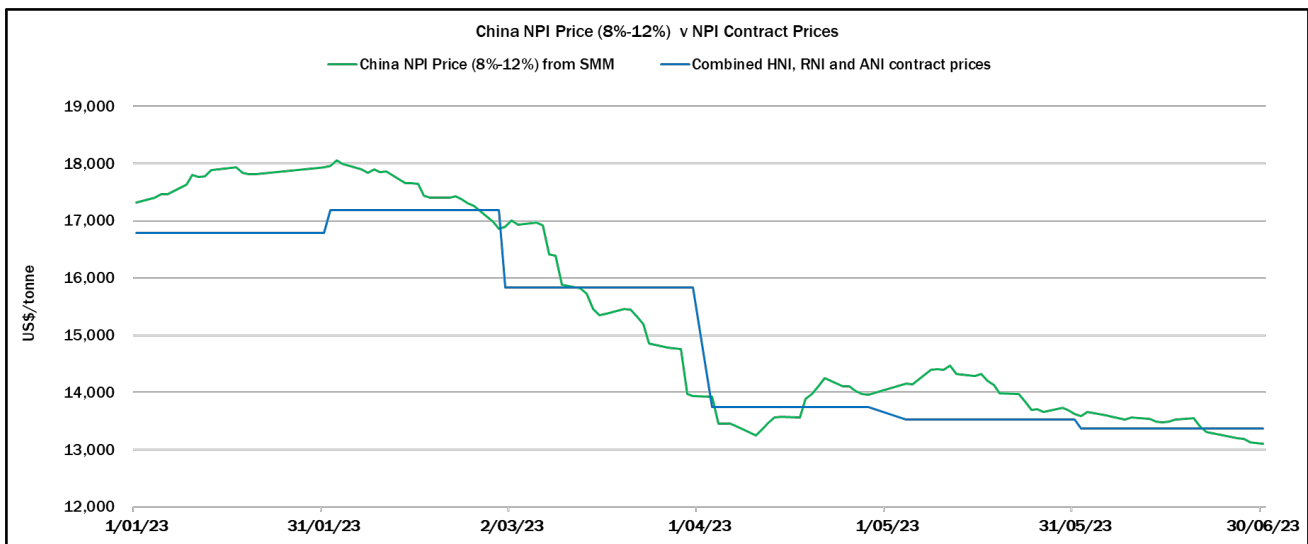
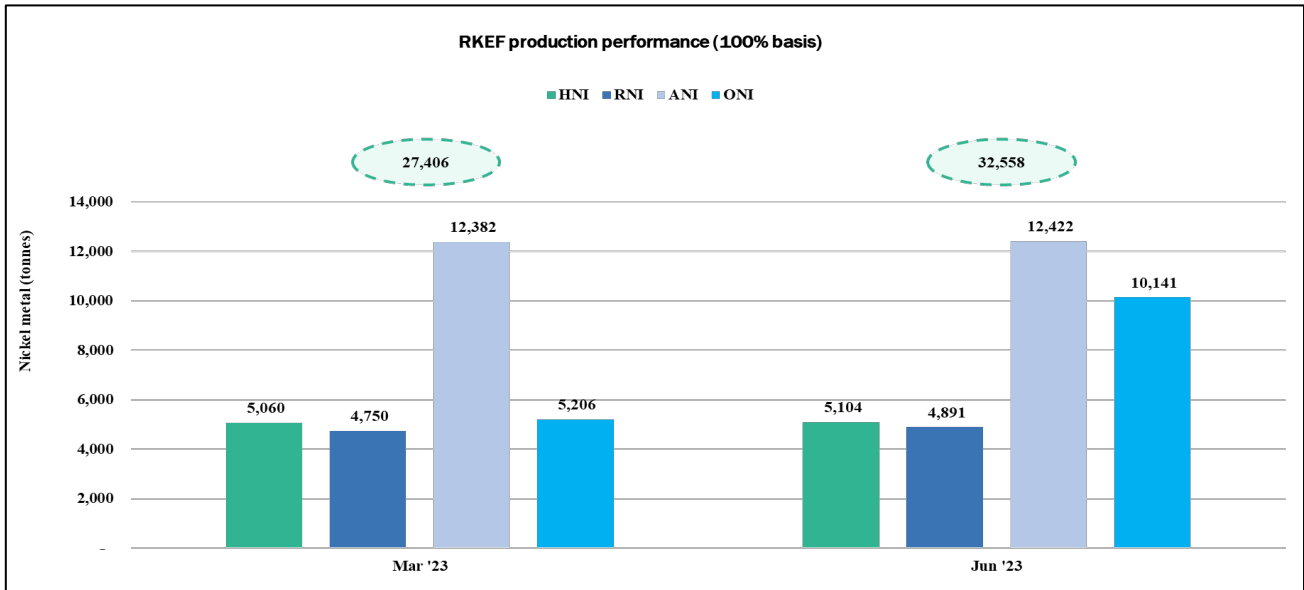
For the half year, Nickel Industries' attributable nickel production was 45,843 tonnes of nickel metal, an increase of 114.4% from the 21,386 tonnes of attributable nickel production in the six months to 30 June 2022. 38,299 tonnes were nickel in NPI and 7,544 tonnes were nickel in nickel matte.

For the half year, the Company's RKEF operations recorded (on a 100% basis) sales of \$922.9M from 59,637 tonnes of nickel metal sold. EBITDA for the half year was \$147.2M.

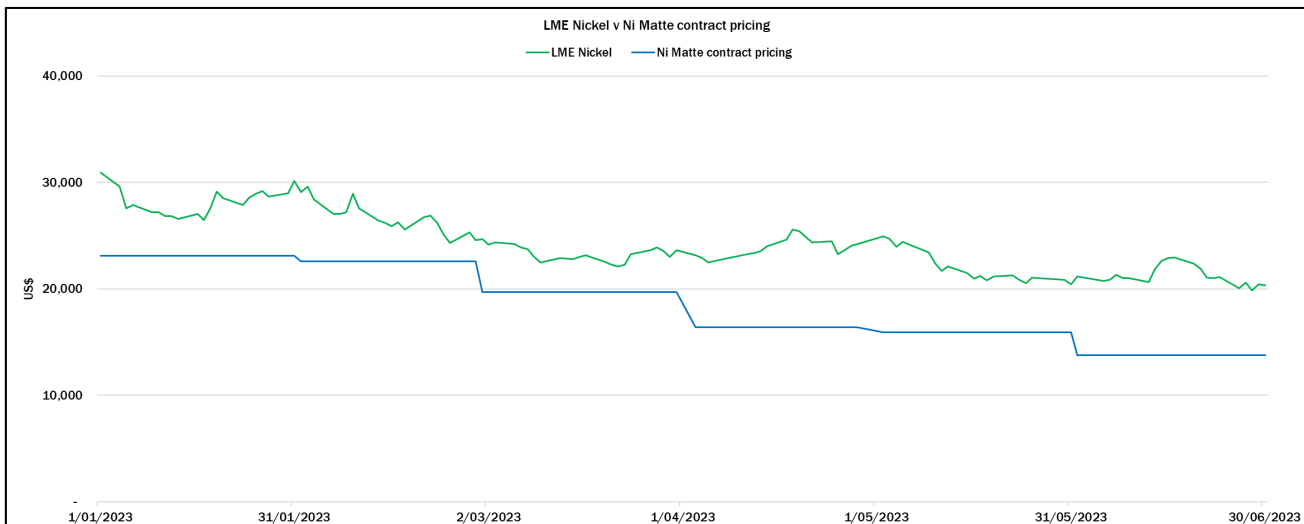
As a result of softening NPI and nickel matte prices during the half year period, realised contract pricing decreased from \$16,550/t in the second half of 2022 to \$15,334/t in the first half of 2023. Despite the price weakness observed during the half year, the Company believes its growing production base and low-cost operations leave it well positioned to benefit from an expected recovery in margins.

NICKEL INDUSTRIES LIMITED
and its controlled entities

DIRECTORS' REPORT



Realised contract pricing versus China's NPI price



Realised contracts prices during the half year period moved broadly in line with weaker underlying pricing for NPI and nickel matte

NICKEL INDUSTRIES LIMITED
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DIRECTORS' REPORT

Hengjaya Nickel (80% interest held by Nickel Industries)

During the six months to 30 June 2023, Hengjaya Nickel produced 10,165 tonnes of nickel metal in low grade matte, with an average LG matte grade of 18.3% and a weighted average cash cost of \$14,009 per tonne of nickel metal. By April, the price of HG matte had decreased to ~\$16,400/t from levels above \$21,000/t during Q1 2023, so for operational and commercial reasons the decision was made to sell LG matte in May and June with the price differential between HG matte and LG matte (~\$15,000/t), being less than the processing costs of conversion.

HENGJAYA NICKEL		March 2023 Quarter	June 2023 Quarter	Total
LG matte production	tonnes	26,922	28,624	55,545
LG matte grade	%	18.8	17.8	18.3
Nickel metal production in LG Matte	tonnes	5,060	5,104	10,165
Cash costs	\$/t Ni	14,880	13,146	14,009
Nickel metal sold	tonnes	4,638	4,723	9,361

Nickel Industries' attributable nickel metal production for the six months ended 30 June 2023 was 8,132 tonnes.

For the six months to 30 June 2023, Hengjaya Nickel recorded (on a 100% basis) sales of \$176.3M from 9,361 tonnes of nickel metal sold. EBITDA for the six months was \$30.2M.

Ranger Nickel (80% interest held by Nickel Industries)

During the six months to 30 June 2023, Ranger Nickel produced 9,641 tonnes of nickel metal, with an average NPI grade of 12.9% and a weighted average cash cost of \$14,067 per tonne of nickel metal.

