

NICKEL INDUSTRIES LIMITED
and its controlled entities

A.B.N. 44 127 510 589

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
30 JUNE 2024

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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 2024 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:

Norman Seckold – 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

Emma Hall – Non-Executive Director since 11 June 2024

Dasa Sutantio – Non-Executive Director since 29 May 2020

Haijun Wang – Non-Executive Director since 1 November 2023

Muliady Sutio – Non-Executive Director since 21 September 2023

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 \$14,047,242 (2023 - \$49,052,812).

REVIEW OF OPERATIONS

During and following the half year ended 30 June 2024, significant milestones were achieved as follows:

Highlights:

- The Company's Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel rotary kiln electric furnace (**RKEF**) projects produced a combined 63,814 tonnes of nickel metal equivalent. 62,071 of this was nickel in nickel pig iron (**NPI**) and 1,743 was nickel in nickel matte. A total of 65,032 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 2024 was \$90.9M.
- 6,084,127 wet metric tonnes (**wmt**) of nickel ore were mined at the Hengjaya Mine, 1,906,190 wmt of saprolite ore and 4,177,937 wmt of limonite ore. On a stand-alone basis, EBITDA from the Hengjaya Mine for the six months to 30 June 2024 was \$39.1M⁽²⁾.
- In January 2024, the Company declared a final dividend of A\$0.025 per share, representing a distribution of A\$107.1M (\$69.9M).
- In April 2024, the Company completed the acquisition of a further 13.75% equity interest in the Excelsior Nickel Cobalt HPAL Project (**ENC**) by cash payment of US\$316.3M. Subsequent to the end of the period the Company acquired an additional 16.5% interest through the cash payment of US\$379.5M, increasing its interest in ENC to 44%.

⁽¹⁾ EBITDA is defined by the Company as profit/(loss) for the period, plus depreciation and amortisation costs, plus interest income/(expenses), plus withholding tax expense. 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 \$0.5M relating to nickel ore inventory held by Hengjaya Nickel, Oracle Nickel, Ranger Nickel at 30 June 2024 was realised on consolidation in the period.

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DIRECTORS' REPORT

RKEF OPERATIONS

During the half year, the Company held an 80% interest in Hengjaya Nickel (**HNI**), Ranger Nickel (**RNI**), Angel Nickel (**ANI**) and Oracle Nickel (**ONI**), projects.

A summary of production from HNI, RNI, ANI and ONI for the six months to 30 June 2024 is as follows:

PRODUCTION		HNI	RNI	ANI	ONI	Total
NPI production	tonnes	57,688	73,301	167,607	206,120	504,716
NPI grade	%	12.3	12.2	13.4	11.5	12.3
Nickel in NPI	tonnes	7,117	8,910	22,389	23,655	62,071
Matte production	tonnes	13,483	-	-	-	13,483
Matte grade	%	12.9	-	-	-	12.9
Nickel in matte	tonnes	1,743	-	-	-	1,743
Total nickel production	tonnes	8,860	8,910	22,389	23,655	63,814

SALES AND CONTRACTS		HNI	RNI	ANI	ONI	Total
Weighted avg contract price	\$	11,545	11,267	11,126	11,353	11,290
Tonnes sold	tonnes	9,610	8,910	22,857	23,655	65,032
Sales revenue¹	\$M	110.9²	100.3	252.1	268.6	731.9

COSTS		HNI	RNI	ANI	ONI	Total
Cash costs/tonne produced ³	\$/t	10,723	10,814	8,933	9,667	9,716
EBITDA	\$/M	2.4	0.9	48.6	39.0	90.9

SUMMARY RKEF METRICS		6 months to 30 June 2023	6 months to 30 June 2024	% movement
Nickel production	tonnes	59,957	63,814	6.4
Nickel tonnes sold	tonnes	59,637	65,032	9.0
Nickel metal production attributable to Nickel Industries	tonnes	45,843	51,052	11.4
Sales revenue ²	\$M	922.9	731.9	(20.7)
RKEF EBITDA	\$M	147.2	90.9	(38.2)

¹ Revenue also includes other operations sales.

² Excludes the \$42.5M of sales by Hengjaya Nickel to Glencore AG of nickel matte not produced by Hengjaya Nickel.

³ Cash costs refers to the cash costs of production, a non-IFRS performance measure, in order to provide investors with information about the measure used by management to monitor performance. Cash costs/tonne produced are equal to cash costs divided by nickel tonnes produced.

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Safety

Hengjaya Mine

At the Hengjaya Mine over 13.4 million work hours have been registered since the last reported lost time injury (LTI) in November 2021. This gives the Hengjaya Mine a LTI frequency rate (LTIFR) of 0.07 and a total recordable incident frequency rate (TRIFR) of 0.74 for each million work hours. During the half year 3.25 million work hours recorded with no LTIs.

Safety and career development training continued, including supervisory and ISO 45001-2018 standards and reporting components which are currently focusing on Health and Safety certification. With the new haul road to Indonesia Morowali Industrial Park (IMIP) now in operation, there has been an increased focus on contractor management, the use of mobile equipment and the introduction of new safe work procedures for long distance road-haulage, traffic management and additional mining operations.

RKEF Operations

For the 6 months to 30 June 2024, 4.93 million cumulative work hours with one LTI at the ONI operation reported. Nickel Industries' RKEF operations LTIFR stand at 0.316 for the half year.

Group Safety

Total hours worked for the group half year was 8.18 million hours with 1 LTI representing a LTIFR of 0.182 per million work hours. The Company will continue to strengthen its 'best practice' mining and processing standards. In addition to the Hengjaya Mine, all of our operations continue to focus on our safety training, risk assessments and change management. The Company remains committed to continuous improvement in all areas of operations and will continue to work collaboratively with stakeholders to drive positive environmental, safety, social, and governance outcomes.



Weekly safety talk at the Hengjaya Mine



Emergency response training

NICKEL INDUSTRIES LIMITED and its controlled entities

DIRECTORS' REPORT

Commentary on RKEF operations

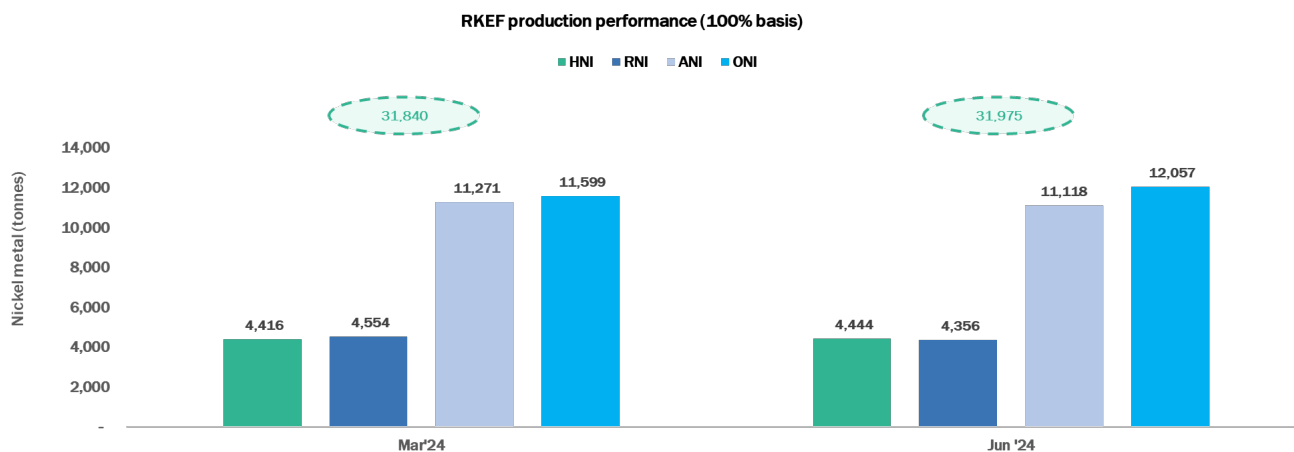
RKEF operations during the half year period 2024 were negatively impacted by a series of licencing, weather and maintenance issues.

