

9 July 2021

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(2 pages by email)

Dear Madam,

DIVIDEND POLICY

The Directors are pleased to announce the following Dividend Policy for Nickel Mines Limited.

For further information please contact:

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Yours sincerely



Richard Edwards
Company Secretary

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DIVIDEND POLICY

The Directors advise that the following considerations are taken into account in the articulation of future dividend payments by Nickel Mines Limited ('Nickel Mines' or 'the Company'):

- The Nickel Mines Group operations, the Hengjaya Nickel and Ranger Nickel RKEF projects and the Hengjaya Nickel Mine, are in steady state operations.
- The Nickel Mines Group operations are, under current economic conditions, highly profitable and generate significant free cash flows.
- The Hengjaya Nickel and Ranger Nickel RKEF projects have fully repaid the shareholder loans which funded the capital expenditure to construct those projects. Future repatriations of funds from those projects will be received by Nickel Mines as conduit foreign income which will not be subject to withholding tax deductions when distributed to foreign shareholders as dividends paid by Nickel Mines.
- The Company is lowly geared with modest debt outstanding.

On the basis of these factors, the Directors intend that a proportion of the profit and free cash flow generated by the Nickel Mine Group operations will continue to be returned to shareholders by way of regular dividends declared on an interim and final basis each financial year.

The Company's commitment to future dividend payments and their quantum will be guided by the following considerations:

- Maintaining a satisfactory level of performance across the Company's operations measured by revenues, profitability and free cash flow generation. The Directors will take into consideration variables such as underlying economic conditions, the prevailing and future outlook for relevant commodity prices and the ongoing internal requirements of the business – namely any working and sustaining capital commitments and debt servicing obligations. These requirements will be necessarily prioritised ahead of dividend distributions.
- Competition for capital. The Company is in the fortunate position of having an operational footprint in two of the largest nickel production centres globally and a growing strategic partnership with the Tsingshan group. As such there is an expectation that future opportunities may be presented to the Company for consideration that will require the Directors to make decisions whether available funds are best utilised for growth options or returned to shareholders as dividends.

In noting the above considerations, the Directors will seek to achieve an appropriate balance of deployment of surplus cashflows between growth opportunities and dividend distributions to shareholders and, until otherwise advised, will maintain the Company's interim and final dividends to at least equal to the most recent interim and final dividends paid by the Company.

To the extent that a circumstance arises that gives rise to a likely reduction in the amount of the dividend to be declared, that fact will be announced to the market by the Company.