RANGER NICKEL		March 2023 Quarter	June 2023 Quarter	Total
NPI production	tonnes	37,074	37,823	74,897
NPI grade	%	12.8	12.9	12.9
Nickel metal production	tonnes	4,750	4,891	9,641
Cash costs	\$/t Ni	15,161	13,005	14,067
Nickel metal sold	tonnes	4,750	4,891	9,641

Nickel Industries' attributable nickel metal production for the six months ended 30 June 2023 was 7,713 tonnes.

For the six months to 30 June 2023, Ranger Nickel recorded (on a 100% basis) sales of \$145.5M from 9,641 tonnes of nickel metal sold. EBITDA for the six months was \$12.9M.

NICKEL INDUSTRIES LIMITED
and its controlled entities

DIRECTORS' REPORT

Angel Nickel (80% interest held by Nickel Industries)

During the six months to 30 June 2023, Angel Nickel produced 24,804 tonnes of nickel metal, with an average NPI grade of 15.0% and a weighted average cash cost of \$11,396 per tonne of nickel metal.

ANGEL NICKEL		March 2023 Quarter	June 2023 Quarter	Total
NPI production	tonnes	80,909	84,785	165,694
NPI grade	%	15.3	14.7	15.0
Nickel metal production	tonnes	12,382	12,422	24,804
Cash costs	\$/t Ni	11,888	10,907	11,396
Nickel metal sold	tonnes	12,479	12,062	24,541

Nickel Industries' attributable nickel metal production for the six months ended 30 June 2023 was 19,843 tonnes.

For the six months to 30 June 2023, Angel Nickel recorded (on a 100% basis) sales of \$373.1M from 24,541 tonnes of nickel metal sold. EBITDA for the six months was \$96.1M.

Oracle Nickel (70% interest held by Nickel Industries)

Having commenced production from its first line in November 2022, the commissioning of Oracle Nickel's remaining three lines occurred during the first half of 2023, with production levels across all four lines reaching approximately 80% of nameplate capacity by period's end.

During the six months to 30 June 2023, Oracle Nickel produced 15,347 tonnes of nickel metal, with an average NPI grade of 11.5% and a weighted average cash cost of \$13,464 per tonne of nickel metal. With the Project's power plant having commenced commissioning in late June, Oracle production levels are expected to ramp-up to approximately 130% of nameplate capacity from early in the September quarter while also delivering significant electricity cost savings, and by extension, a material improvement in operating margins.

ORACLE NICKEL		March 2023 Quarter	June 2023 Quarter	Total
NPI production	tonnes	44,401	89,167	133,568
NPI grade	%	11.5	11.4	11.5
Nickel metal production	tonnes	5,206	10,141	15,347
Cash costs	\$/t Ni	14,605	12,794	13,464
Nickel metal sold	tonnes	5,953	10,141	16,094

Nickel Industries' attributable nickel metal production for the six months ended 30 June 2023 was 10,743 tonnes.

For the six months to 30 June 2023, Oracle Nickel recorded (on a 100% basis) sales of \$228.0M from 16,094 tonnes of nickel metal sold. EBITDA for the six months was \$8.1M.

Subsequent to the end of the half year and following shareholder approval the Company finalised the acquisition of an additional 10% interest in Oracle Nickel via the payment of \$75M to Shanghai Decent., increasing its equity interest to 80%.

NICKEL INDUSTRIES LIMITED
and its controlled entities

DIRECTORS' REPORT

HENGJAYA MINE (80% interest held by Nickel Industries)

The Company holds an 80% interest in PT Hengjaya Mineralindo, the owner of 100% of the Hengjaya Mine, with the remaining 20% interest owned by the Company's Indonesian partner.

The mine is located approximately 12 kilometres from the IMIP in the Morowali Regency, Central Sulawesi, Indonesia. The Hengjaya Mine tenement covers 5,983 hectares and holds a 20-year mining operation/production licence (issued in May 2012) with two further 10-year extension periods.

Mining

For the half year, production of saprolite ore totalled 1,354,941 wmt. Sales of saprolite ore totalled 1,367,254 wmt, with an average grade of 1.57% nickel.

Production of limonite ore totalled 3,852,260 wmt and sales totalled 328,334 wmt, with an average grade of 1.15% nickel. Stockpiles of limonite increased to 8.96 million wmt by the end of the half year period.

		March 2023 Quarter	June 2023 Quarter	Total
Saprolite mined	wmt	662,004	692,937	1,354,941
Limonite mined	wmt	1,822,636	2,029,624	3,852,260
Nickel ore mined	wmt	2,484,640	2,722,561	5,207,201
Overburden mined	BCM ³	398,017	226,798	624,815
Strip ratio⁴	BCM/wmt	0.16	0.08	0.12
Saprolite tonnes sold	wmt	677,089	690,165	1,367,254
Average saprolite grade	%	1.57	1.57	1.57
Average saprolite price received	\$/wmt	44.56	40.62	42.57
Average saprolite cost⁵	CIF \$/wmt	28.75	31.34	30.09
Limonite tonnes sold	wmt	113,138	215,196	328,334
Average limonite grade	%	1.17	1.14	1.15
Average limonite price received	CIF \$/wmt	18.29	20.01	19.43
Average limonite cost	\$/wmt	3.67	3.11	3.32

During the half year, the Hengjaya Mine continued to benefit from capital improvement and expansion initiatives implemented during the last two to three years. The establishment of multiple mining pits, utilisation of two mine contractors, along with expanded jetty capacity and an upsized haulage fleet, have delivered enormous operational and cost efficiencies that now allow mining production levels to be increased to a run rate in excess of 2.5Mt per quarter.

³ BCM represents 'bank cubic metres'.

⁴ With limonite now being supplied to IMIP, the "strip ratio" reflects overburden mined divided by total nickel ore mined.

⁵ Monthly costs are a six-month average of mining costs plus port/selling costs for the actual month.

NICKEL INDUSTRIES LIMITED
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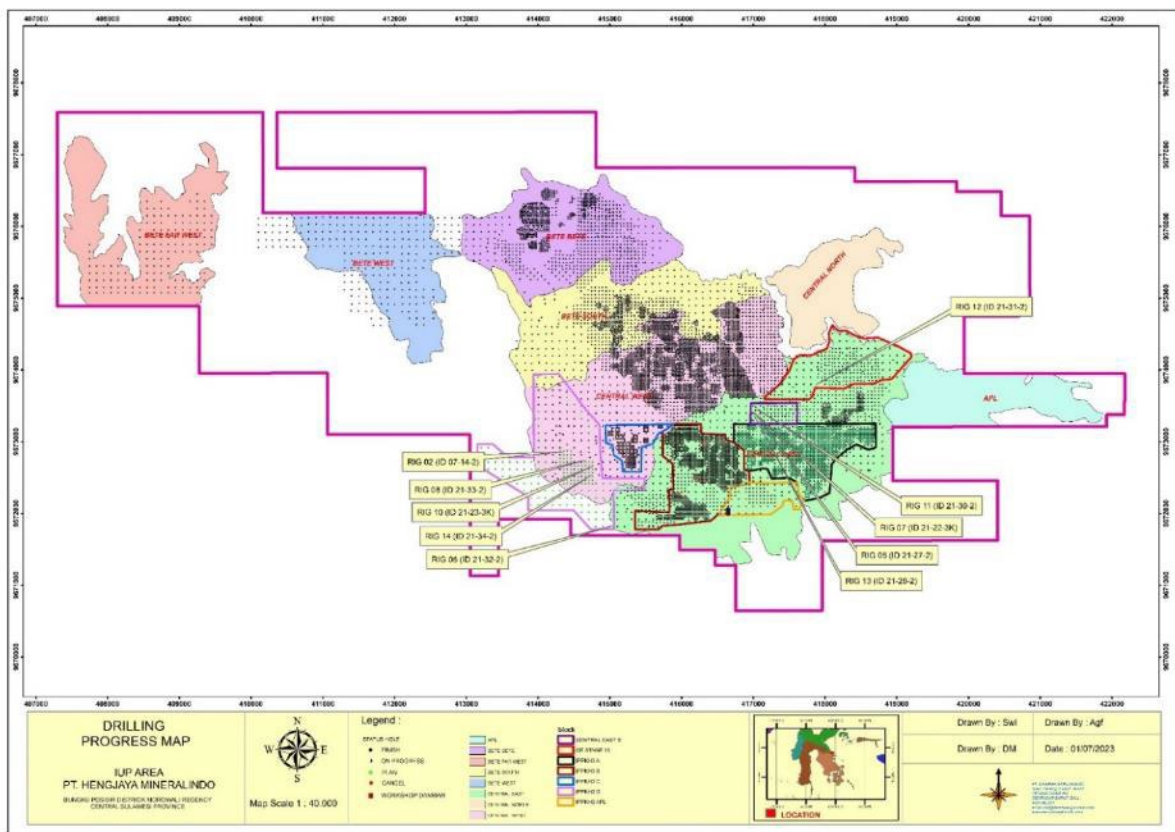
DIRECTORS' REPORT

Resource Drilling

During the half year, exploration drilling is continued at IPPKH 3 (South area) and IPPKH 2 (Central East, Central West), focusing on the required infill drilling to further update and refine mine plans, schedules and production sequences to successfully deliver quality production in 2023 and beyond.

During the half, fourteen drill rigs completed 3,022 holes for 71,396 meters and 72,540 samples. The drill spacing was a combination of 25 x 25 (infill), 50 x 50 (infill) and 100 x 100 (resource) metres spacing.

Geological results from exploration and infill drilling continue to offer good results in both ores. The limonite ore is well suited for the HPAL process with all associated mineral elements being suitable to produce a MHP product.