During the March quarter, there were industry-wide delays in relation to the renewal of the Rencana Kerja dan Anggaran Biaya Indonesian mining licenses (RKAB License). The RKAB License was an annual license approving nickel ore sales volumes but has now been granted for a three-year period. The delay was caused in part by enhanced regulatory approvals and scrutiny in the lead up to the Indonesian presidential elections which were held on 14 February 2024.

The delayed reissuance of RKAB Licenses across Indonesia were particularly impactful to the Company's RKEF operations in January and February. Whilst material stockpiles of ore are consistently maintained within the IMIP and IWIP, lower levels of incoming ore necessitated draw down and usage of lower grade higher cost ore throughout the quarter. As a result of lower grade ore feed, nickel production volumes from the Company's four RKEF lines were below historical levels which also translated into higher cash costs.

During the June quarter, above average rainfall further impacted the delivery of normal nickel ore volumes into the IMIP necessitating the continued requirement to draw down lower grade ore stockpiles which again negatively impacted production volumes and unit cash costs.

With production volumes down due to the abovementioned licencing and weather events proactive and rotational maintenance was carried out across the IMIP's power stations, with the Company's ONI power plant offline for several weeks during the half year period, contributing to lower than usual production volumes and higher cash costs at ONI.



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DIRECTORS' REPORT

Hengjaya Nickel (80% interest held by Nickel Industries)

During the six months to 30 June 2024, HNI produced 7,117 tonnes of nickel metal in NPI and 1,743 tonnes of nickel metal in matte, with a weighted average cash cost of \$10,723 per tonne of nickel metal.

HNI (100%)		March 2024 Quarter	June 2024 Quarter	Total
NPI production	tonnes	20,972	36,716	57,688
NPI grade	%	12.8	12.1	12.3
Matte production	tonnes	13,483	-	13,483
Matte grade	%	12.9	-	12.9
Nickel metal production in NPI and Matte	tonnes	4,416	4,444	8,860
Cash costs	\$/t Ni	10,320	11,131	10,723
Nickel metal sold	tonnes	5,046	4,564	9,610

For the six months to 30 June 2024, HNI recorded sales of \$110.9M from 9,610 tonnes of nickel metal sold. EBITDA for the six months was \$2.4M.

In December 2023 the Company had entered into a sales contract with Glencore AG (Glencore) for nickel matte. With HNI ceasing the production of nickel matte in February 2024 it was not able to complete the contract. Subsequently the contract was fulfilled by Golden Harbour International Pte. Ltd, an associate of Shanghai Decent. As a result of this contract Hengjaya Nickel recorded an additional \$42.5M in sales revenue, separate from the \$112.6M of revenue from sales of its own production, as well as a corresponding \$42.5M in operating costs.

Ranger Nickel (80% interest held by Nickel Industries)

During the six months to 30 June 2024, RNI produced 8,910 tonnes of nickel metal, with a weighted average cash cost of \$10,814 per tonne of nickel metal.

RNI (100%)		March 2024 Quarter	June 2024 Quarter	Total
NPI production	tonnes	37,459	35,842	73,301
NPI grade	%	12.2	12.2	12.2
Nickel metal production	tonnes	4,554	4,356	8,910
Cash costs	\$/t Ni	10,342	11,309	10,814
Nickel metal sold	tonnes	4,554	4,356	8,910

For the six months to 30 June 2024, RNI recorded sales of \$100.3M from 8,910 tonnes of nickel metal sold. EBITDA for the six months was \$0.9M.

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Angel Nickel (80% interest held by Nickel Industries)

During the six months to 30 June 2024, ANI produced 22,389 tonnes of nickel metal, with a weighted average cash cost of \$8,933 per tonne of nickel metal.

ANI (100%)		March 2024 Quarter	June 2024 Quarter	Total
NPI production	tonnes	82,795	84,811	167,606
NPI grade	%	13.6	13.1	13.4
Nickel metal production	tonnes	11,271	11,118	22,389
Cash costs	\$/t Ni	8,797	9,071	8,933
Nickel metal sold	tonnes	11,561	11,296	22,857

For the six months to 30 June 2024, ANI recorded (on a 100% basis) sales of \$252.1M from 22,857 tonnes of nickel metal sold. EBITDA for the six months was \$48.6M.

Oracle Nickel (80% interest held by Nickel Industries)

During the six months to 30 June 2024, Oracle Nickel produced 23,655 tonnes of nickel metal, with a weighted average cash cost of \$9,667 per tonne of nickel metal.

ONI (100%)		March 2024 Quarter	June 2024 Quarter	Total
NPI production	tonnes	104,953	101,167	206,120
NPI grade	%	11.1	11.9	11.5
Nickel metal production	tonnes	11,599	12,057	23,656
Cash costs	\$/t Ni	9,411	9,914	9,667
Nickel metal sold	tonnes	11,599	12,057	23,655

For the six months to 30 June 2024, ONI recorded sales of \$268.6M from 23,655 tonnes of nickel metal sold. EBITDA for the six months was \$39.0M.

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HPAL OPERATIONS

Huayue Nickel Cobalt Project (10% indirect interest held by Nickel Industries)

During the half year, the Huayue Nickel Cobalt (HNC) Project produced 41,172 tonnes of nickel and 3,669 tonnes of cobalt in mixed hydroxide precipitate (MHP). Nickel Industries' attributable share of HNC production was 4,117 tonnes of nickel and 367 tonnes of cobalt.

Whilst HNC undertakes its own sales of MHP, offtake is also distributed to Tsing Creation for sale. Nickel Industries holds a 10% interest in HNC and 10% of the EBITDA of HNC for the six month period was \$18.1M⁴. The EBITDA for Tsing Creation (with Nickel Industries holding a 100% interest) was \$4.5M⁴, giving a combined EBITDA of \$22.6M⁴. The Company's 10% profit from equity accounted investment in HNC was \$6.6M for the period.

HPAL CONSTRUCTION

Excelsior Nickel Cobalt Project (44% indirect interest held by Nickel Industries)

During the period, continued strong progress was made at the Company's ENC HPAL project. Office and staff facilities have been completed and all earthworks and footings are now largely complete with concrete pouring to commence shortly, whilst long lead items and critical process equipment continue to be sourced and fabricated in China ahead of delivery to the IMIP.

