



4 December 2014

Direct Nickel progresses funding options

The board of Direct Nickel Limited (ASX: DIR and "DNi" or the "Company") advise that the Company is undertaking a placement to raise funds for future corporate development and has also initiated plans for funding its first commercial plant in Indonesia.

Private Placement

The Company will be undertaking a Private Placement to raise up to AUD 1 million for working capital. The raise is targeting sophisticated investors and existing shareholders and is being managed by Sydney Capital Partners. Interested parties should contact Agathe Lucas at alucas@sydneycapital.com.au or on +612 8264 2400.

The funds raised will be used to support programs currently underway in Indonesia with partner PT ANTAM, as well as to maintain its Test Plant facilities at CSIRO's Australian Minerals Research Centre in Perth.

Debt/equity funding options for the commercial plant

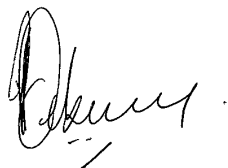
PT ANTAM (Persero) Tbk (ASX: ATM; IDX: ANTM; ANTAM) and Direct Nickel are co-operating to develop nickel laterite deposits and processing plants in Indonesia using the DNi Process. ANTAM and DNi are currently undertaking a Feasibility Study with the aim of developing the first nickel laterite processing plant in Indonesia using the DNi Process.

PT ANTAM has already confirmed approval of the site selected for the Plant adjacent to ANTAM's Ferronickel Plant, a location crucial for providing ready access to a power supply, shipping wharf and office/workshop facilities. The joint venture, PT Nikel Halmahera Timur in which DNi holds a 50% interest, has successfully completed all the necessary regulatory steps in September in order to be officially incorporated in Indonesia.

The DNi Process has the potential to materially change the cost structures of the nickel industry, and this fact along with an increase in the market's confidence in this process following the Company's successful Test Plant Program in 2013-2014 has resulted in a number of investment banks being attracted to the opportunity.

Under the guidance of PT ANTAM, three investment banks have responded to a formal tender, with proposals to fund the joint venture entity for the feasibility study for the first commercial plant in Indonesia. The selection process is underway, and the board will update shareholders on the final outcome in due course.

Direct Nickel believes that with the potential for CAPEX and OPEX to be reduced by as much as 50% compared with traditional processing and with the potential to reduce capital intensity by operating smaller, scalable plants, the joint venture will also be able to attract a range of industrial and strategic investors going forward. The Company has initiated discussions with industrial groups in China, Japan and elsewhere in Asia, including product-related discussions with steel-sector groups.



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About Direct Nickel

Direct Nickel has developed a game changing process for extracting nickel from nickel laterite deposits. It will position Direct Nickel as one of the lowest cash cost producers in the global nickel industry in the next 5 years. The Process offers unparalleled cost efficiency, capital savings and environmental benefits.

Nickel is a strategic metal and a vital alloy in quality stainless steel. As a result of the decline in production from sulphides and technical difficulties with completion and start-up of alternative nickel laterite processing plants, nickel is forecast to suffer a supply shortfall commencing in 2017.

Direct Nickel has operations in Sydney and Perth. It also operates in Indonesia through its subsidiary, PT Direct Nickel with offices in Jakarta.

Additional information on the Company, the DN_i Process, the Test Plant and related activities, including photographs, is available at www.directnickel.com, or by request from the Company.