Drilling progress and 10 drill rig locations - June 2023



Remote location logging and drill movement at IPPKH3

NICKEL INDUSTRIES LIMITED and its controlled entities

DIRECTORS' REPORT

Haul Road

Subsequent to the end of the period, the Company completed the haul road between the Hengjaya Mine and the IMIP. This included the construction of a 70-metre double lane bridge with public road underpass near the entrance of the IMIP. The completion of the haul road represents a landmark development in the history of the Company's mining operations and will allow the mine to rapidly increase total ore sales from current levels of ~3.5M tonnes per annum to a targeted 10M tonnes per annum, a run rate which is expected to be achieved by the end of the current calendar year.

An official ceremony to mark the opening of the haul road was held on Thursday 3 August 2023 and was attended by several senior Nickel Industries executives including Deputy Chairman Norman Seckold, Managing Director Justin Werner and Director James Crombie, in addition to Tsingshan Chairman Xiang Guangda, Shanghai Decent Chairman and Nickel Industries Director Huang Weifeng and Eternal Tsingshan Chairman and Nickel Industries Director Xiang Binghe.



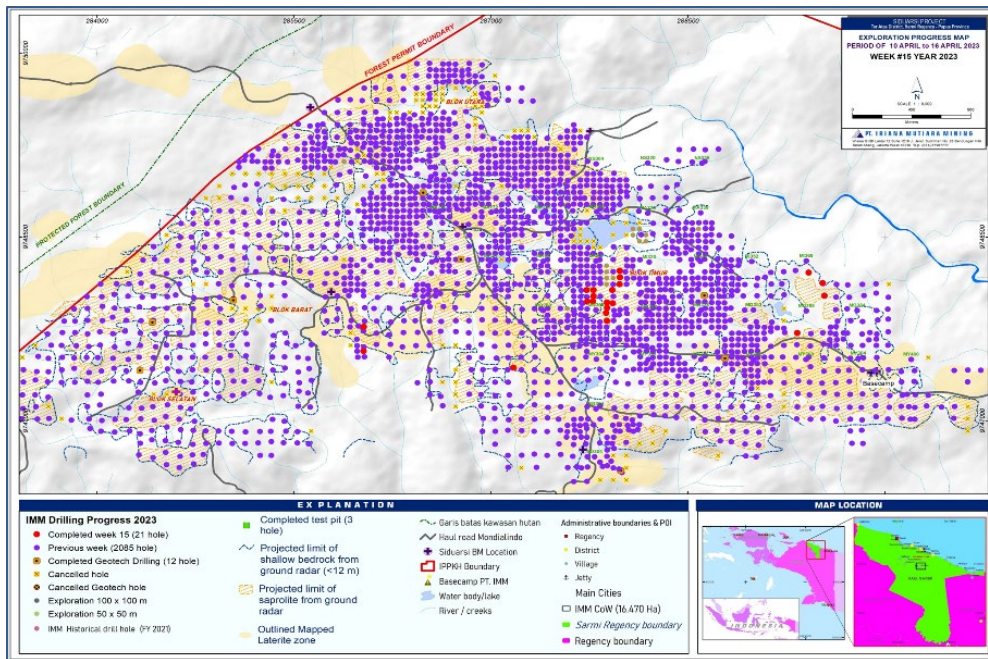
Nickel Industries' Deputy Chairman Norman Seckold and Managing Director Justin Werner officially open the Hengjaya Mine to IMIP Haul Road with Tsingshan Chairman Xiang Guangda

NICKEL INDUSTRIES LIMITED and its controlled entities

DIRECTORS' REPORT

Siduarsi Project

During the half year, the Company drilled 2,074 exploration holes totalling 31,127 metres (see drill location below).



Detailed geological modelling continues to be updated with over 29,854 assays now received. As of July 2023, 3,188 of samples are still at lab for analysis. Geotechnical drilling has also been completed from 10 points with a total number of samples of 51 consisting of 29 UCS samples, 18 triaxial samples and 4 UU triaxial samples. The results will be used to assist in open pit mine designs and optimisation.



Geotech drilling activities

During the June quarter, additional LIDAR-Drone survey was performed in the IMM concession area and its surroundings including plans for a mine hauling road and jetty. Of the planned 22,540 hectares, 21,200 or 94% was achieved. This activity aims to obtain raw data that supports to generate topographic models where it is the basis for geological block models. The Feasibility Study process, which is part of the IMM Operational IUP permitting process, is continuing and due before the end of 2023.

In addition to the haul road study, tenders have been sought by several companies to perform a jetty location and bathometric study along the nearby coastline.

Environmental projects include rehabilitation after carrying out the drilling by re-establishing areas with local trees. As of March 2023, 1,881 holes were rehabilitated with 4,249 trees planted.

NICKEL INDUSTRIES LIMITED and its controlled entities

DIRECTORS' REPORT

SAFETY, ENVIRONMENT, COMMUNITY AND SOCIAL GOVERNANCE

Safety

During the half year, there were no lost time injuries (LTI) recorded at the Hengjaya Mine with over 7.31 million work hours registered since the last reported LTI in November 2021. This gives the Hengjaya Mine a LTI frequency rate (LTIFR) of 0.14 and a total recordable incident frequency rate (TRIFR) of 1.35 for each million work hours. Safety and career development training continued on the mine site, including supervisory and ISO standards components which are currently focusing on Health and Safety certification.

Environment and Sustainability

In May, Hengjaya Mine had successfully completed its Forest Area Use Permit (PPKH) obligation towards the restoration of forest areas whilst contributing directly to the welfare of the surrounding communities at Bomba-Poso (PPKH 1 – 937 hectares), Central Sulawesi and Ensa-North Morowali, Central Sulawesi (PPKH 2 – 1,094 hectares). The watershed rehabilitation obligation for both areas totalled 2,031 hectares. Since the program's inception in 2019, the Hengjaya Mine has now officially and successfully handed over approximately 1,338 hectares to the stakeholders (mainly Ministry of Environment and Forestry together with its respective communities). The remaining areas are still being rehabilitated and programs are ongoing.



Hengjaya Mine's Director Mr Adi Wijoyo and Indonesian CFO Mr Vijay Nair in attendance with the Ministry of Environment and Forestry officials for the handover ceremony of watershed rehabilitation areas throughout Indonesia.

In June, the Hengjaya Mine was awarded the "Most Promising Transition Award" at the ESG World Summit and GRIT Awards 2023 in Bangkok. The accolade was awarded for Hengjaya Mine's leadership in transforming its business operations to contribute towards sustainability and its numerous initiatives to minimise the impact of its operations on the environment.

The Summit and Awards are organised by CorpStage and ESG Research Foundation. The GRIT Awards stand for: Growth, Resilience, Intention and Innovation, and Transcending. The Awards aim to "advance responsible capitalism" and green initiatives recognising outstanding companies which are making strides towards a sustainable world through impactful environmental, social, and governance practices.

During this period, the Company also conducted a detailed study to design its biodiversity conservation area with a total of 200 hectares in the Hengjaya Mine site. Once completed, this technical document will be submitted to the Indonesian government for further evaluation. Additionally, the Company also aimed to strengthen its waste management processing at the mining area by developing a Material Recovery Facility (MRF) that will be able to recycle some of the generated waste into organic fertiliser and more valuable materials. The construction of this MRF facility is expected to start before the end of this year.

NICKEL INDUSTRIES LIMITED and its controlled entities

DIRECTORS' REPORT

Community

Nickel Industries continues with its commitment by contributing to both human and infrastructure development around the Hengjaya Mine and local communities and, as such, is actively involved in numerous Community Development and Empowerment (PPM) and Community Social Responsibility initiatives. Other programs the Company is involved in relate to health, education, infrastructure and sustainability projects.

In July 2023 the Company's Hengjaya Mine also received two gold trophies at the Nusantara CSR Awards 2023 for the SEA Tangofa (Selamatkan Terumbu Karang/Coral Reef Tangofa) and CSP HM (Collaborative Stakeholders for PPM HM). These latest awards further strengthen the Hengjaya Mine and Nickel Industries' credentials as a responsible metal producer in the region.



The Hengjaya Mine team received two gold awards at the Nusantara CSR Awards 2023

NICKEL INDUSTRIES LIMITED
and its controlled entities

DIRECTORS' REPORT

CORPORATE

Electric Vehicle Battery Supply Chain Strategic Framework Agreement

In January 2023, the Company signed a multi-faceted Electric Vehicle Battery Supply Chain Strategic Framework Agreement (**Strategic Agreement**) with Shanghai Decent, and entered into binding agreements with Shanghai Decent to acquire 10% interests in two producing nickel assets (collectively the **Acquired Assets**):

The Acquired Assets comprise:

- i) a 10% interest in PT Huayue Nickel Cobalt (**HNC**) which the Company will acquire from Newstride Development Limited (**Newstride**), an entity within the Tsingshan group and an affiliate of Shanghai Decent) for \$270M. HNC is an operating HPAL project in the IMIP; and
- ii) an additional 10% interest in Oracle Nickel for \$75M in cash (increasing the Company's interest to 80%).

The Company also acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for \$40 million (**Acquired Options**).

The Acquired Options comprise:

- i) a \$25M option for the construction of an HPAL plant with the ability to produce MHP, nickel sulphate and nickel cathode; and
- ii) a \$15M option to invest in and construct a low-grade to high-grade nickel matte converter at Oracle Nickel.

Subsequent to the end of the half year and following shareholder approval, the Company completed the acquisition of the Acquired Assets and the payment obligations of the Acquired Options.

Equity Capital Raise

To fund the Acquired Assets and Acquired Options the Company undertook a capital raise (**Equity Raise**).

The Equity Raise comprised:

- (i) a \$185.7M (A\$264.3M) fully underwritten, institutional placement (**Institutional Placement**);
- (ii) a \$270M (~A\$386M) placement to Newstride (or its nominee), a \$15M (~A\$21M) placement to Shanghai Wanlu Investment Co. Ltd. (**Shanghai Wanlu**) (or its nominee) and \$1.4M (~A\$2M) placement to Non-Executive Director Mark Lochtenberg on a non-underwritten basis (**Conditional Placement**); and
- (iii) a non-underwritten share purchase plan (**SPP**) to eligible shareholders in Australia and New Zealand.