In April 2024, the Company acquired a further 13.75% equity interest in ENC following a cash payment of US\$316.3M (refer ASX release 2 April 2024). As noted in the Company's recent operating update (refer ASX release 4 July 2024), subsequent to period end the Company completed an early acquisition of an additional 16.5% interest in ENC, increasing its equity interest to 44%, via a cash payment of US\$379.5M fast tracked to assist in the acceleration of the construction and commissioning of the Project's nickel cathode and sulphate plants.



ENC Project under construction

⁴The Company is equity accounting its 10% interest in HNC and therefore reports in its financials its 10% share of the net profit of HNC, including any amortisation on the fair value of the acquisition. In determining the EBITDA of HNC for the six month period, EBITDA is defined as profit/(loss) for the period, plus depreciation and amortisation costs, plus interest income/(expenses), plus withholding tax expense, as calculated in accordance with HNC's financial reports. Further, Tsing Creation is a Hong Kong entity through which the Company holds its 10% interest in HNC.

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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 June 2011) with two further 10-year extension periods.

Operations

For the half year, production of saprolite ore totalled 1,906,190 wmt and production of limonite ore totalled 4,177,937 wmt.

		March 2024 Quarter	June 2024 Quarter	Total
Saprolite mined	wmt	1,026,910	879,280	1,906,190
Limonite mined	wmt	2,087,865	2,090,072	4,177,937
Nickel ore mined	wmt	3,114,775	2,969,352	6,084,127
Overburden mined	BCM ⁵	385,378	370,204	755,582
Strip ratio	BCM/wmt	0.12	0.12	0.12

During the half year, operations at the Hengjaya Mine were negatively impacted by the delay by Indonesian authorities in the issuance of a Rencana Kerja dan Anggaran Biaya (RKAB) (an application which is made based on the previous year's operating and environmental performance) and above average rainfall during the period. The Company's new RKAB has been granted for a three year period. The Hengjaya Mine was one of the first mines in Indonesia from over 700 mines to have the RKAB licence approved, highlighting our credentials as one of the leading mining operations in Indonesia.

Despite these challenges, the 6,084,127 wmt mined was a 16.8% increase on the 5,207,201 wmt mined in the six months to 30 June 2023.

Additional haul trucks continue to be commissioned to provide the Hengjaya Mine with a full contingent of 175 x 50t payload haul trucks now operating at the mine site, and the Company has commenced additional road improvements and surfacing to allow haulage hours to improve during the future wet periods. The benefits of these improvement works are already being seen in July haulage numbers, and despite the higher-than-average rainfall in the June quarter, the Hengjaya Mine remains on track to produce 12 million wmt for 2024.

⁵ BCM represents 'bank cubic metres'.

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SAFETY, ENVIRONMENT, COMMUNITY AND SOCIAL GOVERNANCE

HNC CO₂ intensity

The Huayue Nickel Cobalt HPAL Project (**HNC**), in which the Company holds a 10% interest has recently released its carbon intensity for 2023. HNC's carbon intensity as determined by Skarn Associates Limited came in at 6.91 tonnes of CO₂ per tonne of nickel produced (Scope 1 & 2), positioning it as one of the lowest carbon emitting nickel processors globally and second when compared to Australian peers. The ENC Project will replicate the HNC project, with the exception of the added flexibility of being able to also produce nickel sulfate and nickel cathode, as well as mixed hydroxide precipitate. With the assistance of the SESNA solar project (Indonesia's largest solar project) (see ASX announcement dated 9 October 2023), our target is for ENC to significantly improve on this CO₂ intensity as part of our efforts to achieve the Company's stated emission targets.

Awarded highest sustainability score in the Indonesian nickel mining sector

During the period, the Company was recognised by the Indonesian Ministry of Environment and Forestry (KLHK) for achieving the highest sustainability score of any mine in the Indonesian nickel mining sector and fourth highest score for all mining companies, as published in the Government agency's PROPER Book of 2023.

This sustainability score builds upon numerous other accolades and awards for the Hengjaya Mine from various certified third parties such as S&P, MSCI, ENSIA and TrenAsia and being one of only two Indonesian mining companies recently invited to present at the prestigious COP28 climate summit in Dubai.

Having now established itself as the world's largest listed pure-play nickel producer, the Company is continuing to play a leadership role in promoting responsible and sustainable mining practices in Indonesia underscored by its recent commitment to net zero emissions by 2050 and a 50% reduction in carbon intensity across its operations by 2035.

Sustainability Report

In June 2024, the Company released its 2023 Sustainability Report, the third sustainability report published by the Company and a continuation of the previous year's report published in March 2023. The Sustainability Report showcases the Company's commitment to exhibiting a leadership role in promoting responsible and sustainable mining in Indonesia by implementing industry best practices across our mining and downstream processing operations, with the steadfast support from the local communities in which the Company operates.

The report was developed in accordance with key reporting principles, including stakeholder inclusiveness, materiality, completeness, accuracy, balance, clarity, comparability, reliability, and timeliness. The Company has reported the information cited in the Global Reporting Initiative (GRI) content index for 2023 in accordance with the GRI Standards, along with the Metals and Mining (MM) Supplement Sector; Sustainability Accounting Standards Board (SASB) for Metals and Mining Standard; and the early adoption of the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards.

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DIRECTORS' REPORT

University Scholarship Program

The Company, in partnership with Hasanuddin University, established a university scholarship program as part of our broader ongoing social initiatives within the local communities in which it operates. The scholarship program will provide full financial support to 10 local indigenous students per year from the Central Sulawesi, North Maluku and West Papua Provinces to pursue 4-year undergraduate degrees across the fields of metallurgical engineering, environmental engineering and mining engineering. It is envisaged this program will help foster the next generation of leaders in the local mining industry.



University scholarship selection test on June 26 in Morowali University



Selected students first day of

CSR and Social Responsibility Awards

During the period, the Company's Hengjaya Mine received the Top CSR (Community Social Responsibility) Award and the Indonesia Social Responsibility Award for the SMART HM (Semangat Meraih Cita-cita Bersama HM), with a focus on educating vocational school students to be more prepared to enter the industry.



Top CSR Awards 2024 and Indonesia Social Responsibility Award ceremony

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DIRECTORS' REPORT

CORPORATE

Increase to a 44% equity interest in ENC HPAL Project

In April 2024 completed the acquisition of an additional 13.75% interest in the ENC Project, increasing its equity interest in ENC to 27.5%. Subsequent to the end of the half year period the Company completed the acquisition of a further 16.5% equity interest, increasing its interest in ENC to 44.0%. The payment of US\$379.5M was made ahead of the scheduled 1 October 2024 payment date to assist in the acceleration of the construction and commissioning of the nickel cathode and sulphate plants.

The acquisition payment schedule for ENC is set out below.

Date	US\$M	Equity acquired	Cumulative equity
Invested to date	1,012.0	44.00%	44.00%
By 1 July 2025	126.5	5.50%	49.50%
By 1 October 2025⁶	126.5	5.50%	55.00%
Total	1,265.0	55.00%	

Trial sales of nickel cathode

During the period, the Company commenced delivery of a contract to deliver 200 metric tonnes (**MT**) of nickel cathode to a leading Western space and aeronautical company under a trial sales contract, a necessary step ahead of any longer term, larger volume supply contract. The nickel cathode was produced by a nickel cathode plant operating at the IMIP (which is 49% owned by a Shanghai Decent-related entity) whose product specifications ENC's nickel cathode is anticipated to replicate. While the Company has numerous samples of MHP under qualification testing with various counterparties, this contract represents the first trial of nickel cathode and is a strong endorsement of ENC's multi-product offering – the first HPAL plant of its kind that will be capable of producing three class-1 nickel products being MHP, nickel sulphate and nickel cathode.

