

15 August 2019

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(3 pages by email)

OWNERSHIP OF RANGER NICKEL INCREASED TO 60%

The Directors of Nickel Mines Limited ('Nickel Mines' or 'the Company') are pleased to advise that, as approved by shareholders at the Extraordinary General Meeting held on 26 July 2019, the Company has completed the second acquisition of the Ranger Nickel Project, increasing the Company's ownership from 17% to 60%.

Under the terms of a Collaboration Agreement with Shanghai Decent Investment (Group) Co., Ltd. ('Shanghai Decent'), Nickel Mines can acquire up to an 80% equity interest in the Ranger Nickel Project in three tranches.

As Nickel Mines exercised its option to increase its interest in the Ranger Nickel Project within 60 days of first NPI production, the Company was able to secure its increased 43% interest at a discounted valuation of US\$280M, compared to the US\$300M valuation at which its initial 17% interest was acquired. The second acquisition cost is US\$121.4M and has been funded as follows:

- (i) the drawdown of a US\$80M senior debt facility provided by a Shanghai Decent associated company;
- (ii) the issue of US\$40M of ordinary shares in the Company; and
- (iii) a cash payment of US\$1.4M.

Commenting on the completion of the Company's increased ownership of the Ranger Nickel Project, Nickel Mines' Managing Director Justin Werner said:

"We are delighted to have increased our ownership of the Ranger Nickel Project, which is continuing to perform strongly during its commissioning phase, to 60%. We would like to thank our operating partner Shanghai Decent for their commitment to supporting the Company's increased ownership of Ranger Nickel, including the provision of the debt facility and welcome their increased ownership in the Company via accepting NIC shares as part consideration for the transaction.

With the Company now having a 60% ownership interest in both the Hengjaya Nickel and Ranger Nickel projects we are now firmly on track to reporting in excess of 20,000 tonnes per annum of attributable nickel metal production and establishing Nickel Mines as a globally significant nickel producer. We look forward to providing further updates to the market as Ranger continues to ramp up to full production over the coming months."

For further information please contact

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About Nickel Mines Limited

Nickel Mines Limited (ASX: NIC) is an ASX listed company on the cusp of becoming a significant player in the global nickel industry having established a financial, operational and strategic partnership with China's Tsingshan group, the world largest stainless steel producer.

Under the terms of two separate Collaboration Agreements with Shanghai Decent, a Tsingshan group company, Nickel Mines will own and operate RKEF processing facilities within the Indonesia Morowali Industrial Park, the world's largest vertically integrated stainless steel facility with a current stainless steel production capacity of 3.0 million tonnes per annum.

Nickel Mines also holds an 80% interest in the long life, high grade Hengjaya nickel mine located in Morowali Regency, Central Sulawesi, Indonesia just 12 kilometres from the IMIP.



Aerial photo of the IMIP