The Institutional Placement was successfully completed on 19 January 2023 and the SPP offer closed on 24 February 2023. Under the SPP the Company issued 33,880,135 shares at A\$1.02 for total receipts of A\$34,557,737.70.

The Conditional Placement was approved by FIRB on 30 June 2023 and by shareholders at an EGM held on 5 July 2023, and all shares to be issued under the Conditional Placement had been issued by 3 August 2023.

NICKEL INDUSTRIES LIMITED and its controlled entities

DIRECTORS' REPORT

Conditional share placement and execution of collaboration agreement with PT United Tractors

In June, the Company entered into a conditional share subscription agreement (**Subscription Agreement**) for a A\$943M (\$628M) placement of shares in Nickel Industries (**Conditional Placement**) to PT Danusa Tambang Nusantara (**DTN**), a subsidiary of PT United Tractors Tbk (**United Tractors**).

The UT Conditional Placement will comprise the issuance of 857M new fully paid ordinary shares (**New Shares**) at A\$1.10 per New Share (**Placement Price**), representing a 27.2% premium to the last traded price of A\$0.87 on Thursday, 8 June 2023 (the day prior to announcement). Immediately following the completion of the Conditional Placement, the New Shares will represent approximately 19.99% of the Company's total ordinary shares outstanding. United Tractors will have the right to appoint a director to the Nickel Industries Board on completion of the Subscription Agreement. The Conditional Placement is conditional on completion of the HNC Placement (approved by shareholders on 5 July 2023) and Nickel Industries shareholder approval, with an Extraordinary General Meeting scheduled for 8 September 2023.

In addition to the abovementioned Subscription Agreement, the Company executed a conditional Collaboration Agreement with DTN under which DTN intends to participate in the acquisition of a 20% equity interest in the ENC Project, reducing Nickel Industries' investment in the ENC Project by a similar amount. The Collaboration Agreement is subject to certain conditions precedent including completion of a feasibility study and Nickel Industries making a final investment decision (**FID**) to proceed with the ENC Project.

If the conditions precedent are not satisfied by 29 September 2023, either party may terminate the Collaboration Agreement. The Company sees numerous benefits to its collaboration with United Tractors and DTN that include but are not limited to:

- additional local knowledge and operational expertise: United Tractors is one of the largest heavy equipment distributors and mine operators in Indonesia and has deep knowledge of the Indonesian mining landscape;
- financial firepower: DTN's investment provides Nickel Industries with an immediate capital injection of A\$943M, strengthens Nickel Industries' balance sheet, and assuming that DTN invests in the ENC Project, reduces Nickel Industries' capital commitment for the ENC Project, and brings the ENC project closer to realisation; and
- potential expansion of the ENC Project: collaboration with United Tractors and DTN also provides the potential opportunity to investigate doubling the expected production of the ENC Project via a Stage 2 Expansion, which would further establish Nickel Industries as a leading global and diversified nickel company.

2022 Sustainability Report

The Company released its 2022 Sustainability Report in March 2023. Significant progress was made by the Company across numerous sustainability initiatives in 2022, evidenced by Nickel Industries becoming the only nickel company to receive seven trophies at the Environmental and Social Innovation Awards, earning a silver award at the Asia Sustainability Reporting Rating and achieving a "Green Proper" rating for the Hengjaya Mine from the Indonesia Ministry of Environment and Forestry. In addition, the Company was nominated as a finalist for three categories at the Asia Sustainability Reporting Awards and was included in the top-half of ESG performers in the global Mining and Metals Industry according to the S&P Global.

This report builds on the Company's maiden 2021 Sustainability Report and reflects the strong commitment the Company has regarding reporting transparency across both its mining and downstream processing operations. With Nickel Industries having established itself as a large and active participant across Indonesia's mining and industrial landscape, the Company is highly committed to contributing to a more sustainable future for these industries and to advancing the welfare of Indonesia's people through employment opportunity and social progression. The Company also looks forward to continuing to reduce the carbon footprint of its operations through the adoption of and adherence to industry 'best practice' mining and processing standards, in addition to the gradual transition to renewable forms of energy and production diversity into lower carbon intensive products that will contribute to a green energy future.

NICKEL INDUSTRIES LIMITED
and its controlled entities

DIRECTORS' REPORT

\$400M Senior Unsecured Notes Issuance and concurrent refinance and tender offer of existing bonds

In April, the Company completed a \$400M issuance of senior unsecured notes (**New Notes**), the refinancing of the Company's \$225M senior secured notes and completion of a Concurrent Tender Offer for the existing \$325M senior unsecured notes maturing in April 2024 (**Target Notes**).

Under the tender offer the Company accepted valid tender for an aggregate amount of \$80,082,000 at a purchase price equal to 102% of the principal amount of the Target Notes.

A material outcome of the New Notes issuance was a removal of all secured debt and a simplification of the Company's capital structure. The Company's outstanding bonds will now comprise of \$400M of New Notes, maturing 21 October 2028 and \$244.9M of Target Notes, maturing 1 April 2024. Importantly, the New Notes extend the Company's debt maturity profile, optimally positioning it to continue the strong growth trajectory to becoming a leading producer of battery grade 'Class 1' nickel.

Key details of the New Notes are as follows:

Issuer	Nickel Industries Limited
Issue size	\$400M
Coupon	11.25% per annum, payable on a semi-annual basis in arrears
Distribution format	Rule 144A / Regulation S
Amortisation	11% amortisation on April and October each year commencing 21 October 2025
Final maturity date	21 October 2028
Listing	Notes are listed on the Singapore Exchange Securities Trading Limited (SGX-ST)
144A ISIN	US653890AA15
Reg S ISIN	USQ67949AC34

Payment of final dividend

During the half year, the Company declared and paid a FY2022 final dividend of A\$0.02 per share taking its full year 2022 dividend payment to A\$0.04 per share, amounting to a combined distribution of A\$115.1M (\$78.0M).

NICKEL INDUSTRIES LIMITED
and its controlled entities

DIRECTORS' REPORT

Mineral Resource Statement

Summarised below by resource category is the JORC resource estimate for the Hengjaya Mine, using a 0.8% nickel cut-off grade.

Category	Dry Tonnes (million)	Ni (%)	Co%	Fe (%)
Measured	85	1.3	0.09	30.4
Indicated	130	1.2	0.09	28.6
Inferred	85	1.2	0.08	29.1
Total	300	1.2	0.09	29.2

Hengjaya Mine Mineral Resources

Resource comparison 2023 to 2022

The Company released the above JORC compliant Resource Estimate, prepared by PT Danmar Explorindo, in September 2022, as well as updated Mineral Resource Statement. No subsequent updated Resource Estimate has been released. A total of 3,022 holes for 71,396 metres of exploration and infill drilling has been undertaken at the Hengjaya Mine in the six months to 30 June 2023.

Competent Persons Statement

The information provided in this report that relates to Exploration Results and the Mineral Resource at the Hengjaya Mine, is based on information provided by Daniel Madre of PT Danmar Explorindo. Mr Madre is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Madre is an independent consulting geologist and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Madre has more than 18 years experience in exploration and mining of nickel laterites in Indonesia.

The information in this announcement that relates to Exploration Results in relation to the Siduarsi Nickel-Cobalt Project is based on and fairly represents information and supporting documentation compiled by Michael Thirnbeck BSc (Hons), a Competent Person, who is a Member of the Australasian Institute of Mining and Metallurgy. Michael Thirnbeck is a full-time employee of PT. Iriana Mutiara Mining and has sufficient experience that is relevant to the style of mineralisation, type of deposit and activities being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. The Competent Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Mr. Thirnbeck consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

NICKEL INDUSTRIES LIMITED
and its controlled entities

DIRECTORS' REPORT

SUBSEQUENT EVENTS

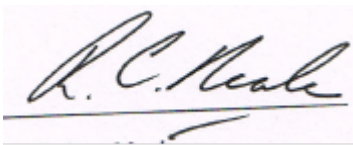
- Following shareholder approval at an EGM held on 5 July 2023, the Company completed:
 - the acquisition of a 10 % indirect interest in HNC for \$270M through the issue of 381,365,628 shares at A\$1.02 per share to Newstride nominee Decent International Private Limited;
 - the acquisition of an additional 10% interest in the Oracle Nickel project, through a cash payment of \$75M to Shanghai Decent;
 - the payment obligations for the two Acquired Options through the payment of \$40M to Shanghai Decent comprising (i) \$25M for an option to participate in the construction and ownership of the ENC Project, and (ii) \$15M consideration for an option to invest in and construct a high-grade matte converter at Oracle Nickel; and
 - the issue of the Conditional Placement shares to Shanghai Wanlu, an entity in which Director Xu Yuanyuan holds a beneficial interest and Director Mark Lochtenberg.
- On 31 July 2023 the Company declared an interim dividend of A\$0.02 per share, representing a distribution of A\$68.6M (\$44.9M).
- In August 2023, the haul road linking the Hengjaya Mine to the IMIP was completed.

Other than the matters detailed above, there has not arisen in the interval between the end of the half year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration on page 21 as required under Section 307C of the Corporations Act 2001 is attached to and forms part of the Directors' Report for the half-year ended 30 June 2023.

Signed in accordance with a resolution of the Directors.