Successful syndication of US\$400m BNI loan facilities

During the period, the Company announced the successful syndication of its US\$400M of bank loan facilities provided by PT Bank Negara Indonesia (Persero) Tbk (**BNI**). The loan facilities, established with BNI in October 2023 to support the Company's ENC funding obligations, were successfully syndicated across an additional eight banks comprising a mix of Asian, European and global banking institutions. This broad-based support is indicative of the Company's growing regional reputation and an industry leader in responsible and sustainable mining in Indonesia.

In March 2024 the Company drew down \$160.2M of the facility, ahead of making a US\$316.3M payment for an additional 13.75% interest in the ENC project. Subsequent to the end of the period, the Company drew down the final US\$50M under the facility ahead of making the US\$379.5M payment for an additional 16.50% interest in the ENC project.

⁶ Following commissioning of line 1 of the ENC Project.

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US\$250m term loan facility executed

During the period, the Company executed a US\$250M, 5-year term loan facility, jointly provided by tier-1 banks BNI and DBS Bank Ltd (DBS).

Following the repayment of the US\$245M balance of the Company's April 2024 notes, the facility was established to support the remaining funding requirements for Nickel Industries' acquisition of a 55% equity interest in the ENC project (ENC), which is currently under construction within the IMIP.

Subsequent to the end of the period, the Company drew down the facility in full ahead of making the US\$379.5M payment for an additional 16.50% interest in the ENC project.

SUBSEQUENT EVENTS

- In July 2024, the Company paid US\$379.5M for an additional 16.5% interest in the ENC project, taking the Company's interest in the project to 44.0%.
- In July 2024, the Company drew down the remaining US\$50M under the US\$400M BNI loan facility and the US\$250M BNI and DBS facility, ahead of the ENC acquisition payment.
- In August 2024, the Company announced the acquisition of the Sampala Project, three contiguous nickel IUPs (mining licences) covering 6,654 hectares. Subsequent to the end of the period the Company has made US\$5M of acquisition payments for the Sampala project.

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 15 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 2024.

Signed in accordance with a resolution of the Directors.



Norman Seckold
Chairman



Justin Werner
Managing Director

Sydney, 29 August 2024



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 2024 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.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to read 'Adam Twemlow'.

Adam Twemlow
Partner

Brisbane
29 August 2024

NICKEL INDUSTRIES LIMITED
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2024**

		6 months to 30 June 2024 \$	6 months to 30 June 2023 \$
US\$	Notes		
Sales revenue		843,280,448	932,265,569
Cost of sales		(683,173,149)	(755,292,467)
Depreciation and amortisation expense		(63,852,613)	(50,606,945)
Gross profit		96,254,686	126,366,157
Directors' fees and consultants' expenses		(7,162,369)	(4,999,055)
Exploration and evaluation expenditure		(568,237)	-
Share of profit of equity accounted investee	12	6,594,510	-
Other expenses ⁷	4	(7,279,132)	(4,082,088)
Results from operating activities		87,839,458	117,285,014
Financial income	5	9,349,201	2,682,818
Financial expense ⁷	5	(60,932,912)	(53,860,732)
Net financial expense		(51,583,711)	(51,177,914)
Profit before income tax		36,255,747	66,107,100
Income tax expense ⁷		(22,208,505)	(17,054,288)
Profit for the period		14,047,242	49,052,812
Other comprehensive income		-	-
Total comprehensive income for the period		14,047,242	49,052,812
Profit attributable to:			
Owners of the Company		5,136,972	27,128,306
Non-controlling interest		8,910,270	21,924,506
Profit for the period		14,047,242	49,052,812
Total comprehensive income attributable to:			
Owners of the Company		5,136,972	27,128,306
Non-controlling interest		8,910,270	21,924,506
Total comprehensive income for the period		14,047,242	49,052,812
Earnings per share			
Basic and diluted profit per share (cents)	7	0.12	0.91

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

⁷ Refer to Note 2 for reclassification of prior period expenses.

NICKEL INDUSTRIES LIMITED
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	30 June 2024	31 December 2023
US\$		\$	\$
Current assets			
Cash and cash equivalents		351,518,021	284,053,495
Term deposits and cash reserve		6,564,876	494,753,107
Trade and other receivables	6	341,083,191	328,505,849
Inventory	8	138,911,055	199,448,465
Other current assets		55,182,991	37,911,368
Total current assets		893,260,134	1,344,672,284
Non-current assets			
Other non-current asset		40,593,977	41,242,609
Trade and other receivables	6	62,690,634	101,374,795
Inventory	8	29,392,692	12,667,046
Property, plant and equipment	9	1,809,066,006	1,836,771,098
Exploration and evaluation assets		33,320,960	24,884,921
Investment in equity accounted investees	12	850,133,920	527,239,410
Intangible assets		77,405,502	79,745,215
Goodwill	10	102,748,404	102,748,404
Total non-current assets		3,005,352,095	2,726,673,498
Total assets		3,898,612,229	4,071,345,782
Current liabilities			
Trade and other payables	11	193,851,003	192,758,925
Current tax payable		20,907,354	26,092,246
Provision – employees’ benefit obligation		1,744,004	1,761,767
Borrowings	13	32,337,102	257,269,448
Total current liabilities		248,839,463	477,882,386
Non-current liabilities			
Provision – rehabilitation		1,801,723	1,845,273
Deferred income tax liability		96,099,817	96,099,816
Other non-current liability		951,779	1,122,739
Borrowings	13	721,496,210	587,753,980
Total non-current liabilities		820,349,529	686,821,808
Total liabilities		1,069,188,992	1,164,704,194
Net assets		2,829,423,237	2,906,641,588
Equity			
Share capital	14	2,032,927,026	2,032,927,026
Reserves		19,065,940	19,065,940
Retained profits		308,292,285	373,060,100
Total equity attributable to equity holders of the Company		2,360,285,251	2,425,053,066
Non-controlling interest		469,137,986	481,588,522
Total equity		2,829,423,237	2,906,641,588

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

NICKEL INDUSTRIES LIMITED
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2024

	Notes	Share capital	Retained profits	Reserves	Total	Non-controlling interest	Total equity
US\$		\$	\$	\$	\$	\$	\$
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		-	(40,706,503)	-	(40,706,503)	-	(40,706,503)
Issue of shares		209,130,208	-	-	209,130,208	-	209,130,208
Costs of issue		(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
Balance at 1 January 2024		2,032,927,026	373,060,100	19,065,940	2,425,053,066	481,588,522	2,906,641,588
Total comprehensive income for the period							
Profit for the period		-	5,136,972	-	5,136,972	8,910,270	14,047,242
Total comprehensive income for the period		-	5,136,972	-	5,136,972	8,910,270	14,047,242
Transactions with owners, recorded directly in equity							
Dividends	14	-	(69,904,787)	-	(69,904,787)	-	(69,904,787)
Distributions to non-controlling interest		-	-	-	-	(21,360,806)	(21,360,806)
Balance at 30 June 2024		2,032,927,026	308,292,285	19,065,940	2,360,285,251	469,137,986	2,829,423,237

