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The Manager Companies
ASX Limited
20 Bridge Street
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(2 pages by email)

Binding agreement signed to supply limonite ore to IMIP HPAL Project

The Directors of Nickel Mines Limited ('Nickel Mines' or 'the Company') are pleased to announce that the Company's 80% owned subsidiary, PT Hengjaya Mineralindo, operator of the Hengjaya Mine, has signed a binding agreement with PT Huayue Nickel Cobalt ('HNC')¹ for the supply of limonite ore to the HNC High Pressure Acid Leach ('HPAL') project, which is about to commence commissioning within the Indonesia Morowali Industrial Park ('IMIP'). The HPAL project has a planned annual capacity of 60,000 tonnes of nickel and 6,000 – 8,000 tonnes of cobalt produced as a mixed hydroxide precipitate ('MHP'), a preferred raw material feedstock for the electric vehicle ('EV') battery supply chain.

The ore supply agreement is for an initial volume of 150,000 wet metric tonnes ('wmt') grading between 1.0% to 1.3% nickel, with delivery between the middle of November and the end of December this year.

The limonite ore at Hengjaya Mine has historically been treated as overburden and as such, the cost of mining this ore has been expensed. Hengjaya Mine has stockpiled 2.14 million wet metric tonnes of limonite ore at an average grade of 1.12% and the Company is now mobilising the necessary barges and dump trucks to deliver the contracted volumes from the stockpiles.

Following successful delivery of this initial volume of limonite ore, the Company and HNC plan to agree pricing and significantly larger volumes for the 2022 calendar year.

Commenting on the binding supply agreement with HNC, Managing Director Justin Werner said:

"We are delighted to have executed an agreement with HNC for the supply of limonite ore to the HNC HPAL project. This agreement further underscores the significant strategic value of the Hengjaya Mine to not just existing Nickel Pig Iron ('NPI') production, but also new HPAL production which is currently being developed within IMIP for the EV battery industry .

Expansion initiatives undertaken at the mine over the last 12 months have in part been to prepare for the delivery of limonite ore to the IMIP's HPAL projects and with supply now set to commence, Hengjaya Mine, which is strategically located to the IMIP, will be critical to the success of the HNC HPAL project's commissioning and ramp up. The future supply of limonite ore will now allow us to monetise a much greater portion of the ore body, significantly enhancing the revenue generation from our mining operations.

¹ PT Huayue Nickel Cobalt is a joint venture between Huayou Cobalt (57%), China Molybdenum (30%), Tsingshan (10%) and others (3%).

HNC and its parent, Huayou Cobalt, is a major battery materials producer and we are pleased to be working with the group as they expand further in the EV supply chain. We look forward to further developing and strengthening our relationship with them over the coming months.”



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