Robert Neale
Chairman
Sydney, 31 August 2023



Norman Seckold
Deputy Chairman



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Nickel Industries Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Nickel Industries Limited for the half-year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Adam Twemlow
Partner
Brisbane
31 August 2023

NICKEL INDUSTRIES LIMITED
and its controlled entities

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2023**

US\$	Notes	6 months to 30 June 2023 \$	6 months to 30 June 2022 \$
Sales revenue		932,265,569	515,034,808
Cost of sales		(755,292,467)	(327,224,004)
Depreciation and amortisation expense		(50,606,945)	(26,633,338)
Gross profit		<u>126,366,157</u>	<u>161,177,466</u>
Directors' fees and consultants' expenses		(4,999,055)	(5,750,842)
Exploration and evaluation expenditure		-	(1,123,221)
Share of loss of equity accounted investee		-	(68,722)
Other expenses	4	(10,673,947)	(17,992,994)
Results from operating activities		<u>110,693,155</u>	<u>136,241,687</u>
Financial income	5	2,682,818	233,178
Financial expense	5	(55,342,123)	(12,102,656)
Net financial expense		<u>(52,659,305)</u>	<u>(11,869,478)</u>
Profit before income tax		<u>58,033,850</u>	<u>124,372,209</u>
Income tax expense		(8,981,038)	(5,924,119)
Profit for the period		<u>49,052,812</u>	<u>118,448,090</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>49,052,812</u>	<u>118,448,090</u>
Profit attributable to:			
Owners of the Company		27,128,306	92,378,091
Non-controlling interest		21,924,506	26,069,999
Profit for the period		<u>49,052,812</u>	<u>118,448,090</u>
Total comprehensive income attributable to:			
Owners of the Company		27,128,306	92,378,091
Non-controlling interest		21,924,506	26,069,999
Total comprehensive income for the period		<u>49,052,812</u>	<u>118,448,090</u>
Earnings per share			
Basic and diluted profit per share (cents)	7	<u>0.91</u>	<u>3.51</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

NICKEL INDUSTRIES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30 June 2023 \$	31 December 2022 \$
US\$			
Current assets			
Cash and cash equivalents		363,984,356	144,242,357
Trade and other receivables	6	369,945,474	235,617,714
Inventory	8	223,411,993	204,845,299
Other current assets		41,390,731	47,793,529
Total current assets		<u>998,732,554</u>	<u>632,498,899</u>
Non-current assets			
Other non-current asset		24,132,408	15,162,987
Exploration and evaluation assets		8,938,865	-
Property, plant and equipment	9	1,870,412,337	1,922,109,404
Goodwill		102,748,404	102,748,404
Total non-current assets		<u>2,006,232,014</u>	<u>2,040,020,795</u>
Total assets		<u>3,004,964,568</u>	<u>2,672,519,694</u>
Current liabilities			
Trade and other payables	10	195,281,683	177,185,164
Current tax payable		15,797,963	21,244,636
Provision – employees’ benefit obligation		1,189,586	1,174,237
Borrowings	12	255,950,775	7,772,688
Total current liabilities		<u>468,220,007</u>	<u>207,376,725</u>
Non-current liabilities			
Provision – rehabilitation		2,026,405	2,034,921
Deferred income tax liability		96,099,817	96,099,816
Other non-current liability		948,362	948,363
Borrowings	12	400,630,085	551,515,430
Total non-current liabilities		<u>499,704,669</u>	<u>650,598,530</u>
Total liabilities		<u>967,924,676</u>	<u>857,975,255</u>
Net assets		<u>2,037,039,892</u>	<u>1,814,544,439</u>
Equity			
Share capital	13	1,146,628,813	942,442,827
Reserves		19,144,965	19,144,965
Retained profits		323,453,392	337,031,589
Total equity attributable to equity holders of the Company		<u>1,489,227,170</u>	<u>1,298,619,381</u>
Non-controlling interest		547,812,722	515,925,058
Total equity		<u>2,037,039,892</u>	<u>1,814,544,439</u>

The above consolidated statement of financial position should be read in conjunction with accompanying notes.

NICKEL INDUSTRIES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2023

US\$	Notes	Share capital \$	Retained profits \$	Reserves \$	Total \$	Non- controlling interest \$	Total equity \$
Balance at 1 January 2022 – restated*		732,929,135	250,777,309	19,139,295	1,002,845,739	295,066,300	1,297,912,039
Total comprehensive income for the period							
Profit for the period		-	92,378,091	-	92,378,091	26,069,999	118,448,090
Total comprehensive income for the period		-	92,378,091	-	92,378,091	26,069,999	118,448,090
Transactions with owners, recorded directly in equity							
Dividends		-	(35,366,339)	-	(35,366,339)	-	(35,366,339)
Issue of shares		212,000,000	-	-	212,000,000	-	212,000,000
Costs of issue		(2,486,308)	-	-	(2,486,308)	-	(2,486,308)
Distributions to non-controlling interest		-	-	-	-	(20,203,694)	(20,203,694)
Balance at 30 June 2022		942,442,827	307,789,061	19,139,295	1,269,371,183	300,932,605	1,570,303,788
Balance at 1 January 2023		942,442,827	337,031,589	19,144,965	1,298,619,381	515,925,058	1,814,544,439
Total comprehensive income for the period							
Profit for the period		-	27,128,306	-	27,128,306	21,924,506	49,052,812
Total comprehensive income for the period		-	27,128,306	-	27,128,306	21,924,506	49,052,812
Transactions with owners, recorded directly in equity							
Dividends	13	-	(40,706,503)	-	(40,706,503)	-	(40,706,503)
Issue of shares	13	209,130,208	-	-	209,130,208	-	209,130,208
Costs of issue	13	(4,944,222)	-	-	(4,944,222)	-	(4,944,222)
Transaction with non-controlling interest without a change of control		-	-	-	-	26,400,000	26,400,000
Distributions to non-controlling interest		-	-	-	-	(16,436,842)	(16,436,842)
Balance at 30 June 2023		1,146,628,813	323,453,392	19,144,965	1,489,227,170	547,812,722	2,037,039,892

* Restated following adjustment to provisional accounting for acquisition of a controlled entity. See Note 16 for further details.

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

NICKEL INDUSTRIES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2023

US\$	Notes	30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities			
Cash receipts from customers		864,586,294	459,538,741
Cash payments in the course of operations		(789,638,334)	(414,724,897)
Interest received		2,385,973	233,178
Taxes and fees paid		(25,793,310)	(28,692,083)
Payments for exploration and evaluation		-	(1,679,812)
Net cash from operating activities		<u>51,540,623</u>	<u>14,675,127</u>
Cash flows from investing activities			
Payments for exploration and evaluation assets		(8,938,865)	-
Payments for property, plant and equipment		(12,555,005)	(997,702)
Payments for construction in progress		(121,216,656)	(98,992,243)
Payments for investments	11	-	(104,200,000)
Advancement of loan monies		(2,000,000)	-
Net cash used in investing activities		<u>(144,710,526)</u>	<u>(204,189,945)</u>
Cash flows from financing activities			
Proceeds from issue of shares	13	209,130,208	106,000,000
Costs of issue	13	(4,944,222)	(2,486,308)
Dividend distributions		(40,706,503)	(35,366,339)
Proceeds from borrowings, net of transaction costs	12	397,636,233	12,000,000
Repayment of borrowings	12	(315,482,000)	-
Payment of interest charges	12	(20,911,920)	(10,562,500)
Payment of financing expenses	12	(18,476,640)	-
Distributions to non-controlling interest		(16,436,843)	(20,203,693)
Contributions by non-controlling interest		122,400,000	100,000,000
Net cash from financing activities		<u>312,208,313</u>	<u>149,381,160</u>
Net increase in cash and cash equivalents		219,038,411	(40,133,658)
Effect of exchange rate adjustments on cash held		703,588	191,717
Cash and cash equivalents at the beginning of the period		<u>144,242,357</u>	<u>137,861,958</u>
Cash and cash equivalents at the end of the period		<u><u>363,984,356</u></u>	<u><u>97,920,017</u></u>
Non-cash financing and investing activities:			
The acquisition of an investment in an equity accounted investee disclosed in Note 11 included a non-cash transaction of \$106,000,000 which was funded through the issue of \$106,000,000 in shares.			
Non-cash investing activities			
Payment for investment in equity account investee	11	-	(106,000,000)
Total non-cash investing activities		<u>-</u>	<u>(106,000,000)</u>
Non-cash financing activities			
Proceeds from issue of shares	13	-	106,000,000
Total non-cash investing activities		<u>-</u>	<u>106,000,000</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NICKEL INDUSTRIES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2023

NOTE 1 - REPORTING ENTITY

Nickel Industries Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial report for the half year ended 30 June 2023 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is involved in nickel mining and production operations.

The consolidated annual financial report of the Group as at and for the period ended 31 December 2022 is available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.nickelindustries.com.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

The condensed consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The financial report was authorised for issue by the Directors on 31 August 2023.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Functional and presentation currency

These financial statements are presented in United States dollars, which is the Company's functional currency.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are materially the same as those applied by the Group in its consolidated financial statements as at and for the period ended 31 December 2022. The policy for recognising and measuring income taxes in the interim period is consistent with that applied in the comparative interim period, except for the changes outlined below:

The OECD released Global Anti-Base Erosion Model Rules for a global minimum tax that is expected to be used by individual jurisdictions which seeks to apply a 15% global minimum tax effective for income years commencing on or after 1 January 2024. Legislation to effect these changes has not yet been passed in Australia, Singapore and Indonesia where the Group primarily operates.

NICKEL INDUSTRIES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2023

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Group has adopted AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules* which provides a temporary mandatory exception from deferred tax accounting effective immediately.

If implemented the Company may be within scope of the proposed rules, given its operations and arrangements in Singapore and Indonesia. It is noted that the Company's subsidiaries have been granted material tax concessions in Indonesia.

The Company is in the process of evaluating the potential implications of the Pillar Two global minimum tax rules under IAS12. Recognition of any impact will only occur once legislation has been substantively enacted.