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

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2024

US\$	Notes	30 June 2024 \$	30 June 2023 \$
Cash flows from operating activities			
Cash receipts from customers		860,352,068	864,586,294
Cash payments in the course of operations		(674,659,554)	(789,638,334)
Interest received		9,635,064	2,385,973
Taxes and fees paid		(11,829,291)	(25,793,310)
Payments for exploration and evaluation		(1,463,231)	-
Net cash from operating activities		182,035,056	51,540,623
Cash flows from investing activities			
Receipts from term deposits		490,913,669	-
Payments for exploration and evaluation assets		(8,436,038)	(8,938,865)
Payments for property, plant and equipment		(4,260,864)	(12,555,005)
Payments for construction in progress		(48,166,497)	(121,216,656)
Payments for investments	12	(316,300,000)	-
Advancement of loan monies		-	(2,000,000)
Net cash from/(used in) investing activities		113,750,270	(144,710,526)
Cash flows from financing activities			
Proceeds from issue of shares	14	-	209,130,208
Costs of issue	14	-	(4,944,222)
Dividend distributions	14	(69,904,787)	(40,706,503)
Proceeds from borrowings, net of transaction costs	13	159,553,029	397,636,233
Prepayment for borrowings cost		(3,770,000)	-
Payments for cash reserve amount		(2,725,438)	-
Repayment of borrowings	13	(249,418,000)	(315,482,000)
Payment of interest charges	13	(39,319,222)	(20,911,920)
Payment of financing expenses	13	-	(18,476,640)
Distributions to non-controlling interest		(21,360,807)	(16,436,843)
Contributions by non-controlling interest		-	122,400,000
Net cash (used in)/from financing activities		(226,945,225)	312,208,313
Net increase in cash and cash equivalents		68,840,101	219,038,411
Effect of exchange rate adjustments on cash held		(1,375,575)	703,588
Cash and cash equivalents at the beginning of the period		284,053,495	144,242,357
Cash and cash equivalents at the end of the period		351,518,021	363,984,356

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

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 2024 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 2023 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 2023 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 29 August 2024.

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.

In forming views on these significant areas of estimation uncertainty, management have also had regard to the broader macroeconomic environment. In particular, the current year saw nickel prices fall considerably as the supply of nickel from Indonesia continued to increase and the market forecast further increasing supply, as well as a slower than expected growth in the EV sales. Management have had regard to these factors when assessing the short-term to medium-term outlook for nickel pricing, and the impacts this may have on financial performance of the Group as a result.

Reclassification of prior period expenses

Certain types of expenses have been reclassified within the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income to more appropriately reflect the underlying nature of the expenses. The impact of this change on the previously reported comparative period includes withholding taxes on dividend distributions of \$8,073,250 being reclassified from other expenses to income tax expense, and foreign exchange gain of \$1,481,391 being reclassified from other expenses to financial expense.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 3 - MATERIAL 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 2023. 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 is not substantively enacted in Australia, Singapore and Indonesia where the Group primarily operates.

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 continues to evaluate 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
2024	2023
\$	\$

NOTE 4 - OTHER EXPENSES

Audit fees – KPMG audit and review of financial reports	465,970	250,866
Travel	265,355	343,258
Legal fees	828,040	607,694
Withholding tax expenses*	4,028,303	1,768,173
Other	1,691,464	1,112,097
	<u>7,279,132</u>	<u>4,082,088</u>

* Refer to Note 2 for reclassification of prior period expenses.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

	6 months to 30 June 2024	6 months to 30 June 2023
NOTE 5 - FINANCIAL INCOME AND FINANCE EXPENSE		
Interest income	9,349,201	2,682,818
Interest expense*	(40,590,765)	(36,865,483)
Foreign exchange gain/(loss) #	(20,342,147)	1,481,391
Financing expenses	-	(18,476,640)^
	<u>(51,583,711)</u>	<u>(51,177,914)</u>

* Includes amortisation of bond issue costs and bank loan facility costs of \$3,685,885 which are being expensed under the effective interest rate method. Refer to Note 13 for further details.

^ During the prior 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.

Refer to Note 2 for reclassification of prior period expenses.

	30 June 2024 \$	31 December 2023 \$
NOTE 6 - TRADE AND OTHER RECEIVABLES		
<i>Current</i>		
Sales taxes receivable*	70,824,875	41,175,913
Trade receivables^	270,258,316	287,329,936
	<u>341,083,191</u>	<u>328,505,849</u>
<i>Non-current</i>		
Sales taxes receivable*	62,690,634	101,374,795
	<u>62,690,634</u>	<u>101,374,795</u>

* The four RKEF entities have the following sales tax receivable (VAT) amounts outstanding at 30 June 2024: PT Hengjaya Nickel Industry \$6.7M, PT Ranger Nickel Industry \$2.6M, PT Angel Nickel Industry \$61.4M and PT Oracle Nickel Industry \$62.7M. PT Hengjaya Nickel Industry, PT Ranger Nickel Industry and now PT Angel Nickel Industry are receiving VAT refunds regularly in the normal course of operations. The VAT claims for PT Angel Nickel Industry for the years 2021 (\$12.1M) and 2022 (\$39.3M) had been submitted to the Indonesian taxation authorities on an annual basis. During the period the PT Angel Nickel Industry received the VAT claim for the 2021 year, as well as regular returns for 2023 but not for 2022 as yet. PT Oracle Nickel Industry has not yet commenced receiving VAT refunds.

^ Trade receivables are in the ordinary course of business and at 30 June 2024 are comprised as follows: PT Hengjaya Mineralindo \$10.2M (excludes saprolite ore receivables which are eliminated on consolidation), PT Hengjaya Nickel Industry \$60.5M, PT Ranger Nickel Industry \$32.8M, PT Angel Nickel Industry \$75.4M and PT Oracle Nickel Industry \$91.3M.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

	6 months to 30 June 2024 \$	6 months to 30 June 2023 \$
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	5,136,972	27,128,306
	N° of Shares	N° of shares
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at the beginning of the period	4,285,809,880	2,731,273,497
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	4,285,809,880	2,979,914,334
	30 June 2024 \$	31 December 2023 \$
NOTE 8 - INVENTORY		
Current		
Inventory – Hengjaya Mine nickel ore stockpiles	29,351,236	23,589,678
Inventory – nickel pig iron production raw materials	103,049,429	119,985,773
Inventory – nickel matte production raw materials	-	27,420,805
Inventory – nickel pig iron	6,510,390	20,461,078
Inventory – nickel matte	-	7,991,131
	138,911,055	199,448,465
Non-current		
Inventory – Hengjaya Mine nickel ore stockpiles*	29,392,692	12,667,046
	29,392,692	12,667,046

* The carrying value of limonite ore not forecast to be delivered in the next 12 months has been classified as non-current.

During the six-month period ended 30 June 2024, 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 between 80,000 to 100,000 wmt of saprolite per month to each entity for the period January to June 2024. During the period the PT Hengjaya Mineralindo continued to supply limonite ore to two HPAL projects operating within the IMIP, the Huayue Nickel Cobalt project and the QMB HPAL Nickel project.