	6 months to	6 months to
	30 June	30 June
	2023	2022
	\$	\$

NOTE 4 - OTHER EXPENSES

Audit fees – KPMG audit and review of financial reports	250,866	146,155
Travel	343,258	195,770
Legal fees	607,694	436,524
Withholding tax expenses	9,841,423	12,899,045
Other	1,112,097	491,482
Foreign exchange (gain)/loss	(1,481,391)	(3,824,018)
	10,673,947	17,992,994

NOTE 5 - FINANCIAL INCOME AND FINANCE EXPENSE

Interest income	2,682,818	233,178
Interest expense*	(36,865,483)	(12,102,656)
Financing expenses^	(18,476,640)	-
	(52,659,305)	(11,869,478)

* Includes bond issue costs of \$10,826,153 which are being expensed under the effective interest rate method. Refer to Note 12 for further details.

^ As detailed in Note 12, during the period the Company completed a \$400M issuance of senior unsecured notes, and at the same time purchased and cancelled the Company's \$225M senior secured notes and completed a tender offer for \$80.082M of the \$325M senior unsecured notes maturing in April 2024, with the costs associated with the repurchasing shown above.

	30 June	31 December
	2023	2022
	\$	\$

NOTE 6 - TRADE AND OTHER RECEIVABLES

Sales taxes receivable	131,930,316	65,281,833
Trade receivables	238,015,158	170,335,881
	369,945,474	235,617,714

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	6 months to 30 June 2023	6 months to 30 June 2022
	\$	\$
NOTE 7 - PROFIT PER SHARE		
Basic and diluted profit per share have been calculated using:		
Net profit for the period attributable to equity holders of the Company	27,128,306	92,378,091
	N° of Shares	N° of shares
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at the beginning of the period	2,731,273,497	2,515,029,051
Effect of shares issued on 15 February 2022	-	81,241,007
Effect of shares issued on 4 May 2022	-	34,646,900
Effect of shares issued on 24 January 2023	226,178,869	-
Effect of shares issued on 3 March 2023	22,461,968	-
Weighted average number of shares at the end of the period	2,979,914,334	2,630,916,958

	30 June 2023	31 December 2022
	\$	\$
NOTE 8 - INVENTORY		
Current		
Inventory – Hengjaya mine nickel ore stockpiles	19,399,571	12,455,365
Inventory – nickel pig iron production raw materials	133,799,050	113,665,821
Inventory – nickel matte production raw materials	44,630,210	38,677,924
Inventory – nickel pig iron	14,637,420	30,803,925
Inventory – nickel matte	10,945,742	9,242,264
	223,411,993	204,845,299

During the six month period ended 30 June 2023, the Company's 80% subsidiary PT Hengjaya Mineralindo supplied saprolite nickel ore to the Company's 80% owned subsidiaries PT Hengjaya Nickel Industry, PT Oracle Nickel Industry and PT Ranger Nickel Industry under a series of offtake agreements to supply a minimum of 80,000 wmt of saprolite per month to each entity for the period January to June 2023. During the period the PT Hengjaya Mineralindo continued to supply limonite ore to HPAL projects operating within the IMIP

Nickel pig iron production raw materials includes nickel ore acquired by PT Hengjaya Nickel Industry, PT Oracle Nickel Industry and PT Ranger Nickel Industry from PT Hengjaya Mineralindo, operator of the Hengjaya Mine. This continues to be valued at the PT Hengjaya Mineralindo cost of production.

Inventories are carried at the lower of cost and net realisable value.

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT	30 June 2023	31 December 2022
Furniture and fittings	221,415	276,422
Mine infrastructure assets	5,465,967	5,654,422
Buildings	325,302,756	192,910,955
Mining properties	23,317,673	24,236,775
Office equipment	712,207	790,648
Plant and machinery	1,498,613,328	985,090,214
Motor vehicles	374,362	393,003
Construction in progress*	16,404,629	712,756,965
	<u>1,870,412,337</u>	<u>1,922,109,404</u>

* Construction in progress represents construction costs of the haul road at the Hengjaya Mine, construction of which completed subsequent to the end of the period.

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below.

Furniture and fittings

Carrying amount at beginning of year	276,422	148,559
Additions	13,209	282,539
Depreciation	(68,216)	(154,676)
Net book value	<u>221,415</u>	<u>276,422</u>

Mine infrastructure assets

Carrying amount at beginning of year	5,654,422	8,425,176
Additions	-	2,166,327
Transfer	-	(4,645,131)
Depreciation	(188,455)	(291,950)
Net book value	<u>5,465,967</u>	<u>5,654,422</u>

Buildings and land

Carrying amount at beginning of year	192,910,955	57,449,633
Additions	139,758,543	143,413,512
Depreciation	(7,366,742)	(7,952,190)
Net book value	<u>325,302,756</u>	<u>192,910,955</u>

Mining properties

Carrying amount at beginning of year	24,236,775	25,416,384
Additions	55,190	703,266
Disposal	-	(18,916)
Amortisation	(974,292)	(1,863,959)
Net book value	<u>23,317,673</u>	<u>24,236,775</u>

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Cont.)	30 June 2023	31 December 2022
Office equipment		
Carrying amount at beginning of year	790,648	680,495
Additions	104,663	466,520
Depreciation	(183,104)	(356,367)
Net book value	712,207	790,648
Plant and machinery		
Carrying amount at beginning of year	985,090,214	478,568,971
Additions	555,251,404	562,786,616
Depreciation	(41,728,290)	(56,265,373)
Net book value	1,498,613,328	985,090,214
Motor vehicles		
Carrying amount at beginning of year	393,003	335,027
Additions	79,206	249,711
Depreciation	(97,847)	(191,735)
Net book value	374,362	393,003
Construction in progress		
Carrying amount at beginning of year	712,756,965	693,257,566
Additions	31,653,054	83,871,205
Additions arising from business combination [^]	-	515,164,044
Transfers*	(728,005,390)	(579,535,850)
Net book value	16,404,629	712,756,965
 Total property, plant and equipment	 1,870,412,337	 1,922,109,404

* Balances in construction in progress are transferred into other categories, as additions, on commissioning of projects, or when available for use in a manner in which management intended.

[^] Additions arising from business combinations in 2022 relate to the acquisition of Oracle Development Private Limited on 27 September 2022.

During the period the Group acquired \$726,915,269 of property, plant and equipment and recognised depreciation and amortisation totalling \$50,606,945.

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	30 June	31 December
	2023	2022
	\$	\$
NOTE 10 - TRADE AND OTHER PAYABLES		
Current		
Creditors	188,064,305	170,068,973
Accruals	5,000,762	6,052,742
Other	2,216,616	1,063,449
	195,281,683	177,185,164

NOTE 11 - EQUITY-ACCOUNTED INVESTEEES

Opening balance	-	-
Acquisition of a 10% interest in Oracle Nickel	-	53,000,000
Acquisition of an additional 20% interest in Oracle Nickel	-	106,000,000
Share of profit of Oracle Nickel	-	404,812
Acquisition of an additional 40% interest in Oracle Nickel	-	212,000,000
Fair value movement in the carrying value of investment in Oracle Nickel	-	(404,812)
Consideration for business combination of Oracle Nickel	-	(371,000,000)
	-	-

The Company acquired an initial 10% interest of the Oracle Nickel project in February 2022 for \$53 million, inclusive of a \$30 million deposit having been paid prior to 31 December 2021. The interest was acquired through the acquisition of the issued share capital of Oracle Development Private Limited ('Oracle Development'), a Singaporean holding company which holds 100% of the shares (directly and indirectly) of PT Oracle Nickel Industry ('Oracle Nickel'), which is an Indonesian PMA company which will own and operate the Oracle Nickel RKEF project once completed. An additional 20% interest in Oracle Nickel was acquired in May 2022 following the issuance of 108,122,223 shares in the Company at A\$1.37, equating to \$106M, to Decent Resource Limited, an associate of Shanghai Decent. On 30 September 2022, the Company acquired an additional 40% interest in Oracle Development at the cost of an additional \$212 million, taking its total interest to 70% and equity accounting of the investment in Oracle Development was ceased at 27 September 2022.

NOTE 12 - BORROWINGS

Current		
Senior Unsecured Notes April 2024	243,220,858	-
Interest on Senior Unsecured Notes – October 2028	8,750,000	5,281,250
Interest on Senior Unsecured Notes – April 2024	3,979,917	
Interest on Senior Secured Notes	-	2,491,438
	255,950,775	7,772,688

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NOTE 12 - BORROWINGS (cont.)

	30 June	31 December
	2023	2022
	\$	\$
Non-current		
Senior Unsecured Notes April 2024	-	321,283,009
Senior Unsecured Notes October 2028	392,716,408	-
Senior Secured Notes	-	216,456,370
Working capital loan	7,800,000	13,400,000
Interest on working capital loan	113,677	376,051
	<u>400,630,085</u>	<u>551,515,430</u>

Senior Unsecured Notes October 2028

In April 2023, as part of a refinancing to extend the Company's debt maturity profile, the Company made an issue of \$400,000,000 senior unsecured notes ('Senior Unsecured Notes October 2028'). At the same time the Company made a tender offer ('Concurrent Tender Offer') for its existing Senior Unsecured Notes (maturing April 2024) and purchased the outstanding \$225,000,000 of Senior Secured Notes. Key terms of the Senior Unsecured Notes October 2028 are as follows:

- Issue size of \$400,000,000.
- Coupon interest rate of 11.25% per annum.
- Interest is payable on a semi-annual basis in arrears.
- 11% amortisation in April and October each year commencing on 21 October 2025.
- Final Maturity Date of 21 October 2028.

Senior Unsecured Notes April 2024

In March 2021, as part of the financing package to facilitate the Company's acquisition of an 80% interest Angel Nickel project the Company made an inaugural issue of \$175,000,000 senior unsecured notes ('Senior Unsecured Notes April 2024'). This was followed in September 2021 by a \$150,000,000 'tap' of the notes, forming a \$325,000,000 single series of notes. Key terms of the Senior Unsecured Notes are as follows:

- Issue size of \$325,000,000.
- Coupon interest rate of 6.5% per annum.
- Interest is payable on a semi-annual basis in arrears.
- Principal to be repaid at Final Maturity Date of 1 April 2024.

Under the Concurrent Tender Offer the Company accepted valid tenders for an aggregate principal amount of \$80,082,000 of the Senior Unsecured Notes April 2024 at a purchase price equal to 102% of the principal amount of the Notes, reducing the principal balance of the notes to \$244,918,000.

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NOTE 12 - BORROWINGS (cont.)

Senior Secured Notes

In August 2022, to facilitate the Company's acquisition of a 70% interest Oracle Nickel project the Company completed the issuance of \$225,000,000 senior secured notes ('Senior Secured Notes'). Key terms of the Senior Secured Notes are as follows:

- Issue size of \$225,000,000.
- Coupon interest rate of 10.0% per annum.
- Interest is payable on a quarterly basis in arrears.
- Principal to be repaid at Final Maturity Date of 23 August 2025.

As part of the refinancing via the issuance of the Senior Unsecured Notes October 2028 the Company purchased the \$225,000,000 of Senior Secured Notes. The notes were purchased at a tender premium to the principal amount of the Notes and then were cancelled and ceased to be outstanding.

Angel working capital loans

Commencing in December 2021 the indirect shareholders of Angel Nickel, Nickel Industries and Decent Resource Limited ('Decent Resource') an associate of Shanghai Decent, provided working capital loans to Angel Nickel totalling \$80 million (\$20M prior to 31 December 2021) to fund operations through the ramp-up commissioning phase of operations. These loans were proportionate to the shareholders interests in Angel Nickel; i.e. Nickel Industries provided 80% of the total amount, \$64 million and Decent Resource provided 20%, \$16 million. Interest was charged at a rate of 2.5% per annum. In December 2022 Angel Nickel commenced repayment of the working capital loans, with \$22.4 million paid to the Company and \$5.6 million paid to Decent Resource. During the six months to 30 June 2023 the remaining balance of the working capital loans was repaid by Angel Nickel, with \$41.6 million paid to the Company and \$10.4 million paid to Decent Resource. Additionally, \$1.4 million of interest on the working capital loans was paid to the Company and \$427,615 of interest was paid to Decent Resource.

Oracle Nickel working capital loans

Commencing in October 2022, the indirect shareholders of Oracle Nickel, Nickel Industries and Decent Resource, have provided working capital loans to Oracle Nickel totalling \$26 million to fund operations through the ramp-up commissioning phase of operations. These loans are proportionate to the shareholders interest in Oracle Nickel; i.e. Nickel Industries provided 70% of the total amount, \$18.2 million and Decent Resource provided 30%, \$7.8 million. Interest is charged at a rate of 2.5% per annum. Total interest payable by Oracle Nickel on the working capital loans is \$376,981, with \$263,304 payable to the Company eliminating on consolidation and \$113,677 payable to Decent Resource. The term of the loan is 3 years.

The terms and conditions of the outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	Carrying value 30 June 2023	Face value 30 June 2023	Carrying value 31 December 2022	Face value 31 December 2022
				\$	\$	\$	\$
Senior Unsecured Notes April 2024	US\$	6.5%	2024	247,200,775	244,918,000	326,564,259	325,000,000
Senior Secured Notes	US\$	10.0%	2025	-	-	218,947,808	225,000,000
Senior Unsecured Notes October 2028	US\$	11.25%	2028	401,466,408	400,000,000	-	-
Angel working capital loan	US\$	2.5%	2024	-	-	10,756,688	10,400,000
Oracle working capital loan	US\$	2.5%	2025	7,902,309	7,800,000	3,019,363	3,000,000
Total interest-bearing liabilities				656,569,492	652,718,000	559,288,118	563,400,000

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NOTE 13 - ISSUED CAPITAL	30 June 2023 No.	31 December 2022 No.		
Issued and paid-up capital				
3,024,257,273 ordinary shares fully paid (31 December 2022 - 2,731,273,497)	3,024,257,273	2,731,273,497		
	Number of shares	\$	Number of shares	\$
Ordinary shares				
Fully paid ordinary shares carry one vote per share and carry the right to dividends.				
Balance at the beginning of the period	2,731,273,497	942,442,827	2,515,029,051	732,929,135
Issue of shares	292,983,776	209,130,208	216,244,446	212,000,000
Costs of issue	-	(4,944,222)	-	(2,486,308)
Balance at the end of the period	3,024,257,273	1,146,628,813	2,731,273,497	942,442,827

Period ended 30 June 2023

In January 2023, through a placement to institutional investors the Company issued 259,103,641 shares for cash totalling A\$264,285,714 (equivalent to \$185,740,000). There were no amounts unpaid on the shares issued and the share issue costs amounts to \$4,737,993.

In March 2023, through a Share Purchase Plan the Company issued 33,880,135 shares for cash totalling A\$34,557,738 (equivalent to \$23,390,208). There were no amounts unpaid on the shares issued and the share issue costs amounts to \$206,228.

Options

There were no options granted, exercised or lapsed unexercised during the half year ended 30 June 2023 or the period ended 31 December 2022.

Dividends

The Company declared and paid a final unfranked dividend for 2022 of A\$0.02 per share during the half year ended 30 June 2023 amounting to \$40,706,503.

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time.

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NOTE 14 - RELATED PARTIES

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities. A number of these entities transacted with the Group during the year. The aggregate value of transactions and outstanding balances (excluding the compensation noted above) relating to key management personnel and entities over which they have control or joint control were as follows:

Transaction with Director related entity

Director Norman Seckold holds an interest in an entity, MIS Corporate Pty Limited (MIS), which provided full administrative services, including administrative, accounting, company secretarial and investor relations staff both within Australia and Indonesia, rental accommodation, services and supplies to the Group, for a fee of A\$38,000 per month. Fees charged by MIS during the period amounted to A\$228,000 (2022: A\$228,000) which included the agreed monthly fee and the reimbursement of consultant expenses incurred by MIS on behalf of the Group. At 30 June 2023 A\$0 (2022: A\$38,000) remained outstanding and was included in the creditor's balance.

Director Xu Yuanyuan holds an interest in an entity, Shanghai Wanlu, which subsequent to the end of the half year period and following shareholder approval subscribed for 21,186,979 shares in the Company at \$1.02 per share. The shares were issued to Shanghai Wanlu nominee Valence Asia Holding Limited.

Transactions with Shanghai Decent and its associates

During the six months to 30 June 2023 the Group sold NPI totalling \$802,606,255 to Shanghai Decent-related entities. \$311,227,328 of raw materials and services and fixed assets were purchased from Shanghai Decent-related entities. At 30 June 2023 trade receivables of \$234,289,612 from Shanghai Decent-related entities remained outstanding and was included in the receivables balance, and trade payables of \$46,755,391, payable to Shanghai Decent-related entities remained outstanding and was included in the creditor's balance.

Decent Resource, an associate of Shanghai Decent has provided working capital loans to Oracle Nickel totalling \$7,800,000 (\$4,800,000 in the six months to 30 June 2023 and \$3,000,000 in 2022). Interest is charged at a rate of 2.5% per annum. Total interest incurred by Oracle Nickel on the working capital loan from Decent Resource in 2023 totalled \$94,315. At 30 June 2023 a working capital loan amount of \$7,800,000 and interest totalling \$113,677 remained outstanding and is included in the borrowings balance.

On 18 January 2023, the Company signed an Electric Vehicle Battery Supply Chain Strategic Framework Agreement with Shanghai Decent and entered into binding agreements with Shanghai Decent to acquire 10% interests in two producing nickel assets, that being an additional 10% interest in the Oracle Nickel project and a 10% interest in HNC. Additionally, the Company acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for \$40M (Acquired Options). The Acquired Options comprise: (i) a \$25M option for the construction of a nickel sulphate and electrolytic nickel plant using the HPAL process (to be known as the Excelsior Nickel Cobalt (ENC) Project); and a \$15M option to invest in and construct a low-grade to high-grade nickel matte converter at Oracle Nickel. Subsequent to the end of the period and following shareholder approval of a \$270.0M Conditional Placement to Shanghai Decent, the Company completed the acquisition of 10% of HNC and an additional 10% of Oracle Nickel for consideration of \$75M, as well as paid \$40M for the Acquired Options.

During the six months to 30 June 2023 the Company and Shanghai Decent contributed further funding to the construction of the Oracle Nickel power plant, in proportion to their respective interests in Oracle Nickel. The Company contributed \$61,600,000 and Shanghai Decent \$26,400,000. Additionally, during the period Shanghai Decent and its associates provided \$96,000,000 towards the construction of Oracle Nickel's RKEF plants and ancillary facilities, in line with its obligations to fund construction of Oracle Nickel's RKEF plants. This construction funding is paid to Oracle Development Pte Ltd (ODPL), the Singaporean entity in which the Company has acquired a 70% direct interest. ODPL then flows the funds to PT Oracle Nickel Industry, which is constructing the Oracle Nickel project. The Company has no further obligations towards funding of the Oracle Nickel power plant.

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NOTE 14 - RELATED PARTIES (cont.)

During the six months to 30 June 2023 dividend distributions from the Company's 80% owned subsidiaries Hengjaya Holdings Private Limited, Ranger Investment Private Limited and Angel Capital Private Limited to Shanghai Decent's associates Decent Investment International Private Limited and Decent Resource Limited, totalled \$16,436,842.

Shanghai Decent and its associates hold 20% equity interests in the Hengjaya Nickel, Ranger Nickel and Angel Nickel projects and a 30% equity interest in the Oracle Nickel project, which reflects the non-controlling interest in the Group amounting to \$532,790,665 as at 30 June 2023.

Shanghai Decent and its associates are the Company's collaboration partner at each of the Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel projects, and has responsibility for the remaining construction at the Oracle Nickel project.