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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

	30 June 2024	31 December 2023
Furniture and fittings	123,611	176,793
Mine infrastructure assets	30,239,521	31,160,514
Buildings	326,327,489	327,088,090
Mining properties	24,520,174	25,092,774
Office equipment	765,819	866,302
Plant and machinery	1,425,550,045	1,451,756,907
Motor vehicles	364,396	411,959
Construction in progress*	1,174,951	217,759
	<u>1,809,066,006</u>	<u>1,836,771,098</u>

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	176,793	276,422
Additions	2,496	28,877
Depreciation	(55,678)	(128,506)
Net book value	<u>123,611</u>	<u>176,793</u>

Mine infrastructure assets

Carrying amount at beginning of year	31,160,514	5,654,422
Additions	-	26,371,362
Depreciation	(920,993)	(865,270)
Net book value	<u>30,239,521</u>	<u>31,160,514</u>

Buildings and land

Carrying amount at beginning of year	327,088,090	192,910,955
Additions	8,366,739	150,385,160
Depreciation	(9,127,340)	(16,208,025)
Net book value	<u>326,327,489</u>	<u>327,088,090</u>

Mining properties

Carrying amount at beginning of year	25,092,774	24,236,775
Additions	29,053	2,463,154
Amortisation	(601,653)	(1,607,155)
Net book value	<u>24,520,174</u>	<u>25,092,774</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Cont.)	30 June 2024	31 December 2023
Office equipment		
Carrying amount at beginning of year	866,302	790,648
Additions	90,235	455,314
Depreciation	(190,718)	(379,660)
Net book value	<u>765,819</u>	<u>866,302</u>
Plant and machinery		
Carrying amount at beginning of year	1,451,756,907	985,090,214
Additions	27,634,922	557,183,813
Disposal	(3,318,812)	-
Depreciation	(50,522,972)	(90,517,120)
Net book value	<u>1,425,550,045</u>	<u>1,451,756,907</u>
Motor vehicles		
Carrying amount at beginning of year	411,959	393,003
Additions	45,983	214,818
Depreciation	(93,546)	(195,862)
Net book value	<u>364,396</u>	<u>411,959</u>
Construction in progress		
Carrying amount at beginning of year	217,759	712,756,965
Additions	1,191,937	39,882,355
Transfers*	(234,745)	(752,421,561)
Net book value	<u>1,174,951</u>	<u>217,759</u>
 Total property, plant and equipment	 <u>1,809,066,006</u>	 <u>1,836,771,098</u>

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

During the period, the Group acquired \$37,361,365 of property, plant and equipment and recognised depreciation and amortisation totalling \$61,512,900.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 10 - GOODWILL

	30 June 2024	31 December 2023
Carrying amount at beginning of year	102,748,404	102,748,404
	<u>102,748,404</u>	<u>102,748,404</u>

The goodwill balance amounting to \$102,748,404 pertains to the Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel RKEF Projects, which are considered to be individual cash generating units (CGUs). The Directors consider there to be no impairment on the basis that the recoverable value, determined based on value-in-use, is higher than the carrying value of the respective CGUs.

Updated models were prepared as at 30 June 2024, given the impairment indicators identified during the period. The key assumptions used in the underlying cash flows of each CGU (RKEF plant) are set out below. Nickel price and cash cost estimates used in the cash flows are based on a 'steady state' of operations:

CGU (RKEF Project)	Carrying amount of CGU	Carrying amount of goodwill	Nickel production (tpa)	5-yr average NPI price (p/t)*	5-yr average cash costs (\$/t)*	Discount rate - real post tax (%)	Remaining useful life (years)
Hengjaya Nickel	\$288,949,575	\$29,219,349	20,451	\$12,515	\$10,499	10	15
Ranger Nickel	\$290,079,132	\$26,185,545	19,990	\$12,515	\$10,499	10	15
Angel Nickel	\$729,354,695	\$22,577,269	48,600	\$12,515	\$8,978	10	18
Oracle Nickel	\$814,835,279	\$24,766,240	48,600	\$12,515	\$8,978	10	19

* The cash flow projections include specific estimates for the first five years and a constant margin thereafter for the remaining useful life of the RKEF project. NPI prices have been forecast based on an average of external market analyst forecast NPI prices. The forecast cash costs incorporate expected savings generated from reduced electricity and coal costs over the next five years. Forecast prices and costs are in real terms.

Hengjaya Nickel and Ranger Nickel CGUs

The estimated recoverable amount of the Hengjaya Nickel and Ranger Nickel CGUs were approximately equal to their carrying value. Therefore, a material adverse change in certain key assumptions would lead to impairment.

Angel Nickel and Oracle Nickel CGUs

The Angel Nickel and Oracle Nickel CGUs benefit from lower operating costs as a result of their owned power plants. These CGUs have demonstrated comparatively higher margins than Ranger Nickel and Hengjaya Nickel during their operations to date, which has been factored into the forecast for these CGUs.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

	30 June 2024 \$	31 December 2023 \$
NOTE 11 - TRADE AND OTHER PAYABLES		
Current		
Creditors	181,897,424	175,627,034
Accruals	8,422,889	12,257,929
Other	3,530,690	4,873,962
	<u>193,851,003</u>	<u>192,758,925</u>
NOTE 12 - EQUITY-ACCOUNTED INVESTEEES AND ASSOCIATED INTANGIBLE ASSETS		
Investment in Equity Accounted Investee		
<i>HNC – 10% interest</i>		
Opening balance	185,939,410	-
Acquisition of a 10% interest in PT HNC	-	188,500,000
Share of profit/(loss) of associate	6,472,516	(2,560,590)
Carrying value of investment in HNC	<u>192,411,926</u>	<u>185,939,410</u>
<i>Excelsior Nickel – 27.5% interest</i>		
Opening balance	341,300,000	-
Acquired Option to develop Excelsior Nickel	-	25,000,000
Acquisition of a 5.5% interest in Excelsior Nickel	-	126,500,000
Acquisition of an additional 8.25% interest in Excelsior Nickel	-	189,800,000
Acquisition of an additional 13.75% interest in Excelsior Nickel	316,300,000	-
Share of profit of associate	121,994	-
Carrying value of investment in Excelsior Nickel	<u>657,721,994</u>	<u>341,300,000</u>
	<u>850,133,920</u>	<u>527,239,410</u>
Intangible Asset		
<i>HNC</i>		
Opening balance	79,745,215	-
Acquisition of right to offtake from PT HNC	-	81,500,000
Amortisation	(2,339,713)	(1,754,785)
	<u>77,405,502</u>	<u>79,745,215</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

	30 June 2024 \$	31 December 2023 \$
NOTE 13 - BORROWINGS		
Current		
Senior Unsecured Notes April 2024	-	244,345,619
Interest on Senior Unsecured Notes – April 2024	-	3,979,918
Interest on Senior Unsecured Notes – October 2028	8,750,000	8,750,000
Bank Facility – October 2028	22,050,000	-
Bank facility interest	1,537,102	193,911
	32,337,102	257,269,448
Non-current		
Working Capital Loan – September 2025	3,300,000	7,800,000
Interest on Working Capital Loan – September 2025	312,164	203,320
Senior Unsecured Notes – October 2028	394,089,820	393,406,866
Bank Facility – October 2028	323,794,226	186,343,794
	721,496,210	587,753,980

Senior Unsecured Notes October 2028

In April 2023, the Company issued \$400,000,000 of 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 April 2024 the Company repaid the principal balance of \$244,918,000 of the Senior Unsecured Notes April 2024, as well as associated interest of \$8,003,920.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 13 - BORROWINGS (cont.)