As a result of the above arrangements, the Group is economically dependent on Shanghai Decent and its associates.

Apart from the details disclosed in this note, no Director or other related party has entered into a material contract with the Group during the year and there were no material contracts involving Director's interests subsisting at year end.

NOTE 15 - SEGMENT INFORMATION

Segment information is presented in respect of the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

Operating segments

For the period ended 30 June 2023, the Group had two segments, being nickel ore mining in Indonesia and the RKEF projects in Indonesia and Singapore.

	Indonesia Mining	Indonesia RKEF Projects⁽⁴⁾	Unallocated	Total
	\$	\$	\$	\$
30 June 2023				
External revenues	9,352,733 ⁽¹⁾	922,912,836	-	932,265,569
Reportable segment profit before tax	23,613,242 ⁽³⁾	82,871,179	(48,450,571)	58,033,850
EBITDA ⁽⁵⁾	26,106,711	147,244,414	(31,512,395)	141,838,730
Interest income	44,367	409,592	2,228,859	2,682,818
Interest expense (excluding bond costs)	-	598,446	25,440,884	26,039,330
Financing expenses	-	-	18,476,640	18,476,640
Depreciation and amortisation	1,916,130	48,690,815	-	50,606,945
Reportable segment assets	114,159,689	2,618,033,812	272,771,067	3,004,964,568
Reportable segment liabilities	25,019,343	292,605,521	650,299,812	967,924,676

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NOTE 15 - SEGMENT INFORMATION (cont.)

	Indonesia Mining \$	Indonesia RKEF Projects⁽⁴⁾ \$	Unallocated \$	Total \$
30 June 2022				
External revenues	3,730,871 ⁽¹⁾	511,303,937	-	515,034,808
Reportable segment profit before tax	22,570,712 ⁽³⁾	113,703,400	(11,901,903)	124,372,209
EBITDA ⁽⁵⁾	24,865,648	155,359,050	(5,990,784)	174,233,914
Interest income	41,053	70,849	121,276	233,178
Interest expense	-	-	(10,562,500)	(10,562,500)
Depreciation and amortisation	1,553,877	25,077,904 ⁽²⁾	1,557	26,633,338
Reportable segment assets	70,595,392	2,128,369,126	47,564,805	2,246,529,323
Reportable segment liabilities	25,160,983	193,475,954	325,588,598	544,225,535

- (1) Revenue number for sales of limonite ore only. Sales of saprolite ore of \$57,830,244 (2022: \$62,332,467) are internal to the Group and so are eliminated on consolidation, whilst limonite ore sales are external to the Group.
- (2) Includes \$18,863,392 (2022: \$13,340,797) of amortisation on the fair value uplift of property, plant and equipment resulting from the acquisition of the Angel Nickel, Hengjaya Nickel, Oracle Nickel, and Ranger Nickel RKEF projects.
- (3) \$948,546 (2022: \$2,238,886) of gross profit at the Hengjaya Mine eliminated on consolidation, reflecting that the associated tonnes of nickel ore are still held at the Hengjaya Nickel, Oracle Nickel and Ranger Nickel projects.
- (4) The Group has four separate CGUs (RKEF plants) (2022: Three CGUs). They are considered as an aggregate portfolio and are therefore included within the one segment here.
- (5) EBITDA is defined by the Company as profit/(loss) for the period, plus depreciation and amortisation costs, plus net financial income/costs, plus tax expenses.

	30 June 2023 \$	30 June 2022 \$
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total profit for reportable segments	106,484,421	136,274,112
Net other corporate expenses	(48,450,571)	(11,901,903)
Consolidated profit before tax	58,033,850	124,372,209
Reconciliations of reportable assets and liabilities		
Assets		
Total assets for reportable segments	2,732,193,501	2,198,964,518
Unallocated corporate assets	272,771,067	47,564,805
Consolidated total assets	3,004,964,568	2,246,529,323
Liabilities		
Total liabilities for reportable segments	(317,624,864)	(218,636,937)
Unallocated corporate liabilities	(650,299,812)	(325,588,598)
Consolidated total liabilities	(967,924,676)	(544,225,535)

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NOTE 15 - SEGMENT INFORMATION (cont.)

Geography of reportable segment assets

	Indonesia	Singapore	Total
	\$	\$	\$
30 June 2023			
Reportable segment assets	2,652,109,748	80,083,753	2,732,193,501
30 June 2022			
Reportable segment assets	2,195,929,167	3,035,351	2,198,964,518

Revenue

All sales during the half year were to customers located in either Indonesia, China, Singapore. For the half year ended 30 June 2023 the value of total NPI sales to customers based in China was \$373.1 million and to customers based in Indonesia was \$373.7 million. Sales of HG nickel matte to a customer based in Singapore totalled \$120.9 million and sales of LG matte to a customer based in Indonesia were \$55.2 million. Limonite ore revenue totalling \$9.4 million was derived from sales to customers located in Indonesia.

Major customers

All sales of nickel pig iron during the half year ended 30 June 2023 were either exported sales to Shanghai Decent in China (\$373.1M), or sales within Indonesia to PT Indonesia Stainless Steel or PT Qing Feng Ferrochrome (\$373.7M), stainless steel producers operating within the IMIP. All sales of nickel HG matte were to trading entity Golden Harbour International Pte. Ltd. (\$120.9M), which managed the logistics to our end customers, and sales of LG matte were to PT Indonesia Guang Ching Nickel and Stainless Steel Industry (\$55.2M), a stainless-steel producer operating within the IMIP.

All sales of saprolite nickel ore during the half year ended 30 June 2023, were to the Company's subsidiaries PT Hengjaya Nickel Industry, PT Oracle Nickel Industry and PT Ranger Nickel Industry, under a series of offtake agreements to supply a minimum of 80,000 wmt per month to each entity. In April 2022, PT Hengjaya Mineralindo also re-commenced the supply of limonite ore to HPAL projects operating within the IMIP. During the half year period, limonite ore was delivered to both the Huayue Nickel Cobalt project and PT. Global Metal Trading.

NOTE 16 – CONTROLLED ENTITIES

As detailed in the Company's 2022 Annual Report (Note 16), at 31 December 2021 the Company reported on a provisional basis the business combination acquisition of the Angel Nickel project. The business combination was recorded on a provisional basis as at 31 December 2021 as the measurement period had not yet concluded. During the year ended 31 December 2022 the Company reviewed the business combination accounting for the Angel Nickel project and determined that an adjustment against prepaid construction costs totalling \$32 million was required, resulting in a change of the fair value of property, plant and equipment. Additionally in the half year period ended 30 June 2022, and subsequent to the consolidation of the Angel Nickel project by the Company in October 2021, Shanghai Decent had contributed \$100 million to fund construction of the Angel Nickel project. \$80 million, 80% of this amount was subsequently assigned to the Company. The review of the business combination accounting determined that a combined adjustment equal to of \$132 million was required against the fair value of property, plant and equipment and total equity, as reported in the half year report for the period ended 30 June 2022. These adjustments did not have a tax effected impact, meaning that no adjustment to the deferred tax liability or goodwill was required.

NICKEL INDUSTRIES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2023

NOTE 17 – SUBSEQUENT EVENTS

- Following shareholder approval at an EGM held on 5 July 2023 the Company completed:
 - the acquisition of a 10 % indirect interest in HNC for \$270M through the issue of 381,365,628 shares at A\$1.02 per share to Newstride nominee Decent International Private Limited;
 - the acquisition of an additional 10% interest in the Oracle Nickel project, through a cash payment of \$75M to Shanghai Decent;
 - the payment obligations for the two Acquired Options through the payment of \$40M to Shanghai Decent comprising (i) \$25M for an option to participate in the construction and ownership of the ENC project and (ii) \$15M consideration for an option to invest in and construct a high-grade matte converter at Oracle Nickel; and
 - the issue of the Conditional Placement shares to Shanghai Wanlu, an entity in which Director Xu Yuanyuan holds a beneficial interest and Director Mark Lochtenberg.
- On 31 July 2023 the Company declared an interim dividend of A\$0.02 per share, representing a distribution of A\$68.6M (\$44.9M).
- In August 2023 the haul road linking the Hengjaya Mine to the IMIP was completed.

Other than the matters detailed above, there has not arisen in the interval between the end of the half year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

NICKEL INDUSTRIES LIMITED
and its controlled entities

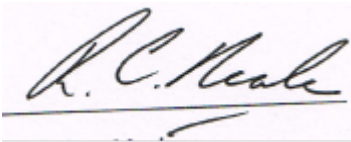
DIRECTOR'S DECLARATION

In accordance with a resolution of the Directors of Nickel Industries Limited, we state that in the opinion of the Directors:

- (a) the financial statements and notes set out on pages 22 to 39 are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 31st day of August 2023

in accordance with a resolution of the Board of Directors:



Robert Neale
Chairman



Norman Seckold
Deputy Chairman



Independent Auditor's Review Report

To the shareholders of Nickel Industries Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Nickel Industries Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Nickel Industries Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2023
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Nickel Industries Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Adam Twemlow
Partner
Brisbane
31 August 2023

NICKEL INDUSTRIES LIMITED
and its controlled entities

CORPORATE DIRECTORY

Directors:

Robert Neale
Norman Seckold
James Crombie
Huang Weifeng
Mark Lochtenberg
Chris Shepherd
Dasa Sutantio
Justin Werner
Xiang Binghe
Xu Yuanyuan

Company Secretary:

Richard Edwards

Principal Place of Business and Registered Office:

Level 2, 66 Hunter Street
SYDNEY NSW 2000

Phone: 61-2 9300 3311
Fax: 61-2 9221 6333
Email: info@nickelindustries.com

Auditors:

KPMG
Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Share Registrar:

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
SYDNEY NSW 2000
Phone : 1300 787 272
Overseas Callers : 61-3 9415 4000
Fax : 61-3 9473 2500