Bank facility October 2028

In October 2023 the Company executed financing facilities totalling \$400,000,000 with Indonesian bank PT Bank Negara Indonesia (Persero) Tbk (BNI) to support the Company's funding obligations in relation to the ENC Project.

The facilities comprise a 5-year senior term loan facility (the 2028 Facility) of \$350,000,000, split across two tranches:

- tranche A: \$200,000,000 (secured against the Company's Angel Nickel Project and the Shareholder Loans); and
- tranche B: \$150,000,000 (unsecured).

In addition, the facilities include a \$50,000,000 revolving credit facility (RCF), for general working capital purposes

The interest rate applicable on the 2028 Facility is a margin above the Secured Overnight Financing Rate (SOFR) (currently ~5.3%), according to the following schedule: (i) initial 12-month period: 2.00% (ii) months 12 -18: 3.00% and (iii) 18 months onwards: 3.50%.

The margin applicable to the RCF is 3.00%. Amortisation of both tranche A and tranche B will commence 18 months after the signing of the Facility Agreement (i.e. in April 2025), with 6.3% to be paid every three months until the final maturity date of the 2028 Facility in October 2028.

In March 2024, the Company drew down the remaining \$10,200,000 of tranche A and the \$150,000,000 of tranche B. Transaction costs totalled \$6,290,017. Subsequent to the end of the period, the Company drew down the \$50,000,000 RCF.

Bank facility May 2029

In May 2024, the Company executed a \$250,000,000, 5-year term loan facility (the 2029 Facility), jointly provided by tier-1 banks BNI and DBS Bank Ltd (DBS).

Following the repayment in April 2024 of the \$245,000,000 balance of the Company's April 2024 notes, the 2029 Facility was established to support the remaining funding requirements for the Company's acquisition of a 55% equity interest in the ENC project.

The interest rate applicable for the 2029 Facility will be a margin above the SOFR, according to the following schedule: (i) initial 12-month period: 2.00% (ii) months 12 -18: 3.00% and (iii) 18 months onwards: 3.50%.

Subsequent to the end of the period, the Company drew down the \$250,000,000.

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 at the time of the loans i.e. Nickel Industries provided 70% of the total amount, \$18.2 million and Decent Resource provided 30%, \$7.8 million. Oracle Nickel repaid \$15 million in June 2024, \$10.5 million to Nickel Industries, and \$4.5 million to Decent Resource. Interest was charged at a rate of 2.5% per annum up to 31 December 2023. From 1 January 2024, the interest rate shall be TERM SOFR 6M minus 50 basis points, which was 4.68% for the period. Total interest payable Oracle Nickel on the working capital loans is \$1,138,327, with \$826,163 payable to the Company eliminating on consolidation and \$312,164 payable to Decent Resource. The term of the loan is 3 years.

NICKEL INDUSTRIES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 13 - BORROWINGS (cont.)

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

	Currency	Nominal interest rate	Year of maturity	Carrying value 30 June 2024 \$	Face value 30 June 2024 \$	Carrying value 31 December 2023 \$	Face value 31 December 2023 \$
Senior Unsecured Notes April 2024	US\$	6.5%	2024	-	-	248,325,536	244,918,000
Senior Unsecured Notes October 2028	US\$	11.25%	2028	402,839,821	400,000,000	402,156,866	400,000,000
Bank Facility	US\$	7.33%	2028	347,381,328	350,000,000	186,537,706	189,800,000
Oracle working capital loan	US\$	4.68%	2025	3,612,164	3,300,000	8,003,320	7,800,000
Total interest-bearing liabilities				753,833,313	753,300,000	845,023,428	842,518,000

NOTE 14 - ISSUED CAPITAL

Issued and paid-up capital

	30 June 2024 No.	31 December 2023 No.
Fully paid ordinary shares	4,285,809,880	4,285,809,880
	Number of shares 2024	Number of shares 2023
	\$ 2024	\$ 2023

Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Balance at the beginning of the period	4,285,809,880	2,032,927,026	2,731,273,497	942,442,827
Issue of shares	-	-	1,554,536,383	1,098,929,850
Costs of issue	-	-	-	(8,445,651)
Balance at the end of the period	4,285,809,880	2,032,927,026	4,285,809,880	2,032,927,026

No shares were issued in the half year period ended 30 June 2024.

Options

There were no options granted, exercised or lapsed unexercised during the half year ended 30 June 2024 or the period ended 31 December 2023.

Dividends

The Company declared and paid a final unfranked dividend for 2023 of A\$0.025 per share during the half year ended 30 June 2024 amounting to \$69,904,787.

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.

NICKEL INDUSTRIES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 15 - 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 period. The aggregate value of transactions and outstanding balances 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\$50,000 per month. Fees charged by MIS during the period amounted to A\$300,000 (2023: A\$228,000). At 30 June 2024 A\$0 (2023: A\$nil) remained outstanding.

Transactions with Shanghai Decent and its associates

During the six months to 30 June 2024, the Group sold NPI, nickel matte and MHP totalling \$792,934,279 to Shanghai Decent-related entities. \$162,771,458 of raw materials and services and fixed assets were purchased from Shanghai Decent-related entities. At 30 June 2024 trade receivables of \$255,845,156 from Shanghai Decent-related entities remained outstanding and was included in the receivables balance, and trade payables of \$62,130,793, 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), with repayment of \$4,500,000 in June 2024. Interest was charged at a rate of 2.5% and increased to 4.68% per annum since 1 January 2024. Total interest incurred by Oracle Nickel on the working capital loan from Decent Resource in 2024 totalled \$180,964. At 30 June 2024 a working capital loan amount of \$3,300,000 and interest totalling \$312,164 remained outstanding and is included in the borrowings balance.

During the six months to 30 June 2024 dividend distributions, interest and shareholder loans repayments 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 \$21,360,806.

Shanghai Decent and its associates hold 20% equity interests in the Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel projects, which reflects the non-controlling interest in the Group amounting to \$440,666,870 as at 30 June 2024.

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. Shanghai Decent and its associates also have responsibility for the design and construction of the ENC project. Under the terms of the acquisition agreement for the ENC project, the Company has committed to acquiring a 55% interest in the ENC project for a total acquisition cost of \$1,265M, plus the \$25M option fee paid. At 30 June 2024 the Company has acquired a 27.5% interest for \$632.6M.

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

NICKEL INDUSTRIES LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 15 - RELATED PARTIES (cont.)

Transaction with equity accounted associate

At 15 August 2023 the Company acquired a 10% interest in the HNC HPAL project, operating within the IMIP. During the period ended 30 June 2024, the Group sold limonite ore totalling \$3,253,926 to the HNC HPAL project, operating within the IMIP. At 30 June 2024 trade receivables of \$260,856 remained outstanding and was included in the receivable's balance.

As part of the acquisition agreement for the HNC HPAL project on 15 August 2023, the Company acquired a 100% interest in Tsing Creation. During the period ended 30 June 2024, HNC sold mixed hydroxide precipitate (MHP) to Tsing Creation totalling \$41,715,751. At 30 June 2024, there were trade payables of \$1,907,929 outstanding from Tsing Creation to HNC.

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 16 - 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 2024, the Group had three segments, being nickel ore mining in Indonesia, the RKEF projects in Indonesia and Singapore and the HPAL projects in Indonesia.

	Nickel ore mining \$	RKEF Projects⁽⁴⁾ \$	HPAL Projects \$	Unallocated \$	Total \$
30 June 2024					
External revenues	21,507,345	774,517,867	47,255,236	-	843,280,448
Share of profit of equity accounted investee	-	-	6,594,510	-	6,594,510
EBITDA ⁽⁵⁾	39,083,491	90,915,448	11,111,603	(9,418,200)	131,692,342
Interest income	105,756	1,021,750	29,386	8,192,309	9,349,201
Interest expense (excluding bond costs)	-	-	-	36,904,880	36,904,880
Depreciation and amortisation ⁽²⁾	2,576,372	58,935,927	2,339,713	601	63,852,613
Withholding tax expense	215,187	1,994,472	-	1,818,644	4,028,303
Reportable segment profit before tax	36,397,688	30,985,697	8,801,276	(39,928,914)	36,255,747
Reportable segment assets	217,523,306	2,521,163,950	949,730,370	210,194,603	3,898,612,229
Reportable segment liabilities	35,625,319	278,611,333	1,907,929	753,044,411	1,069,188,992

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 16 - SEGMENT INFORMATION (cont.)

	Nickel ore mining \$	RKEF Projects ⁽⁴⁾ \$	Unallocated \$	Total \$
30 June 2023				
External revenues	9,352,733 ⁽¹⁾	922,912,836	-	932,265,569
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
Depreciation and amortisation ⁽²⁾	1,916,130	48,690,815	-	50,606,945
Withholding tax expense ⁽⁶⁾	621,706	449,373	697,094	1,768,173
Reportable segment profit before tax	23,613,242 ⁽³⁾	97,915,372	(55,421,514)	66,107,100
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

- (1) Revenue number for sales of limonite ore only. Sales of saprolite ore of \$54,018,895 (2023: \$57,830,244) are internal to the Group and so are eliminated on consolidation, whilst limonite ore sales are external to the Group.
- (2) Includes \$21,182,363 (2023: \$18,863,392) 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) An additional \$476,045 (2023: \$948,546 derecognised) of gross profit at the Hengjaya Mine was recognised on consolidation, reflecting that the associated tonnes of nickel ore are still held at the Hengjaya Nickel, Oracle Nickel and Ranger Nickel projects decreased during the period.
- (4) The Group has four separate CGUs (RKEF plants). 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 interest income/(expenses), plus withholding tax expense.
- (6) Refer to Note 2 for reclassification of prior period expenses.

	30 June 2024 \$	30 June 2023 \$
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total profit for reportable segments	76,184,661	121,528,614
Net other corporate expenses	(39,928,914)	(55,421,514)
Consolidated profit before tax	36,255,747	66,107,100
Reconciliations of reportable assets and liabilities		
Assets		
Total assets for reportable segments	3,688,417,626	2,732,193,501
Unallocated corporate assets	210,194,603	272,771,067
Consolidated total assets	3,898,612,229	3,004,964,568
Liabilities		
Total liabilities for reportable segments	(316,144,581)	(317,624,864)
Unallocated corporate liabilities	(753,044,411)	(650,299,812)
Consolidated total liabilities	(1,069,188,992)	(967,924,676)

NICKEL INDUSTRIES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 16 - SEGMENT INFORMATION (cont.)

Geography of reportable segment assets

	Indonesia \$	Singapore \$	Total \$
30 June 2024			
Reportable segment assets	3,658,393,786	30,023,840	3,688,417,626
30 June 2023			
Reportable segment assets	2,652,109,748	80,083,753	2,732,193,501

Revenue

All sales during the half year were to customers located in either Indonesia, China, Singapore or Switzerland. For the half year ended 30 June 2024 the value of total NPI sales to customers based in China was \$254.3 million and to customers based in Indonesia was \$449.7 million. Sales of nickel matte to a customer based in Indonesia were \$30.1 million and exported to a buyer based in Switzerland were \$42.5M. Limonite ore revenue totalling \$19.2 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 2024 were either exported sales to Shanghai Decent in China (\$254.3M), or sales within Indonesia to PT Indonesia Stainless Steel (\$218.6M) or PT Qing Feng Ferrochrome (\$231.2M), stainless steel producers operating within the IMIP. All exported sales of nickel matte were to Glencore AG (\$42.5M), and sales of matte in Indonesia were to PT Indonesia Guang Ching Nickel and Stainless Steel Industry (\$30.1M), a stainless-steel producer operating within the IMIP.

All sales of saprolite nickel ore during the half year ended 30 June 2024, 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 between 80,000 to 100,000 wmt per month to each entity. During the half year period, limonite ore was delivered to two HPAL projects operating within the IMIP, the Huayue Nickel Cobalt project and the QMB HPAL Nickel project.

NOTE 17 – SUBSEQUENT EVENTS

- In July 2024, the Company paid US\$379.5M for an additional 16.5% interest in the ENC project, taking the Company's interest in the project to 44.0%.
- In July 2024, the Company drew down the remaining US\$50M under the US\$400M BNI loan facility and the US\$250M BNI and DBS facility, ahead of the ENC acquisition payment.
- In August 2024, the Company announced the acquisition of the Sampala Project, three contiguous nickel IUPs (mining licences) covering 6,654 hectares. Subsequent to the end of the period, the Company has made US\$5M of acquisition payments for the Sampala Project.

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 18 – COMMITMENTS AND CONTINGENCIES

There are no contingent liabilities existing at 30 June 2024 (30 June 2023: \$nil).

Under the terms of Excelsior Nickel Definitive Agreement, the Company has committed to acquire a 55% equity interest in the Excelsior Nickel Project for \$1,265.0M. At 30 June 2024 the Company had acquired a 27.5% interest for \$632.6M. Subsequent to the end of the period the Company paid US\$379.5M for an additional 16.5% interest.

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 16 to 35 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 2024 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 29th day of August 2024

in accordance with a resolution of the Board of Directors:



Norman Seckold
Chairman



Justin Werner
Managing Director



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 2024 and of its performance for the **Interim Period** 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:

- Condensed Consolidated statement of financial position as at 30 June 2024
- Condensed Consolidated statement of profit or loss and other comprehensive income, Condensed Consolidated statement of changes in equity and Condensed Consolidated statement of cash flows for the Interim Period ended on that date
- Notes 1 to 18 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

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

The **Interim Period** is the six months ended on 30 June 2024.

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 Company 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 2024 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Interim Period 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.



KPMG



Adam Twemlow
Partner

Brisbane
29 August 2024

NICKEL INDUSTRIES LIMITED
and its controlled entities

CORPORATE DIRECTORY

Directors:

Norman Seckold
James Crombie
Chris Shepherd
Emma Hall
Dasa Sutantio
Muliady Sutio
Haijun Wang
Justin Werner
Binghe Xiang
Yuanyuan Xu

Company Secretary:

Richard Edwards

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